

**WILKINSON HARDWARE STORES, LIMITED**  
**STRATEGIC REPORT**  
**30 JANUARY 2021**

**Section 172(1) statement**

The directors act in good faith, to promote the success of the Company for the benefit of its members as a whole.

Our brand purpose: to free up hard-working families to be the best they can be, is central to all that we do and our goal is to grow by sorting the needs of families at home. Our values of be better every day, pull together, respect each other, show we care and make it fun are embedded throughout the Group and are key to us achieving our purpose and goals.

The continuing long-term commitment of the family owners of the Group favours long-term strategies. The owners of the Group focus on shareholder value both in terms of long-term investment return (the value of the business) and short-term investment return (dividend stream). The Board is mindful that its strategic decisions can have implications for all of its stakeholders. These are carefully assessed with benefits to stakeholder groups such as team members, customers and the wider communities and environment in which the Group operates, being central to the decision making actively participated in by the Family Director.

Directors make their decisions within the context of the medium and long-term strategies and shareholder expectations on investment return. The Group has a ten-year strategic plan to create a sustainable future through transition to a product-led business and within that sets its medium-term strategic plan on a rolling three-year basis.

The directors consider the key stakeholders of the Company (in addition to the shareholders) to be: our customers, our team members, our suppliers and landlords, the communities which we serve and the environment in which we operate.

We recognise that our team members' skills, experience and commitment are key to delivering on our business strategy. Equipping our team members to surmount new challenges in our rapidly changing retail environment is a key priority.

We regularly discuss people matters generally, and any Board consideration of change includes deliberation on what actions need to be taken to enable team members to successfully implement the proposals. We recognise the importance of positive employee engagement and further details are set out in the Directors' report on page 12.

We recognise the importance of our customers' views and regularly discuss customer satisfaction levels at our various Board and Committee meetings. Further details on how we engage with customers are set out in the Directors' report on page 13.

We have engaged with our suppliers at our annual supplier briefing which was held virtually this year. We also meet regularly with our key suppliers.

Our 2019 CSR survey revealed that our use of single-use plastics was the most important issue for our customers. In response, we created a plastic reduction plan and in 2020 signed up to the UK Plastic Pact with targets that include: ensuring a minimum of 30% average recycled content across all plastic packaging by April 2022; eliminating all problematic plastics and reducing unnecessary single-use plastic in all products and packaging by 2025; and making 100% of all plastic packaging reusable, recyclable or compostable by 2025.

In 2020 we were the first major retailer to bring out a full range of own brand plastic-free wipes, manufactured using viscose, a renewable plant fibre, from a sustainable source. Our skin therapy plastic-free wipes cost exactly the same as our previous wipes, giving hard-working families the products they love at the prices they expect.

We have taken various steps in 2020 to manage our environmental impact. For details on carbon reduction refer to the wilko Streamlined Energy and Carbon Reporting (SECR) statement in the Directors' report on page 15. Other steps taken include stopping the sale of single-use plastic drinking straws and single-use plastic bags, removing microbeads and plastic stems from all wilko brand products, removing plastic netting from wilko brand wild bird products and removing glitter and single-use plastics from Halloween costumes and Christmas ranges.

The Group were one of the original signatories of the Home Office Responsible Retailer Scheme in 2016 and remain committed to the principles of selling knives responsibly in both our retail and online businesses. Further details are given in the Annual Report and Financial Statements of Wilko Limited.

The directors provide all shareholders with a written quarterly update on performance against strategy and business plan and on strategy development. All shareholders are entitled to attend and vote at the Annual General Meeting.

Signed on behalf of the Board

K D Mackay  
Chief Financial Officer

28<sup>th</sup> April 2021