

The Perfume Shop Limited (the “Company”)

Companies Act 2006 Section 172(1) statement

Under section 172 of the Companies Act 2006, directors of a company are required to act in a way which they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to a range of different matters as stated therein.

The duty emphasises that the board of directors must consider the wider impact of its decisions, rather than just the financial and strategic elements. The board of directors should create a culture whereby the long-term consequences of its actions and the long-term success of the company are given due consideration.

a. ***The likely consequences of any decision in the long term***

It is essential that the Board makes decisions which are best for the Company in the long term. These decisions are focused on long-term success, not short-term gains, which will stand the Company in good stead for the future. This has been a major focus for a number of years, particularly in light of the pressure on the high street as a result of the competitive retail market.

The Company works closely with its shareholder to review, update and agree its five-year strategy each year. Consideration is given to the changing retail landscape and investments that may be needed to support future growth as well as financial projections. The strategy is formally signed off by the Board each year, which then forms the basis for the operating plans to deliver against the agreed targets.

The Investment Committee of the Company, chaired by the Managing Director and supported by the Finance Director, holds regular meetings to ensure all significant spend decisions have a comprehensive review before decisions are taken and contracts are signed. This also ensures to the extent possible, commitments with sufficient flexibility or otherwise only minimum commitments, will be entered into by the Company, so as to allow the Company to remain agile in an ever changing environment at a time where the nature of the high street is changing rapidly across various town centres.

b. ***The interests of the employees of the Company***

The Board understands the importance of the employees of the Company to the long-term success of the business.

The Company recognises that engaging with the employees of the Company is critical if the business is to be successful in achieving its vision and strategic objectives. The Company engages regularly with its employees and has established a variety of formal and informal channels to facilitate that communication and to seek the views of employees for example through social networking platforms and the Company’s internal communication platform. At least annually, the Company measures employee engagement through internal surveys.

At the beginning of each year, the Board, the Company’s executive management team (the “Exec”) and the Management Team, share the Company’s key business messages and its challenges and priorities for the year ahead.

All employees take part in a number of scheduled company-wide briefings for this purpose. Throughout the year, briefings are held on a monthly and quarterly basis, with the Management Team sharing business performance to date vs budget and prior year, as well as upcoming business priorities. The Company holds an annual manager’s conference to drive engagement going into the peak trading period.

In 2019 and 2020, the Company was rated number 7 in Top Rated Workplaces in the Retail Sector by Indeed.

c. *The need to foster the business relationships of the Company with suppliers, customers and others*

The Company carefully considers its relationship with its suppliers, customers and others and how this impacts on its business relationships.

An effective supply chain is essential in delivering the long-term plans of the Company. The Company measures time to pay, monitors performance and regularly reviews processes to ensure there is a focus on meeting agreed payment terms for all suppliers, large and small.

The Company also fosters strong relationships with suppliers, with regular meetings to share strategy and insight and by enabling supplier contribution towards key events, meetings and conferences, to deliver sustainable growth for both suppliers and the Company.

The Company acknowledges the importance of its customers to the continued success of the business, and places great emphasis on customer experience. Through the Company's loyalty programme, Feefo and Trust Pilot, the Company continually monitors feedback on its performance, to provide opportunities to improve customer service and product offerings.

The Company measures and reviews the outcomes from interactions with stakeholders to ensure that they have sufficient information to determine the potential risks faced by the Company and how management of such risks are reflected within the long-term plans of the Company.

d. *The impact of the operations of the Company on the community and the environment*

The Company recognises the importance of managing the social impact of the business and minimising any adverse impact of its operations on the environment. The Corporate Social Responsibility ("CSR") agenda of the Company is led by the Exec under the banner of "Feel Good When You Smell Good". This provides central oversight to all the Company's activities in this field, which are then executed by a team of senior managers and employees passionate about the CSR pillars: Our People, Our Planet, Our Community, Our Customer.

The Company has adopted a proactive approach to social, economic and environmental responsibilities, illustrated below:

- The Company's stores are 100% zero carbon with electricity generated by wind, solar and hydro. All energy is renewable and all lighting is LED.
- The packaging used for online deliveries is made from 80% post-consumer waste and is 100% recyclable.
- The Company now provides its stores with paper bags only, saving up to seven million plastic bags from entering the market each year.
- The Company launched its own brand of fragrances which are vegan friendly and cruelty free.
- The Company launched a bottle recycling initiative whereby customers can return their empty fragrance bottles to be disposed of responsibly.
- The Company supports local charities through initiatives such as food donations and packing food parcels for distribution.
- The Company also has long-standing charity partnerships with four charities across the UK and Ireland, including Alzheimer's Research UK, Marie Keating Foundation (ROI), Operation Smile UK, and Look Good Feel Better which supports fundraising across its stores, warehouse and head office, raising £0.7m from 2016 to 2020. The Company supports local stores to drive community engagement and maintain good community relations.

e. *The desirability of the Company maintaining a reputation for high standards of business conduct*

The Company expects the highest standards of business conduct from its employees. They receive regular regulatory and compliance updates, and the Company also has in place policies, procedures and processes in respect of modern slavery, anti-bribery and corruption, as well as tax strategy.

All employees sign up to the A.S. Watson Code of Conduct upon joining the Company, which sets out the minimum standards for all employees of the ASW Group. The Code aims to promote honest and ethical conduct and to encourage trust, fair dealing and integrity in all interactions with customers, suppliers, colleagues and stakeholders.

f. ***The need to act fairly as between members of the Company***

The Company works closely with its shareholder; agreeing the strategic direction, reviewing financial performance and major investment decisions, and maintaining an open communication on matters of importance. Such approach drives benefits for both the Company and its shareholder.

September 2021