

Selfridges Retail Limited
Corporate Governance Statements
FY 2022/23

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The Directors and their Duties under Section 172 of the Companies Act 2006 (Section 172)

The contents of these Corporate Governance Statements reflect the content of the Directors and Strategic Reports in the Financial Statements for Selfridges Retail Limited for FY2022-23.

Selfridges Retail Limited (Selfridges) is incorporated in the UK and headquartered in London. Selfridges is a world-renowned luxury retail business; it is part of the wider 'Selfridges Group' comprised of Selfridges and other international retail businesses, which was acquired by entities jointly controlled by Central Group and Signa Holding in a transaction signed in December 2021 and completed in August 2022.

Selfridges has its flagship store on London's Oxford Street, two stores in Manchester at Exchange Square and the Trafford Centre, another in Birmingham Bullring Centre and a digital business accessed through website and mobile applications. Since 1909, Selfridges has been at the forefront of retail, offering amazing destinations and unique shopping experiences for both domestic and international customers.

Selfridges' Vision is to reinvent retail and our Purpose is to imagine and create a sustainable future for our customers. The guiding principles for the Vision are putting the customer at the heart of everything we do, creating experiences that keep customers coming back and changing the way we shop. These principles speak directly to our customer outcomes: we want to know one million more customers; we want each customer to make two more visits a year; and we will encourage our customers to each make one sustainable choice.

Selfridges aims to help customers shop more sustainably in three ways: by addressing the materials used in products; by launching and exploring new retail models such as repair, rental, refill, recycle and resale; and by engaging with teams, partners and customers to inspire a shift in mindsets.

Selfridges has a Board of Directors and an Executive Committee. The Executive Committee is comprised of executive directors, including certain board directors. The Executive Committee has delegated responsibility for the day-to-day running of the business, setting and adhering to Selfridges' strategic aims, providing the leadership to put them into effect, supervising the management of the business, with appropriate Terms of Reference in place, and reporting to Selfridges Group and its shareholders.

All of the Directors and Executive Committee have had training in directors' duties, as detailed below in the corporate governance statement. Selfridges and its Executive Committee support the principles of good governance and the Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles") continued to be applied by the Company as a framework for decision making to ensure the long-term success of the Company and its stakeholders, as well as having regard to the requirements of Section 172. This is further developed below.

The Directors and their Duties under Section 172 of the Companies Act 2006 (Section 172)

Selfridges has an internal governance framework which aligns with good practice in corporate governance. This includes ensuring that there is an appropriate rhythm for key meetings in Selfridges, with appropriate Terms of Reference in place, that attendees' roles and responsibilities are considered, meetings are minuted, and matters which should be addressed by the Board of Directors including principal decisions are addressed in this way. By way of example, the Company held board meetings in 2022 to approve financial matters, the financial statements, appointment of auditors, the appointment and removal of directors, as well as approval of corporate reports on tax strategy, gender pay gap, sustainability and modern slavery. Additionally, following the sale of Selfridges Group to Central Group and Signa Holding the Company replaced its external Revolving Credit Facility and its borrowing facility with an entity under common control with a new £100m Revolving Credit Facility with an external lender. In making their decisions the Directors took into account the viewpoints of the Company's stakeholders, including employees, suppliers, customers and others as further detailed below.

Selfridges' Board of Directors and Executive Committee leads the business with purpose, aligning with the Company's Vision across physical stores and digitally.

Selfridges welcomes feedback and will continue to review how the Company and its Executive Committee can improve engagement with team members and stakeholders.

**The Six Wates Principles and how
Selfridges applies these**

01 **Purpose and** **Leadership**

- Selfridges was founded in 1908 by Harry Gordon Selfridge and the first Selfridges store opened its doors in 1909; today, the Company and its Directors continue to carry out our business in line with the principle that Everyone is Welcome and aim to offer an extraordinary customer experience.
- Selfridges has a clear and defined Vision and Purpose, as outlined above.
- The Board of Directors and the Executive Committee lead the business with Vision and Purpose across physical stores and digitally.
- The Vision and Purpose are embedded at every level of the business, alongside Selfridges' sustainability commitments, Project Earth, as outlined above.
- The Selfridges Values of embrace every self, create the extraordinary, and lead with purpose, resonate across all levels of the Company and inform how business decisions are made and how team members are recognised and rewarded.
- Our Code of Ethics sets out the high standards we expect as we work to achieve our Vision and Purpose.
- The Executive Committee encourages all managers to recognise team members who demonstrate their commitment to our Values and sustainability through recognition and reward schemes as well as bi-annual Extraordinary People Awards.

02 **Board** **Composition**

- The size and composition of the Board is considered to be appropriate with all members making a valuable contribution. There is a balance of skills, backgrounds, experience and knowledge. The Board is supported by the Company Secretary.
- Board meetings are held four times a year and more often if required. The Directors ensure that the decision making is in line with the Vision and Purpose.
- An induction is provided upon joining, and specific training on directors' duties is provided once a year.
- Other training on key areas of risk or compliance (e.g. data protection, health and safety, competition law, Corporate Finances Act, anti-bribery and corruption) is provided from time to time, as appropriate. This ensures awareness remains current and decision making across the Company is underpinned by considerations of compliance and good governance.

03

Directors'

Responsibilities

- The Board recognises the importance of having an effective corporate governance framework with clear lines of accountability and responsibility to support effective decision making as part of promoting the Company's success. The Board has developed and adopted the Vision and Purpose, reviews financial performance and approves budgets, makes strategic decisions and ensures that adequate leadership is in place to implement decisions. The Board of Directors approves reports required to be published by the Company each year, including the financial statements, gender pay gap report, modern slavery report, tax strategy and others.
- The Executive Committee is supported by the senior management team from across the Company. Members of senior management will join members of the Executive Committee for other Executive led, decision making committees, for example, the Information Security Steering Committee, which oversees data protection, information security and cyber risk in the Company. This enables decision making to be delegated to individuals with appropriate specialist skills and introduces diversity of thinking to the benefit of the Company and its Directors.
- The Executive Committee and Board of Directors, as well as other members of the senior management team, are aware of their duty to avoid conflicts of interest and a formal confirmation of any conflicts is requested once a year.
- A whistleblowing/complaints reporting process (managed by a third party) is in place for all team members working in Selfridges. This ensures that there is a secure, anonymous route for any concerns to be escalated to and addressed by the General Counsel and Chief Executive Officer or Selfridges Group, as appropriate.

04 **Opportunity** **and Risk**

- The Executive Committee and Board of Directors are committed to regularly reviewing the Company's Vision and Purpose to ensure that these meet the aim of promoting and delivering long-term value.
 - Principal risks have been identified across the Company at a department, project and corporate level. Risks are assessed on a matrix of impact (financial and reputational) and likelihood, with target risks noted and a plan to address, mitigate or improve the risk position where possible. Risks are regularly reviewed, and the overarching corporate risk register is discussed at the quarterly Executive Risk Management Committee meetings, as well as bi-annually at the meeting of the Directors with the Audit Committee.
 - The Executive Risk Management Committee supports the Board of Directors in identifying and managing key corporate risks and identifying actions for directors/managers to address or mitigate those risks. Principal risks are each owned and managed by a member of the Executive Committee. The Executive Risk Management Committee meetings are chaired by either the Stores Director or the Director of Commercial Trading.
 - The principal corporate risks affecting the Company in 2022 included: meeting the needs and expectations of customers, through the customer offer, sales and experience across all channels and supporting sustainable growth; Environmental, Social and Governance (ESG) issues, recognising the need to respond proactively to external ESG factors, regulations and customer expectations and to adapt retail models, mindsets, brand offers and ways of working to create a sustainable future for our business; the risk of a major incident occurring; external factors impacting the Company, including post-Brexit trade and export challenges, economic challenges including inflation, cost rises and cost of living increases impacting impacting customers and team members, the global economic impacts since the Russian invasion of Ukraine in February 2022, some ongoing impacts of Covid-19, and an increasing regulatory environment; cyber and information security, including data privacy and security; and talent and retention, with a focus on wellbeing, diversity and inclusion and culture. All risks have mitigation plans in place.
- The Directors regularly discuss and receive updates on key risk matters and ensure these are factored into decisions made, with appropriate controls through supplier engagement and contracts where appropriate.
 - The Audit Committee is appointed by the Board of Directors in consultation with the shareholders and its responsibilities include reviewing the integrity of the financial statements, relationship with the external auditors and effectiveness of internal financial controls. The Audit Committee's terms of reference are reviewed each year.
 - Capital expenditure is governed by a dedicated framework including monthly meetings, which are attended by members of the Executive Committee and Selfridges Group. A Contract Authorisation Policy is in place across the Company.
 - There are policies and procedures in place for other key risk areas (e.g. anti-money laundering, anti-bribery and corruption and safe deposit management procedures).
 - Other risks are managed by Executive led sub-committees, such as data protection, cyber and information security via the Information Security Steering Committee; and strategic projects (stores, technology and key infrastructure) via programme governance meetings led by members of the Executive Committee.

05 **Remuneration**

- Selfridges Group has a Remuneration Committee which reviews compensation for the Company's Directors, Executive Committee and senior team members.
- The Company has clear pay structures based on grade, seniority and responsibility, with commission schemes in place in retail areas and bonus schemes in place for retail managers and head office or back of house roles. Bonus schemes are aligned with the Company's performance and individual performance, as well as behaviours in line with the Company's Vision, Purpose and Values.
- There is a long-term incentive plan in place for the Executive Committee and a small additional group of senior management in key roles to assist with retention and to align decisions and behaviours with the long-term success of the Company.

06 **Stakeholder** **Relationships** **and** **Engagement**

- The Board and Executive Committee believe that engagement with stakeholders is key to the success of the business.
- Shareholder and parent company engagement – there are regular meetings between Selfridges and the directors and executive management of Selfridges Group. There is ongoing engagement and there are regular business review meetings to provide the Company with appropriate oversight and approvals of key matters such as strategic plans, capital expenditure and budgets. In addition, there is a governance structure in place that includes bi-annual Audit Committee meetings.
- Team member engagement – ensuring team members feel informed, involved and inspired at Selfridges is vital to the continued success of the Company. Team member engagement tools and activities enable the Directors to ask for, listen to and respond to the views, questions, concerns and ideas of team members. In many cases, this will include workers employed by concession partners, suppliers, or agencies, as well as those directly employed. The Company’s strategy, budget and plans are shared with team members at the outset of the year. The Company’s financial performance is discussed regularly throughout the year, with webcasts from the Directors, trade meetings, financial performance review meetings, updates on strategic initiatives and other big and small group meetings across the Company to ensure all team members are kept up to date, noting the events, economic factors, trends or other matters which impact business and financial performance. Other feedback mechanisms for meeting and hearing from team members include small and large group meetings (held both virtually and in person in 2022), site visits and floor walks, ‘Good Morning Selfridges’ team briefings and ‘Selfridges Celebrates’ events. Digital tools include Viva Engage (previously ‘Yammer’), a social communications platform; email and digital newsletters; pulse surveys and employee opinion surveys. Promoting diversity and inclusion and focusing on health and wellbeing remained key areas of focus throughout the period. There are many communities for team members to join, which provided essential support and communication channels for team members, such as a Wellbeing community, Green Warriors, the Diversity Board and volunteering opportunities with charity partners.

06 **Stakeholder** **Relationships** **and** **Engagement**

- Customer engagement – Selfridges puts the customer at the heart of everything we do and asks for customer feedback through numerous channels: at point of sale in-store through to digital sales; via independently conducted customer surveys and through listening to customer feedback through clientelling appointments, through social channels and also via our customer contact centre.
- Supplier engagement – suppliers include concessions, brand partners, suppliers of technology and digital products and services, and other suppliers of goods not for resale and services. Directors and senior managers hold regular meetings with large and small suppliers throughout the year to discuss products and services supplied, to collaborate on new ideas, to discuss performance and KPIs, as well as to engage suppliers on sustainability, ethical trade requirements and modern slavery. Key suppliers and partners are invited to a launch event, called ‘Open House at Selfridges’, at the beginning of the year to see and hear the strategy and initiatives for the upcoming year. Selfridges has very strong relationships with the partner brands supplying goods for sale and operating as concessions, with regular meetings, frequent collaborations and a product offer which is special, sometimes unique and often has exclusive products on sale in Selfridges. Selfridges has continued to find and introduce to its customers new and upcoming brands and diverse designers, many with a focus on sustainability.
- Community engagement – across all stores, Selfridges engages with neighbouring businesses, local authorities and councils, landlords, customers and the wider community. This includes support for national and local charities and charitable initiatives, as well as social mobility initiatives. Selfridges also recognises the impact of its business on the wider community and its responsibility in the face of the global climate crisis to play its part in addressing this, as noted above, and will continue to work closely with Non-Governmental Organisation (NGO) partners in pursuing our Vision and Purpose in response to the climate crisis. Selfridges also actively engages with local law enforcement, public health authorities and the Environmental Health teams of local authorities, Trading Standards, HM Revenue & Customs (HMRC), legal authorities, the Information Commissioner's Office (ICO) and the Financial Conduct Authority (FCA).

Stakeholder Engagement Statement

13 **Engagement of employees**

- At Selfridges, employees are called team members. The Board of Directors and Executive Committee consider engaging with team members to be vital to the continued success of the Company. An extensive range of team member engagement tools and activities are already in place to enable the Directors to ask for, listen to and respond to the views, questions, concerns and ideas of team members. In many cases, this will include workers employed by concession partners, suppliers, or agencies, as well as those directly employed.
- Current engagement mechanisms include reviewing and implementing actions from the annual Employee Opinion Survey, meeting team members and listening to their ideas through formal and informal meetings, at annual events such as 'Open House', through internal social media such as Viva Engage, pulse surveys and site visits and floor walks. Selfridges' team members are encouraged to join and create new communities, from the Wellbeing Community to Green Warriors, the Diversity Board and the Be Yourself LGBTQ+ Community. Information is shared with team members via a weekly newsletter, emails, large and small group briefings, face-to-face training sessions and digital updates, as well as through planned communication cascades via line managers.
- Selfridges recruits team members from a diverse array of businesses and backgrounds to ensure that fresh ideas and diversity of thought continues to flow into and through the Company. Selfridges celebrates long service and has an alumni group to maintain contact with those who have left the Company for new ventures.
- With Selfridges' Diversity Board and a new and evolving strategy for diversity, equity and inclusion, which in 2022 was led by a newly appointed Director of Talent and Diversity, Equity & Inclusion, Selfridges is enabling team members, partners and customers to co-create positive change and to imagine and create a sustainable future for our customers in line with our Vision and Purpose.
- The Company's focus on diversity and inclusion continued in 2022; a new Director of Talent and Diversity, Equity & Inclusion joined the Company to help further shape and embed the strategy around diversity, equity and inclusion in the business, with a focus on data, governance, recruitment and retention to better promote true diversity and inclusion at all levels of the Company. The Diversity Board made up of elected team members continued its work with support from the Board; its areas of focus continued to centre around awareness and education, the products and brands offered to customers and driving a culture where everyone is welcome.

14 **Engagement** **with** **Customers,** **Suppliers and** **Other** **Stakeholders**

The Board of Directors and Executive Committee consider engaging with customers, suppliers and other stakeholders to be vital to the continued success of the Company.

Customers

Selfridges has been at the forefront of retail since 1909 and continues to redefine the way customers shop and socialise. In order to do this, Selfridges must listen to what its customers have to say, to think about what its customers want today and will want tomorrow, wherever in the world they may be. Customers are asked to provide views, comments, feedback and suggestions through a number of channels: regular customer surveys in person and digitally, NPS feedback following a sale, personal contact and dialogue through Personal Shopping, clientelling appointments, Customer Relations and others. In 2022, as part of the Company's Vision to Reinvent Retail, a customer strategy was established to focus on putting the customer at the heart of the business, providing experiences that keep customers coming back, and to change the way we shop, with these pillars driving the desired outcomes to know one million more customers, to have customers make two more visits per year and to make one more sustainable choice in their purchases. In the period, there continued to be a focus on digital and social channel engagement, virtual shopping services and appointments, as well as enjoying a return to normal business trading, with stores open and restrictions ceased. During the year, there was also a review of the training and processes to support team members to better engage with customers at point of sale on offering sign-up to marketing emails. Selfridges and its Directors strive to consistently drive innovation, success and amazing customer experiences by listening and responding to the customer.

Suppliers

Selfridges' suppliers also play a key role in guiding and enabling Selfridges to continue to deliver an amazing customer experience; in person, in stores and digitally, at every step of the supply chain. Suppliers are welcomed to visit sites and attend the annual 'Open House' event at the beginning of the year. Supplier relationship meetings take place regularly. Selfridges has very strong relationships with the partner brands supplying goods for sale and operating as concessions, with regular meetings, frequent collaborations and a product offer which is special, sometimes unique and often has exclusive products on sale in Selfridges. Selfridges has continued to find and introduce to its customers new and upcoming brands and diverse designers, many with a focus on sustainability.

Other Key Stakeholders

Selfridges' Directors and other individuals from across Selfridges regularly meet with other key stakeholders: neighbouring businesses, local authorities and councils, landlords, customers and the wider community, national and local charities, social mobility initiatives; also, NGOs particularly on the topic of sustainability, local law enforcement, Trading Standards, HM Revenue & Customs (HMRC), the Information Commissioner's Office (ICO), the Financial Conduct Authority (FCA) and other regulators, public health authorities and Environmental Health teams. Decision making at all levels of the business can be informed by these dialogues.

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