

CORPORATE GOVERNANCE

(The information contained in this document was last reviewed on 4 July 2018)

In this document, unless the context otherwise requires:

- reference to **Young's** or to the **company** is to Young & Co.'s Brewery, P.L.C. (and reference to **our**, **us** and **we** is to be construed accordingly); and
- reference to the **group** is to the group of companies of which Young's is the parent company.

Introduction

On 4 July 2018, the board of Young's decided to apply The QCA Corporate Governance Code (2018 edition) (the **QCA Code**). The choice of code to adopt was important to us. We wanted to be sure that we would proactively embrace whatever code we opted for and not end up with a code that could stifle us and result, on a comply or explain basis, with us describing why certain requirements were not appropriate. We believe that the QCA Code provides us with the right governance framework: a flexible but rigorous outcome-oriented environment in which we can continue to develop our governance model to support our business.

Corporate governance principles applicable to Young's

As a result of deciding to apply the QCA Code, the corporate governance principles which now apply to us are those contained in the QCA Code. These are:

Corporate governance principles

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Application of the QCA Code and required disclosures in our annual report or on our website

The correct application of the QCA Code requires us to apply the principles set out above and also to publish certain related disclosures; these can appear in our annual report, be included on our website or we can adopt a combination of the two approaches. Recommended locations for each disclosure are specified in the QCA Code; we have chosen to follow these. An index setting out where each required disclosure can be found appears at the end of this document.

Chairman's corporate governance statement

This statement appears on page 22 of our 2018 annual report

Dear fellow shareholder,

I am incredibly proud to have been part of the Young's story for many years now. Its success has not come without its challenges and has been against a continually changing political, legal and regulatory backdrop. A constant, however, has been the need to adapt and for the governance infrastructure that supports our business to evolve accordingly.

Back in 2005

Those, like me, who were shareholders back in 2005 may well remember that Young's moved from the Official List to AIM in July of that year. As a result, and as was explained at the time, the Combined Code (now known as the UK Corporate Governance Code) ceased to apply directly to us; no equivalent requirement applied to companies on AIM. The Combined Code set out standards of good practice for listed companies on board composition and development, remuneration, shareholder relations, accountability and audit.

Despite the Combined Code no longer applying to us, the board remained committed to good corporate governance in the management and operation of the group's business; it continued the good habits instilled from our time on the Official List and chose to use as a guide the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (the "QCA Code"). It was felt that this was appropriate as the QCA Code adopted key elements of the UK Corporate Governance Code, policy initiatives and other relevant guidance and then applied those to the needs and particular circumstances of small and mid-size quoted companies on a public market.

Now

In March, the London Stock Exchange introduced a new rule applicable to Young's as a company on AIM: going forward, we will be required to apply a recognised corporate governance code and will have to provide details of it on our website and then explain how we comply with that code and include reasons where we have departed from it. This information is to be reviewed annually and our website will need to include the date on which this was last done. This rule takes effect from 28 September 2018.

Towards the end of April, the Quoted Companies Alliance released a new and fully updated QCA Corporate Governance Code. As a board, we are currently considering this and its impact on the group's corporate governance arrangements. We will confirm in due course, via disclosure on our website, the code we decide to apply.

Ongoing

As Chairman, it remains my responsibility, working with my fellow board colleagues, to ensure that good standards of corporate governance are embraced throughout the group. As a board, we set clear expectations concerning the group's culture, values and behaviours. By way of example, each person starting at one of our pubs receives a training journal designed to support them through their induction - this not only covers our vision and values, but also explains how we go about caring for our customers, right from their decision to come to our pub through to a goodbye at the end of their visit. This is so important if we are to develop our people to delight our customers. The learnings from this four-week induction programme then become instinctive over a member of staff's time with us. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably and responsibly, drive our premium, customer-focussed, people-led strategy and deliver value for our shareholders. Within this framework, those managing our pubs are encouraged to be entrepreneurial, supported by policies, processes and an extensive training program. We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: it is therefore regularly seen out and about engaging with staff, customers and others, and the executive team, in particular, communicates regularly with staff through meetings and messages and at events. Being seen isn't always good - sometimes, just fading into the background with a pint (or two) of Young's whilst observing and listening can be really educational. Our relatively informal approach here is supported by more formal processes, such as a customer mystery diner program and staff appraisals. Together, these lead the board to believe that the group has a healthy corporate culture throughout the business.

Shareholder engagement

I am ever mindful of the need to ensure that we regularly engage with you, our shareholders. On page 29 we've set out what we do in this regard; the AGM is a key part of this and I look forward to meeting with you at this year's AGM in Wandsworth on Tuesday, 10 July 2018.

Stephen Goodyear
Chairman

Website disclosures

Principle 2

Seek to understand and meet shareholder needs and expectations

Disclosure

Explain the ways in which the company seeks to engage with shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.

Copies of our annual report (which includes the notice of AGM) and the interim report are sent to all shareholders and copies can be downloaded from the investors section of www.youngs.co.uk - alternatively, they are available on request by writing to the company secretary at Riverside House, 26 Osiers Road, Wandsworth London SW18 1NH. Other information for shareholders (and other interested parties) is also provided on our website, including the preliminary and half-year results presentations to the City.

We have an on-going programme of individual meetings with institutional shareholders and analysts following the preliminary and half-year results presentations to the City. These meetings allow the chief executive and the chief financial officer to update shareholders on strategy and the group's performance. Additional meetings with institutional investors and / or analysts are arranged from time to time. All board members receive copies of feedback reports from the City presentations and meetings, thus keeping them in touch with shareholder opinion.

Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young are the key contacts with the company's family shareholders, with Torquil Sligo-Young having a specific part to play in keeping in touch with them.

Roger Lambert, as the senior independent director, and the other non-executive directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels.

The company secretary can also be contacted by shareholders on matters of governance and investor relations.

The board supports the use of the AGM to communicate, in particular, with private investors. The meeting is well attended and all shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the directors after it. According to our registration records, 143 individual shareholders went to last year's AGM, along with 7 corporate representatives and 10 third party proxies; we are pleased that so many made the effort to attend and vote in person. We believe that this level of participation is higher than one would normally expect to see for a company of our size.

At the AGM, separate resolutions are proposed on each substantially separate issue. For each resolution, proxy appointment forms are issued which provide voting shareholders with the option to vote in advance of the AGM if they are unable to attend in person. All valid proxy votes received for the AGM are properly recorded and counted by Computershare, our registrars. Voting at the AGM is by a show of hands unless a poll is called for - in this regard, the chairman is aware of the possible need to exercise his powers as chairman and demand a poll to ensure that the vote represents the voting intentions of those shareholders who have appointed the chairman as proxy as well as those present at the meeting. As soon as practicable after the AGM has finished, the results of the meeting are released through a regulatory news service, and a copy of the announcement is posted on the Company News page within the investors section of www.youngs.co.uk. The announcement also provides, for information, details of the total number of voting shares in issue and the number of shares in respect of which valid proxy appointments were received; a table is included showing the number of votes for and against each resolution and also the number within the chairman's discretion - excluded from the table are abstentions / votes withheld and proxy appointments received from holders who appointed someone other than the chairman of the meeting as their proxy.

At last year's AGM, all resolutions were duly passed with overwhelming levels of support. Valid proxy appointments were received from holders of 14,812,075 voting shares, amounting to 49.85% of the then issued voting share capital, with the percentage in favour of each resolution ranging from 98.00% to 99.90%. We are very satisfied with the level of support, but would, of course, welcome an increase in the overall number of shares being voted.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

Disclosure

Explain how the business model identifies the key resources and relationships on which the business relies.

Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).

Our business model which explains how we create value is set out on page 4 of our 2018 annual report. That model has five principal elements, the broad headings for which are as follows:

Principal elements of our business model

1. Predominately freehold estate
2. Differentiated, premium, managed, mostly drink-led estate of pubs in areas in London and Southern England that have a high proportion of affluent and discerning customers
3. Appropriate revenue mix for pubs (65.8% drink, 29.6% food and 4.6% accommodation for the year-ended 2 April 2018)
4. Complimentary but small quality tenanted estate
5. Sourcing of best products for the best prices from a small number of suppliers - achieved through the combined buying power of our managed and tenanted estate

This business model has been in place for very many years. The only substantial change to it in the last 20 years or so has been the sale and outsourcing of the company's brewing operations, resulting in the group having a primary and increased focus on an estate of premium managed pubs. As such, many of the key resources and relationships needed by the group have now been in place for quite some time. Things nevertheless remain under regular review to ensure we continue to lead and respond to market developments, thereby enhancing our reputation as a provider of a competitive premium offering that new and existing customers want to enjoy; this inevitably results in changes to products and / or suppliers from time to time.

The group's stakeholders include shareholders, members of staff, customers, suppliers, regulators, industry bodies and creditors (including the group's lending banks). The principal ways in which their feedback on the group is gathered are via meetings, conversations and online booking reviews. Following this feedback, the group has continued its clearly defined premium, customer-focussed and people-led strategy and accompanying conservative approach to acquisitions and financing. To mention but a few other things, as a result of feedback received a new career pathway for staff was introduced with refreshed and more engaging marketing collateral, the qualifying period for staff to take part in the group's savings-related share option scheme was shortened, speed of service in the pubs was improved but without compromising quality, new drink products were trialled, new promotional activities were introduced, improvements were made to deliveries, cellar services and tenant support, a group-wide Safeguarding and Prevent policy was introduced, all existing plastic straws were replaced with a bio-degradable alternative and work continued with suppliers to help actively reduce their plastic usage over the coming year.

Principle 7

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Disclosure

Include a more detailed description of the board performance evaluation process / cycle adopted by the company. This should include a summary of:

- **The criteria against which board, committee, and individual effectiveness is considered;**
- **How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and**
- **How often board evaluations take place.**

Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.

On page 29 of our 2018 annual report, we explained that the chief executive currently conducts rigorous annual performance appraisals of the three executive directors that report to him, supported by monthly 1:1 meetings, and that the chairman, on behalf of the board, has agreed to look into performance evaluation of the other directors, the board (taken as a whole) and the board’s committees (with this being done in conjunction with the our people director).

As a result, over the summer the board will review the effectiveness of its performance as a unit, as well as that of its committees and individual directors. This evaluation process will be led by the chairman, and will be conducted by him, the senior independent director and the chief executive.

Performance evaluation - board review

The board review will involve the completion of a questionnaire on an anonymous basis - anonymity is intended to encourage more open and constructive comment. The aim of the review is set out in the following box.

Board review: aim	
<ul style="list-style-type: none"> • Identify the board’s ability to scan the operating environment, think strategically and adapt as necessary 	<ul style="list-style-type: none"> • Review the skills and capabilities of the board needed to meet current and future business need
<ul style="list-style-type: none"> • Review how well the board performs its key roles and how successful it has been 	<ul style="list-style-type: none"> • Review the effectiveness of board relationships and its role as a team
<ul style="list-style-type: none"> • Review the effectiveness of board processes, including its accountability 	<ul style="list-style-type: none"> • Assess the level and quality of information the board receives
<ul style="list-style-type: none"> • Review the learning and development needs of individual board members as well as the board as a whole 	<ul style="list-style-type: none"> • Assess the respective contributions of the executive directors and non-executive directors
<ul style="list-style-type: none"> • Assess the effectiveness of the second tier of management and the succession planning arrangements in place 	<ul style="list-style-type: none"> • Address whether the board provides effective support, scrutiny and challenge to the executive management team
<ul style="list-style-type: none"> • Assess the compliance of the key governance documents with legal requirements and good practice 	

All board members will be asked to provide a rating (on a scale of 1 – 4) across a variety of criteria, including the following:

Board review: criteria		
<ul style="list-style-type: none"> • Support and debate of strategy and values 	<ul style="list-style-type: none"> • Understanding the core business and its strategic direction 	<ul style="list-style-type: none"> • Non-executives’ contribution to strategy development and monitoring executive performance

<ul style="list-style-type: none"> Chairman’s leadership style and tone 	<ul style="list-style-type: none"> Frequency and length of meetings and adequacy of information 	<ul style="list-style-type: none"> Completeness and prioritisation of board agenda content
<ul style="list-style-type: none"> Decision-making: debate, challenge, objectivity and collaboration 	<ul style="list-style-type: none"> AGM: best use of 	<ul style="list-style-type: none"> Consideration of corporate reputation, enhancement and risks surrounding it
<ul style="list-style-type: none"> Open and questioning approach to reviewing risk 	<ul style="list-style-type: none"> Processes surrounding risk management 	<ul style="list-style-type: none"> Relationship of chairman and chief executive
<ul style="list-style-type: none"> Succession planning for key board members and the executive 	<ul style="list-style-type: none"> External stakeholders: identification and contact 	<ul style="list-style-type: none"> Company secretary: provider of information and support to the chairman and non-executives

Completed questionnaires will then be submitted to the company secretary who, where necessary, will seek clarification on any responses given. He will then collate and consolidate the responses so that the chairman can report back to the board and the board can have an open follow-up discussion. This will result in actions being agreed for any areas requiring improvement. Apart from in this year (as it will be the first year in which this process has been undertaken), the chairman’s report back to the board will highlight any significant improvements and deteriorations in any particular area by comparing results with previous years’ feedback. Unattributed comments of significance will be shared with all board members.

Performance evaluation - committee review

As part of the board performance evaluation exercise, each director will be asked to rate (again, on the 1 – 4 scale) the extent to which the board’s committees are properly constituted, perform their delegated roles and report back clearly and fully to the board.

In addition to this, the audit committee, as required under its terms of reference, carried out a review of its own performance; it did this in May. At the same time, it also reviewed its constitution and terms of reference to ensure it was operating at maximum effectiveness: no changes were considered necessary.

Performance evaluation - chairman

The senior independent director will appraise the chairman’s performance (as both the chairman and a non-executive director), having first consulted with the executive and the other non-executive directors. Excluding the matters generic to the non-executives (see below under the heading “Performance evaluation – non-executive directors”), the review will look at the following specific aspects of the chairman’s role:

<p>Chairman’s role: specific aspects to be reviewed</p> <ul style="list-style-type: none"> To chair board meetings and general meetings of the company, including the setting of agendas for board meetings and ensuring adequate time is available for discussion of all agenda items at board meetings, in particular strategic issues To set clear expectations concerning the company’s culture, values and behaviours and the style and tone of discussions at board meetings To demonstrate ethical leadership and promotion of the highest standards of integrity, probity and corporate governance throughout the company and particularly at board level To ensure that the board determines the nature and extent of the significant risks that the company is willing to embrace in implementing its strategy To ensure that the board has effective decision-making processes

- To ensure that board committees are properly structured with appropriate terms of reference and are run effectively
- To encourage all board members to engage in board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence
- To develop productive working relationships with all executive directors, including the chief executive
- To consult the senior independent director on board matters, as appropriate
- To ensure that the board receives accurate, timely and clear information
- To promote a culture of mutual respect, openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors

Performance evaluation – non-executive directors

Following consultation with the executive team, the non-executives will be appraised by the chairman, with a particular focus on the following:

- Areas of particular focus in appraising the non-executives**
- Participation at board and committee meetings
 - Strategic planning
 - Financial management
 - People management and relationships
 - Knowledge and skill

Performance evaluation – executive directors

The chairman will also conduct the chief executive’s appraisal. The appraisal of the other executive directors will be carried out by the chief executive. Each appraisal will focus on the following three main areas:

- Main areas to be focussed on in appraising the executive directors**
- The what**
- To what extent is the executive director leading the organisation to accomplish what it should be accomplishing? Are they leading the organisation to deliver results in the short- and longer-term?
- The how**
- To what extent is “how the executive director is leading” consistent with our values and our beliefs about what skills they need to be effective?
- The what next**
- Moving forward, what are the implications of this review in terms of the executive director’s role, areas in which they should continue performing well, and areas in which they can improve?

As part of the appraisal, the following areas will be discussed: relationships with the board of directors, strategic planning, financial management, people management and relationships, and conduct of business. Specific criteria against which these areas are to be judged are included in the appraisal form (and again have a 1-4 rating scale). The appraisal will conclude by summarising the goals for the coming year, job-related strengths and plans to strengthen performance.

Evolution of the evaluation process from previous years, the results of the evaluation process and action taken or planned as a result

This is the first year in which such a structured approach to performance review will have been undertaken.

Frequency of evaluations

The evaluation process is expected to be performed annually.

Succession planning and the processes by which board and other senior management appointments are determined (including any links to the board evaluation process)

Succession planning is regarded by the board as vitally important in maintaining a 'strong bench' and the continued success of the business. Through regular reviews and management discussions, the company's future business leaders are identified and personal development plans are put in place to harness their potential and plan for job growth and career progression.

In practice, the chairman and the chief executive lead on the board nomination and appointment process. They consider the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the whole board. Each board member is invited to meet with the candidate. This process has been used effectively for a number of years and has led the board to remain of the view that it should continue to operate in this way rather than through a more formal nomination committee. Other senior appointments are made by the chief executive in discussion with the chairman.

We expect the board evaluation process to evolve over time so that it becomes linked to succession.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

Disclosure

Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.

Being a premium, customer-focussed, people-led business, we readily accept that our success depends on everyone within Young's working together with respect, loyalty and pride. Within the pubs, we need to ensure we exceed customers' expectations by delivering the highest quality service, drinks, food and accommodation at all times so our customers return, become loyal regulars and tell others about us. The tone is set from Riverside House where the board usually holds its meetings and, most importantly, where the executive directors and senior management team are based.

With over 95% of our staff being pub-based and with more than that percentage of our revenue coming through our managed house division, we have invested heavily in our pub teams, including through the provision of training and support for them. Some of the first things that anyone in one of our pubs learns about are our heritage, our people, our vision and the values that make the essence of Young's. We see it as vital that everyone starts with a clear understanding of what makes Young's and its culture and the key role everyone plays in continuing to enhance its reputation, both in the locality of each pub and more widely.

Each pub team member is issued with a comprehensive and supportive training journal that is designed to support them through their induction. This provides them with a ready-reference and reminder of these early learnings. In a new member's early days, they will sit down regularly with their manager just to chat about progress and ensure they are on the right lines. The on-going reinforcement of values and behaviour does not stop at the end of the induction programme – managers meet with their teams, individually and collectively, throughout an individual's time with us.

Whilst internal reviews are essential, the proof of the pudding is in the eating. We encourage customer feedback, both directly to the pub and via online booking review platforms. We also have a comprehensive mystery diner programme which sees covert guests give detailed comments about their experience. Together, these provide invaluable insight into how we are seen to behave.

By encouraging the right way of thinking and behaving across all our people, we also see the very positive impact our business can have on the community. In the year ended 2 April 2018, we achieved zero waste to landfill, increased the amount we recycled to 6,830 tonnes, reduced our CO₂ consumption by over 1,250,000 kg and replaced all existing plastic straws with a bio-degradable alternative. We regard these as very positive signs of our values and behaviours being endorsed throughout the business.

We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: it is therefore regularly seen out and about engaging with staff, customers and others, and the executive team, in particular, communicates regularly with staff through meetings and messages and at events.

The executive directors are all based at Riverside House and work in an open plan environment on one floor. This provides them with plenty of opportunities to see and hear how people interact both with their work colleagues and others outside of the business (and would enable them to address things if they were at odds with the right way of behaving).

Clear statements of behaviour are issued by the board. An anti-bribery statement is on our corporate website (see <http://www.youngs.co.uk/pdf/youngs-anti-bribery.pdf>) and members of staff are encouraged to refer contractors and suppliers to this. The group also has an anti-bribery policy. Both the statement and policy confirm that the group has a zero tolerance stance on bribery and they repeat the board's expectation that everyone behaves at all times honestly, professionally, fairly and with integrity. The policy is circulated to everyone at Riverside House and to all pub managers; it is also printed in each pub employee's contract of employment. An on-line assignment, testing the understanding and knowledge of this policy, has to be taken by every individual employed at Riverside House - this must be taken within three months of joining Young's and then every two years. The group's published slavery and human trafficking statement (see <http://www.youngs.co.uk/pdf/slavery-and-human-trafficking-statement.pdf>) also explains to the outside world that we seek to conduct our business honestly and with integrity at all times and that we recognise that it is not acceptable to put profit above the welfare and wellbeing of our employees and those working on our behalf. Steps to combat modern slavery are therefore taken seriously, and efforts to prevent abuses are fully embedded cross-departmentally throughout our organisation to ensure we play our part in helping to stamp out slavery and human trafficking.

The group has also put a whistleblowing policy in place. This allows staff to raise any concerns in confidence directly with the chairman of the audit committee, the company secretary or the group's internal audit manager. Experience to date suggests that this policy is effective and staff members are aware of it.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Disclosure

In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:

- **Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups).**
- **Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration.**
- **Describe which matters are reserved for the board.**
- **Describe any plans for evolution of the governance framework in line with the company's plans for growth.**

Roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups)

Stephen Goodyear, as chairman, is responsible for leading an effective board, fostering a good corporate governance culture and ensuring appropriate strategic focus and direction.

The chief executive, Patrick Dardis, has overall responsibility for proposing the strategic focus to the board, implementing the strategy once it has been approved and managing the group's business.

Roger Lambert, the senior independent director, and the other non-executive directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels.

Stephen Goodyear, Patrick Dardis and Torquil Sligo-Young, an executive director, are the key contacts with the company's family shareholders, with Torquil Sligo-Young having a specific part to play in keeping in touch with them.

All of the executive directors have particular roles and areas of responsibility (Patrick Dardis: chief executive, Steve Robinson: chief financial officer, Torquil Sligo-Young: technology and health and safety and Tracy Read: people). As such, they continually engage with the group's stakeholders, whether these be shareholders, members of staff, customers, suppliers, regulators, industry bodies and creditors (including the group's lending banks). As one would expect, there is a degree of overlap here, with individual roles and responsibilities touching many areas of the business.

Roles of any committees (e.g. audit, remuneration and nomination committees)

Executive committee: it is responsible for the daily running of the group and the execution of approved policies and the business plan.

Audit committee: its primary focus is on corporate reporting (from an external perspective) and on monitoring the company's internal control and risk management systems (from an internal perspective). Further details on the committee's responsibilities and activities are on pages 30 to 33 of our 2018 annual report.

Remuneration committee: its primary function is to determine, on behalf of the board, the remuneration packages of the executive directors. Further details on the committee and the company's reward policy are on page 34 of our 2018 annual report.

Disclosure committee: its primary function is to assist the company in making timely and accurate disclosure of any information required to be disclosed in order to meet legal and regulatory obligations.

Nomination committee: in practice, the chairman and the chief executive lead on the board nomination and appointment process. They consider the balance of skills, knowledge and experience on the board and make appropriate recommendations for consideration by the whole board. Each board member is invited to meet with the candidate. This process has been used effectively for a number of years and has led the board to remain of the view that it should continue to operate in this way rather than through a more formal nomination committee. Other senior appointments are made by the chief executive in discussion with the chairman.

The terms of reference for the audit, remuneration and disclosure committees can be found in the investors section of www.youngs.co.uk. The executive committee has no formal terms of reference.

Matters reserved for the board

The board has a formal written schedule of matters reserved for its review and approval; this schedule includes those matters described in the following table.

<i>Category</i>	<i>Examples</i>
Strategy and management	Approval of the group's long-term objectives and commercial strategy; approval of the group's annual budgets and any material changes to them; extension of the group's activities into new business or geographic areas; cessation of the operation of all or any material part of the group's business; overseeing the group's operations, ensuring competent and prudent management, sound planning, and compliance with statutory and regulatory obligations.

Category	Examples
Structure and capital	Changes relating to the group's capital structure; major changes to the group's corporate or management and control structure; changes to the company's listing or its status as a plc.
Financial reporting and controls	Approval of the following: annual report and accounts, preliminary announcements of results, significant changes in accounting policies or practices, treasury policies, certain unbudgeted capital or operating expenditure; declaration or recommendation of dividends; review and approval of expenditure authorisation limits.
Contracts	Contracts in the ordinary course of business material strategically or by reason of size (e.g. bank borrowings and material acquisitions or disposals of fixed assets); contracts not in the ordinary course of business; major investments.
Communication	Approval of resolutions, circulars, prospectuses and press releases concerning matters decided by the board.
Board membership and other appointments	Changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; board appointments; selection of the chairman and the chief executive; appointment of the senior independent director; membership and chairmanship of board committees; continuation in office of directors; appointment or removal of the company secretary; appointment, reappointment or removal of the external auditor to be put to shareholders for approval.
Remuneration	Approving the remuneration policy for the directors; determining the initial remuneration of the non-executive directors; introduction of new share incentive plans or major changes to existing plans.
Delegation of authority	Division of responsibilities between the chairman and the chief executive; establishing board committees and approving their terms of reference.
Corporate governance	Undertaking any formal and rigorous review of the board's own performance, that of its committees and individual directors, and the division of responsibilities; determining the independence of non-executive directors; review of the group's overall corporate governance arrangements; authorising conflicts of interest where permitted by the company's articles of association.
Policies and procedures	Approval of the following: manual on compliance with the AIM Rules and aspects of the Market Abuse Regulation, company's insider list manual, dealing code, anti-bribery policy, whistleblowing policy and health and safety policy.

Plans for evolution of the governance framework in line with the company's plans for growth

Nothing at present.

Principle 10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Disclosure

Disclose the outcomes of all votes in a clear and transparent manner.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.

Clear and transparent disclosure of voting outcomes

As soon as practicable after any general meeting has concluded, the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company News page within the investors section of www.youngs.co.uk. The announcement also provides, for information, details of the total number of voting shares in issue and the number of shares in respect of which valid proxy appointments were received; a table is included showing the number of votes for and against each resolution and also the number within the chairman's discretion - excluded from the table are abstentions / votes withheld and proxy appointments received from holders who appointed someone other than the chairman of the meeting as their proxy.

Explanation of actions where a significant proportion of votes (e.g. 20% of independent votes) is cast against a resolution at any general meeting

The company would do this if it became relevant. For information, in the last 10 years no such proportion has been cast against any resolution put to shareholders.

Inclusion of historical annual reports and other governance-related material, including notices of all general meetings over the last five years.

The investors section of www.youngs.co.uk includes this information and more. Notices of the annual general meetings held in the last five years are contained within the relevant annual reports. No other general meetings have been held within the last five years.

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Set out in the following table is a list of the disclosures required to be published by us under the QCA Code. The table also indicates where each disclosure appears in our annual report or in this document. As explained on page 1 of this document, the disclosures appear in the locations recommended in the QCA Code. Unless stated otherwise, reference to a page is to a page in this document.

Corporate Governance Principle	Disclosure	Location
1	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	Our 2018 annual report - pages 4, 8 and 9
2	Explain the ways in which the company seeks to engage with shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.	Pages 3 and 10

Corporate Governance Principle	Disclosure	Location
3	Explain how the business model identifies the key resources and relationships on which the business relies.	Page 4
	Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).	Page 4
4	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	Our 2018 annual report - page 29 (<i>"Risk"</i>)
5	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	Our 2018 annual report - page 27 (<i>"Independence"</i>)
	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	Our 2018 annual report - page 28 (<i>"Time commitment"</i>)
	Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	Our 2018 annual report - page 27 (<i>"Attendance at board and committee meetings"</i>)
6	Identify each director.	Our 2018 annual report - pages 18 and 19
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.	Our 2018 annual report - pages 18 and 19
	Explain how each director keeps his / her skillset up-to-date.	Our 2018 annual report - page 28 (<i>"Training, development and advice"</i>)
	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	No such advice was given during FY2017/18
	Where external advisers to the board or any of its committees have been engaged, explain their role.	Our 2018 annual report - page 28 (<i>"Training, development and advice"</i>)
	Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.	Our 2018 annual report - page 26 (<i>"Roles and responsibilities"</i>) and page 28 (<i>"Training, development and advice"</i>)

Corporate Governance Principle	Disclosure	Location
7	<p>Include a high-level explanation of the board performance effectiveness process.</p> <p>Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.</p> <p>Include a more detailed description of the board performance evaluation process / cycle adopted by the company. This should include a summary of:</p> <ul style="list-style-type: none"> • The criteria against which board, committee, and individual effectiveness is considered; • How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and • How often board evaluations take place. <p>Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.</p>	<p>Our 2018 annual report - page 29 (which explains that the chairman, on behalf of the board, has agreed to look into performance evaluation as currently annual performance appraisals are only carried out by the chief executive in respect of his direct reports)</p> <p>No evaluation took place during FY2017/18</p> <p>Pages 4 to 8</p> <p>Pages 5 to 8</p> <p>FY2018/19 will be the first year in which a formal evaluation process will be undertaken</p> <p>Page 8</p> <p>Page 8</p>
8	<p>Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.</p> <p>Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.</p>	<p>Our 2018 annual report - page 22</p> <p>Pages 8 and 9</p>
9	<p>In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:</p> <ul style="list-style-type: none"> • Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups). 	<p>Page 10</p>

Corporate Governance Principle	Disclosure	Location
9 (cont)	<ul style="list-style-type: none"> • Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration. • Describe which matters are reserved for the board. • Describe any plans for evolution of the governance framework in line with the company's plans for growth. 	<p>Pages 10 and 11</p> <p>Pages 10 and 11</p> <p>Page 11</p>
10	<p>Describe the work of any board committees undertaken during the year.</p> <p>Include an audit committee report (or equivalent report if such committee is not in place).</p> <p>Include a remuneration committee report (or equivalent report if such committee is not in place).</p> <p>If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.</p> <p>Disclose the outcomes of all votes in a clear and transparent manner.</p> <p>Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.</p> <p>Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.</p>	<p>Our 2018 annual report - page 23 (see "<i>The role of the board and its committees</i>"), pages 30 to 33 and page 34</p> <p>Our 2018 annual report - pages 30 to 33</p> <p>Our 2018 annual report - page 34</p> <p>Our 2018 annual report - not applicable to this annual report in view of timing of adoption of the QCA Code</p> <p>Page 12</p> <p>Page 12</p> <p>Page 12</p>