

Section 172 Statement

Marshall Thermo King Limited

(Extract from the Strategic Report Year Ended 31/12/21)

Reporting on Section 172

The Companies (Miscellaneous Reporting) Regulations 2018 (the “Regulations”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations also require the company to report how the directors of the company have considered their duties under section 172 (of the Companies Act 2006 (the “Act”)) (“Section 172”) during the financial year.

Section 172 sets out the duties owed by the directors to the company. In the context of the Group, being Marshall of Cambridge (Holdings) Limited and its subsidiaries (the “Group”), the company’s directors owe their duty to the company and not the parent company. Success for a commercial company is often defined as long term value creation. Our directors always consider whether the decision they are about to take leads to a positive long-term increase in the value of the company for the benefit of the shareholder.

Section 172 of the Companies Act 2006

Duty to promote the success of the company

(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to-

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

Section 172 protocol

As part of its Framework, the ultimate parent company of the Group, Marshall of Cambridge (Holdings) Limited, has adopted a Section 172 protocol (the “Protocol”), which provides detailed guidance for directors and management on the application and execution of Section 172 duties across the Group, including the company. The Protocol provides directors and management with a clear process to follow when considering principal decisions, as defined in the Protocol and the Group’s annual report and accounts. Responsibility for decision making on these principal decisions is delegated to the board of the Group (the “Group Board”), except where they cannot be delegated under the Act, via the company’s terms of reference.

Key Stakeholders

The key stakeholders have been identified and engagement is ongoing with all relevant parties as referenced in the Directors report. This includes the ultimate parent company, customers, partners, suppliers and communities as well as employees. Employee engagement is referenced further in the Directors report.

Principal decisions

The principal decisions taken by the company are made by the Company Board in line with delegated authority from the Group. Examples of key decisions taken in the year include:

- *Development of a new Central Depot*
The company has taken the decision to take on a purpose-built depot at Tamworth in a prime location by the A5 close to the M42. This site will offer refrigeration and tail lift service to the centre of the country as well as having a sales suite and a state-of-the-art centre of excellence, focused primarily on training refrigeration engineers. The project is ongoing and looking for completion in April 2022.
- *Launch of new HVO product*
The company launched a new product of biodiesel which can directly replace regular fossil fuel diesel. This is a sustainably produced product with significant reduction in carbon, nitrogen and particulate emissions which can help customers meet targets to reduce carbon emissions and change to a more sustainable operation.

Section 172 application

The Group’s Framework approach to the application of Section 172, to promote the success of the Group, including the company, regulates the behaviour and activities of the Group Board and the company’s board and executive committee. Examples of activities undertaken in relation to the ultimate parent company include regular reporting to the Group on performance of the business as well as other ad hoc reports on specific areas of

the business. This includes monthly financial reporting as well as forecasting and budgeting with regular update meetings on the company operations.

Activities in relation to employee and other stakeholder engagement are listed in the Directors report.¹

¹ The full report can be found at Companies House: <https://find-and-update.company-information.service.gov.uk/company/00759572>