

Section 172 Statement by the Directors



December 2021

This Section acts as the Group's Section 172(1) statement. In accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section also constitutes the Group's statements on engagement with, and having due regard to the interest of our employees, suppliers, customers and other key stakeholders.

The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2021.

Decision-making at the Board

All matters which are reserved for decision by the Directors are presented at Board meetings. Directors are briefed on any potential impacts and risks for our customers, employees and other stakeholders including our suppliers, the community and environment and how they are to be managed. The Directors take these factors into account before making a final decision which together they believe is in the best interests of the Group.

Stakeholders

Our key stakeholders are our employees, who are the heart of our purposes and work in service of our customers. We are focused on responding to the needs of, and building long-term relationships with, our customers. Other key stakeholders are the producers and suppliers from whom we purchase goods and services, and the communities in which we operate.

Employees

Our team members are key to our success. We aim to be a responsible employer in our approach to the pay and benefits our team members receive, and the health, safety and well-being of our team members is one of our primary considerations in the way we do business.

We seek to communicate fully with employees so that they understand and support the Group's objectives and goals and how they can assist in the delivery of this, and to enable us to retain,

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develop and acquire the talent required to continue to grow and remain successful. Employees are informed of matters affecting them and the overall development of the Group, with communication being made through channels such as formal and informal meetings, or through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. The formal appraisal system in place is a two-way system which encourages employees to discuss business operations and invites their views and comments.

Training and career development are actively encouraged and are available to all employees based on their ability and the requirements of the Group. The Group maintains a policy of equal opportunities and is committed to ensuring that all individuals are treated fairly, with respect and are valued. Policies for recruitment, selection, training, development and promotion are designed to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, religion, political beliefs, sex or marital status.

Customers and suppliers

Engagement with suppliers and customers is key to our success. We work closely with our supply chain and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

The Board recognises the importance of building strong relationships with suppliers. Our suppliers provide products and services that helps us to execute our strategy. We source from across the world and have internal and external suppliers in many countries with whom we work collaboratively to build strong relationships.

We have critical suppliers with which our procurement team is regularly in touch, seeking regular updates on their situation and any potential supply impacts. Supply chain risk from COVID-19 now encompasses the global supply chain and impacts both products and services. Our critical suppliers have been able to deliver products and services to the extent that our broad infrastructure and operations have not been drastically affected.

We recognise that developing a strong understanding of customers' needs and putting their into our product development, our business and strategy is critical. Meeting the needs of customers takes many forms. This has included, for instance, providing drive solutions to help customers to significantly reduce energy costs and improve operating efficiency.

Modern Slavery responsibilities

We recognise that our biggest exposure to Modern Slavery is in our product supply chain. We believe that we are a low risk employer, but that there is always room for improvement and education. Our aim is to eliminate, as far as is possible, the risk of modern slavery within the supply chain and to trade both ethically and with integrity throughout our entire business, and we are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

Long-term sustainability

We aim to make sufficient profits to sustain the Group's commercial vitality. This is balanced against the needs of our customers, employees and other stakeholders and the community to ensure we are conducting all our business relationships with integrity. The long-term sustainability of the Group is at the forefront of decision-making, particularly in response to the challenging conditions caused by the COVID-19 pandemic and its potential for significant adverse impact on the global economy.

Community and environment

The Directors recognise that engagement with local communities, local government, regulators and others is important to our physical presence and to foster positive relationships with them. We use a variety of mechanisms to engage with these stakeholders including face-to-face meetings, conferences, facility tours and hosting groups for workshops and educational sessions. Updates on these mechanisms and initiatives for engagement are then used to inform decision making, where relevant.

The Group takes all reasonable steps to minimise any detrimental impact that its operations may have on the environment. Directors routinely assess the impact of the Group's operations on the community and environment and wider social responsibilities, and in particular how we comply with environmental legislation and pursue waste-saving opportunities and react promptly to local community concerns.

Financial stakeholders

The Group seeks to make information available to financial stakeholders, including our relationship bank, as part of information provided about and by the Group.

Business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that the management operate the business in a responsible manner, operating within the high standards of business conduct and governance. We seek to conduct all business relationships with integrity and courtesy, and scrupulously to honour every business agreement.