

CORPORATE GOVERNANCE

(The information contained in this document was last reviewed on 15 July 2020)

In this document, unless the context otherwise requires:

- reference to **Young's**, the **company** or **we** is to Young & Co.'s Brewery, P.L.C. (and reference to **our** and **us** 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 that 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 and/or on our website

In order to claim that the QCA Code has been adopted, we have to apply the principles set out above and also 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. An index setting out where each required disclosure can be found appears at the end of this document. In addition, the correct application of the QCA Code requires our chairman to provide a corporate governance statement which:

- clearly articulates his role and demonstrates his responsibility for corporate governance;
- explains, at a high level, how the QCA Code is applied by us and how its application supports our medium to long-term success;

- explains, in a clear and well-reasoned way, any areas in which our governance structures and practices differ from the expectations set by the QCA Code; and
- identifies any key governance related matters that have occurred during the year, including any significant changes in governance arrangements.

This statement appears on pages 34 and 35 of our 2020 annual report and is repeated below.

Chairman's corporate governance statement

This statement appears on pages 34 and 35 of our 2020 annual report

The vital importance of not only what we do but how we do it is well understood, perhaps never more so than in the face of the extraordinary and unprecedented crisis that engulfed our business and country following the coronavirus outbreak: in all our decisions, we aim to do the right thing in the right way at the right time. This approach and culture is underpinned by our corporate governance model which seeks to ensure that good governance standards are embraced throughout our business, particularly in extreme times.

The effective leadership of the board and the fostering of a good corporate governance culture remains a key responsibility of mine as chairman. I am fortunate though to have board colleagues equally persuaded of the importance of collectively defining, delivering and communicating our governance model so as to ensure that good governance standards are embraced throughout our business. Our governance model was tested to its limits in light of the coronavirus pandemic but stood up to it - the actions and steps we took are explained in my chairman's statement (on page 2) and in the strategic report (starting on page 1).

In July 2018, we chose to apply The QCA Corporate Governance Code (2018 edition). This continues to be a code that we proactively embrace and provides the right governance framework for us: a flexible but rigorous outcome-oriented environment in which we can continue to develop, as needed, our governance model to support our business. I am pleased to report that the ten broad principles around which the QCA Code has been constructed are effectively embedded in our governance model, our ways of working and our behaviours.

I was delighted that, in September and following an extensive search, Mike Owen joined the board as the company's new chief financial officer. With over 10 years' experience in the drinks and pub sector, Mike has an intimate knowledge of the industry. Following his arrival, we immediately saw the fresh perspective he brought to the company's finance function as we continued to develop our market-leading premium operation, and he has since played a vital part in helping us face up to the closure of our pubs following the industry-wide order by the Government in March. He is an experienced CFO: he was the group finance and IT director at Hall & Woodhouse, a family owned pub group and brewer, since 2016; before that he spent eight years at SABMiller, initially as the finance director at Miller Brands and then as the Head of European and then Global Deployment in the Global Business Services division.

Simon Dodd also joined the board in September, in the newly created role of chief operating officer. Simon brought with him a wealth of experience, having spent more than a decade working in the pub and brewing sector. Most recently, he was a director of Fuller's and managing director of their beer company, having previously been operations director of their premium city pubs division. Prior to joining Fuller's, Simon was at the Orchid Pub Company where he held the role of chief operating officer following his promotion from the position of commercial director. I was particularly pleased that we were able to attract someone of Simon's calibre and experience to take on this new role. In the quite unbelievable position that the industry and the country has since found itself in, the extensive experience, knowledge and relevant skills that Simon has built up over his career helped make a significant and positive difference to Young's as we faced up to the crisis in hand.

In terms of other director-level personnel changes or moves, I can also report that:

- in September last year, Ian McHoul took over from Roger Lambert as chairman of the audit committee, a role that Roger had ably performed since July 2015;
- in January this year, the board agreed to extend the terms of office for both me and Nick Miller through to April 2023 - in deciding to do this, the board determined that we were independent in character and judgement, made an effective and valuable contribution to the board, demonstrated commitment to our roles (in my case, as non-executive chairman and as a member of the audit committee, and, in Nick's case, as a non-executive director, chairman of the remuneration committee and as a member of the audit committee), and were able to give sufficient time to Young's; and

- in April this year, after the end of the period, the board decided to ask Roger Lambert to stay on, for now, for an additional one year period, thus extending his period of office through to the end of July next year - in view of the challenges facing the company in light of the coronavirus, it was felt important to retain on the board the additional strength, balance, financial acumen and capital markets experience that Roger provides.

As one would expect, the board had a defined strategy of how to grow our business, supported by an equally clear business model of how to create long-term value for shareholders - further detail on these is in the *Our strategy and business model* section on page 10. It was against this background, and a mission statement of “delighting our customers with stylish pubs and hotels”, that the board made decisions and managed risk throughout almost all of the year. The focus had to change post the coronavirus outbreak and the Government’s closure order of all pubs across the UK - preservation became paramount.

As a board, we set clear expectations concerning the group’s culture and values. By way of example, each person starting at one of our pubs received 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 pubs through to a goodbye at the end of their visits. 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 team member’s time with us.

Clear statements of behaviour are also issued by the board. An anti-bribery statement is on our corporate website and our team members are encouraged to refer contractors and suppliers to this. We also have an anti-bribery policy. Both the statement and policy confirm that we have 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. Our slavery and human trafficking statement, likewise published on our corporate website, also explains to external stakeholders 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 well-being of our employees and those working on our behalf. Steps to combat modern slavery are taken seriously, and efforts to prevent abuses are fully embedded across all departments throughout our organisation to ensure we play our part in helping to stamp out slavery and human trafficking. A whistleblowing policy is also in place: this allows our employees 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 widely known.

We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced. This enables us to conduct business sustainably and responsibly, and, absent the extraordinary times we currently find ourselves in, allows us to 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, while supported by policies, processes and an extensive training program that assists in protecting the business from unnecessary risk.

We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: it was therefore regularly seen out and about engaging with our team members, customers and others, and the executive team, in particular, communicated regularly with the teams in the pubs and at Riverside House through meetings and messages and at events. Being seen isn’t always good - however hard it may be, sometimes just fading into the background whilst observing and listening can be really educational. Our relatively informal approach here was supported by more formal processes - we encouraged customer feedback (both directly to the pubs and via online booking review platforms) and there were also staff appraisals. Together, these provided invaluable insight into how we were seen to behave and lead the board to believe that the group had a healthy corporate culture throughout the business. Set out in the strategic report, starting on page 1, are just some examples of the things we have done during the year, not just in the face of the current crisis, and make me so proud to be chairman of this great company.

Further details on our corporate governance arrangements (reflecting the broad principles in the QCA Code and their application) appear in the following pages and on our corporate website. Overall, I very much feel that the essence of the QCA Code is fully reflected and observed in our business, and a regular review by me with our company secretary will ensure that this remains the case in the years to come.

To finish, I remain ever aware of the importance of ensuring that we regularly engage with you, our shareholders. On page 44 we’ve set out what we do in this regard; the AGM is ordinarily a key part of this. Regrettably, this year, in light of the Covid-19 situation, the AGM will be held as a closed meeting. We are committed to protecting the health and well-being of our shareholders and of the general public and

therefore, in line with the UK Government Stay At Home Measures, shareholders will not be permitted entry to the AGM. Attendance will be strictly restricted to specified individuals to ensure that the meeting is quorate to conduct the necessary business. I would ask that our A shareholders vote on the business of the AGM in advance by filling in the proxy form accompanying this annual report. Should circumstances change before the AGM such that A shareholders are able to attend, we will update shareholders accordingly.

Stephen Goodyear

Chairman

3 June 2020

Website disclosures, some of which overlap with disclosures in our 2019 and 2020 annual reports

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 they can be downloaded from the investors section of our corporate website. Other information for shareholders and 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 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 any questions or concerns that are 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. This 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, 137 shareholders were at last year's AGM, along with 19 corporate representatives; 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, a separate resolution is 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 registrar. 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 him as proxy, as well as those present at the meeting. As soon as practicable after the AGM has concluded, the results of the meeting are released through a regulatory information service and a copy of the announcement is posted on the Company News page within the investors section of our corporate website. 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 15,153,930 voting shares, amounting to 50.74% of the then issued voting share capital, with the percentage in favour of each resolution ranging from 92.30% to 99.58%. We are very satisfied with the level of support, but would welcome an increase in the overall number of shares being voted.

In light of the outbreak of the coronavirus, the subsequent UK Government Stay At Home Measures and the board's commitment to the protection of the health and well-being of its shareholders and of the general public, this year's AGM on 21 July 2020 will be held as a closed meeting. Attendance will be strictly limited to specified individuals to ensure the meeting is quorate to conduct the necessary business. A shareholders have been asked to vote on the business of the AGM in advance by filling in the proxy form that accompanied the annual report.

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 31 of our 2019 annual report, we explained the performance review process undertaken during the year ended 1 April 2019; this was the first year in which such a highly-structured and encompassing approach to performance evaluation had been undertaken. That process was led by the chairman, and was conducted by him, the senior independent director and the chief executive. No performance review by the board of the effectiveness of its performance as a unit, or that of its committees, took place during the year ended 30 March 2020; the next review is expected to be carried out in summer 2020.

Performance evaluation 2018 - board review

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

Board review: aim

- Identify the board's ability to scan the operating environment, think strategically and adapt as necessary
- Review the skills and capabilities of the board needed to meet current and future business needs
- Review how well the board performs its key roles and how successful it has been
- Review the effectiveness of board relationships and its role as a team
- Review the effectiveness of board processes, including its accountability
- 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 compliance of the key governance documents with legal requirements and good practice |
| <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 respective contributions of the executive directors and non-executive directors | |

All board members were asked to provide a rating (on a scale of 1-4) across a variety of criteria concerned with practices and processes relevant to effectiveness, including those set out in the following box.

- | 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 between 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 were then submitted to the company secretary who collated and consolidated the responses into a report that was first shared with the chairman and subsequently circulated to the other directors. The report included all unattributed comments. Overall, the review produced some positive feedback, with a good set of rating scores. At the November 2018 board meeting, the chairman highlighted specific areas that he considered should be addressed, driven either by particular rating scores awarded or comments made. This led to an agreed set of actions for the areas that it was felt should be changed or could be improved.

In future years, the chairman's report back to the board will highlight any significant improvements and deteriorations in any particular area by comparing results with those from the previous performance evaluation exercise.

Performance evaluation 2018 - committee review

As part of the board performance evaluation exercise, each director was asked to rate (again, on the 1-4 scale) the extent to which the board's committees were properly constituted, performed their delegated roles and reported 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 March 2019 and 2020. In May 2019 and 2020, it reviewed its constitution and terms of reference to ensure it was operating at maximum effectiveness. Changes were made to those terms of reference in July 2020.

Performance evaluation 2018 - chairman

The senior independent director appraised the chairman's performance (as both the chairman and a non-executive director). Excluding the matters generic to the non-executives (see below under the heading *Performance evaluation - non-executive directors*), the review looked at, amongst other things, those specific aspects of the chairman's role listed in the following box.

Chairman's role: certain specific aspects to be reviewed

- 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 objective thinking, focussed on the longer-term success of the business, and encourage the same from fellow board members
- To demonstrate ethical leadership and promotion of the highest standards of integrity, probity and corporate governance
- 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 maintain 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

The other non-executives were appraised by the chairman, with a particular focus on those areas listed in the following box.

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 also conducted the chief executive's appraisal. Appraisals of the other executive directors were carried out by the chief executive. Each appraisal focussed on the three main areas listed in the following box.

<p style="text-align: center;">Main areas to be focussed on in appraising the executive directors</p> <p style="text-align: center;">The "what"</p> <p style="text-align: center;">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?</p> <p style="text-align: center;">The "how"</p> <p style="text-align: center;">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?</p> <p style="text-align: center;">The "what next"</p> <p style="text-align: center;">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 and seek personal development and mentoring guidance?</p>
--

As part of the appraisal, the following areas were discussed: relationship with the board of directors, strategic planning, financial management, people management and relationships, and conduct of business. Specific criteria against which these areas were judged were included in the appraisal form (and likewise had a 1-4 rating scale). The appraisal concluded by summarising the goals for the coming year, job-related strengths and plans to strengthen performance (including specific development needs).

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

The year ended 1 April 2019 was the first year in which such a highly-structured and encompassing approach to performance evaluation was undertaken. As a result of the board's review of the effectiveness of its performance as a unit, as well as that of its committees, the following was agreed for the areas that it was felt should be changed or could be improved:

- rather than start the year with a predetermined timetable of presentations, it will be agreed at each board meeting what, if any, non-routine presentations should be given at the next meeting - in this way, the presentations received by the board will be more pertinent and timely, reflecting ongoing developments in the business;
- presentations on certain topics (for example IT and health and safety) will be given by non-director members of staff - this will help the board as a whole, but without straying into the executive's area of responsibility, to assess the quality and depth below board level;
- although the principal risks and uncertainties facing the business will continue to be discussed by the audit committee and by the board as a whole as part of its review and sign-off of the annual report, a more formal and separate discussion on this area will now be part of each January's board meeting agenda - this will give this area an increased degree of focus; and
- an annual update will now be provided to the board on senior level succession (i.e. the level below the board) - this will assist the board in its thinking as regards succession planning.

Frequency of evaluations

The next formal review by the board of the effectiveness of its performance as a unit, as well as that of its committees, is expected to be carried out in summer 2020.

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 expects

to identify its future business leaders - personal development plans would then be put in place to harness their potential and plan for job growth and career progression.

Typically, 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 (including most recently in relation to the appointments of Mike Owen and Simon Dodd) 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 importance of diversity, including gender balance, is acknowledged in making any appointment - against this background, the board continues to believe, however, that appointments should be merit-based against the selection criteria created for any given role.

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 almost 96% 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 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 pubs through to a goodbye at the end of their visits. The journal also 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 and the learnings from this four-week induction programme then become instinctive over a team member'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 pubs and via online booking review platforms. These help to provide invaluable insight into how we are seen to behave and lead the board to believe that the group has a healthy corporate culture throughout the business.

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 this regard, our pubs, in particular, play an important part, with many helping with fundraising activities and other community events - initiatives also come from the teams at Riverside House. Our corporate social responsibility report, starting on page 21 of our 2020 annual report, includes some examples of the things we have done during the year with regard to our people, our communities and our environment. Overall, we regard these actions 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 team members, customers and

others, and the executive team, in particular, communicates regularly with the teams in the pubs and at Riverside House 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 gives them plenty of opportunities to engage informally not only with those team members based at Riverside House but also the many employees working in the pubs that visit Wandsworth for training and other events. It also allows them to see and hear how people interact both with their work colleagues and others outside of the business (and enables them to address things if they are 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 and members of staff are encouraged to refer contractors and suppliers to this. We also have an anti-bribery policy. Both the statement and policy confirm that we have 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. Our slavery and human trafficking statement, likewise published on our corporate website, also explains to external stakeholders 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 taken seriously, and efforts to prevent abuses are fully embedded across departments throughout our organisation to ensure we play our part in helping to stamp out slavery and human trafficking.

A whistleblowing policy is also 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.

We are very aware of the pressures that people are now facing in their everyday lives and recognise that we can play a supporting role here. As such, and reflective of our caring culture, we have a wellness project in place that spans the physical, mental and financial well-being of all our people; this builds on an already strong culture that will continue to secure our place as an employer of choice. Further information as regards our people (and especially the assistance and development we provide) is on pages 55-57 of our 2020 annual report.

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 approved and managing the group's business.

Roger Lambert, the senior independent director, acts as a sounding board for, and provides support and advice to, the chairman and other board members. He is available to shareholders and any of the directors should they have a concern that cannot be raised 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 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, Mike Owen: chief financial officer, Simon Dodd: chief operating officer, Torquil Sligo-Young: information resources and Tracy Dodd: people and health and safety. As such, they continually engage with the group's stakeholders, the principal ones of which have been identified as the group's customers, the group's people, the group's suppliers, the group's investors/lenders, the trustee of the company's final salary pension scheme and tenants of the Ram Pub Company). As one would expect, there is a degree of overlap here, with individual roles and responsibilities touching many areas of the business.

Ian McHoul, a non-executive director, is chairman of the audit committee.

Nick Miller, a non-executive director, is chairman of the remuneration committee.

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 45-50 of our 2020 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 pages 51-53 of our 2020 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: typically, 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 (including most recently in relation to the appointments of Mike Owen and Simon Dodd) 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.

The terms of reference for the audit, remuneration and disclosure committees can be found in the investors section of our corporate website. 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.

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; ensuring maintenance of sound management and internal control systems and adequate accounting and other records; 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, following the recommendation of the audit committee.
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 information service and a copy of the announcement is posted on the Company News page within the investors section of our corporate website. 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 our corporate website 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.

Index

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. Unless stated otherwise, reference in this index to a page is to a page in this document.

Corporate Governance Principle ¹	Disclosure	Location
1	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	Our 2020 annual report (pages 10 and 16-19)
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 4, 5 and 11 and our 2020 annual report (pages 30 ("Investors/lenders") and 44 ("Shareholder Relations"))
3	Explain how the business model identifies the key resources and relationships on which the business relies.	Our 2020 annual report (pages 10 and 59)

¹ The principles themselves are set out on page 1 of this document

	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 2020 annual report (pages 29-32, 55-57 (<i>“Employees”</i>) and 59 and 60 (<i>“Engagement with suppliers, customers and others in a business relationship with the company”</i>))
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 2020 annual report (page 44 (<i>“Risk”</i>) and pages 49 and 50 (<i>“Risk and internal control”</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. Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors). Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	Our 2020 annual report (page 42 (<i>“Independence”</i>)) Our 2020 annual report (page 43 (<i>“Time commitment”</i>)) Our 2020 annual report (page 41 (<i>“Attendance at board and committee meetings”</i>))
6	Identify each director. 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. Explain how each director keeps his/her skillset up-to-date. Where the board or any committee has sought external advice on a significant matter, this must be described and explained. Where external advisers to the board or any of its committees have been engaged, explain their role.	Our 2020 annual report (pages 36 and 37) Our 2020 annual report (pages 36 and 37) Our 2020 annual report (page 43 (<i>“Training, development and advice”</i>)) Our 2020 annual report (page 43 (<i>“Training, development and advice”</i>)) Our 2020 annual report (page 43 (<i>“Training, development and</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.	advice”)) Our 2020 annual report (page 41 (“Roles and responsibilities”) and page 43 (“Training, development and advice”))
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 2020 annual report (page 43 (“Performance evaluation”))</p> <p>No evaluation was undertaken in the year</p> <p>Pages 5-9</p> <p>Pages 5-8</p> <p>The previous (and first) evaluation was undertaken in 2018 - the second one is due to take place in summer 2020</p> <p>Pages 5 and 8</p> <p>Pages 8 and 9</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 2020 annual report (pages 34 and 35 (“Chairman’s corporate governance statement”)) and pages 2-4</p> <p>Pages 2-4</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>Pages 10 and 11</p>

- 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. Pages 11 and 12
- Describe which matters are reserved for the board. Pages 11 and 12
- Describe any plans for evolution of the governance framework in line with the company's plans for growth. Page 12

10	Describe the work of any board committees undertaken during the year.	Our 2020 annual report (page 38 (<i>"The role of the board and its committees"</i>), pages 45-50 (<i>"Audit committee"</i>) and pages 51-53 (<i>"Remuneration committee"</i>))
	Include an audit committee report (or equivalent report if such committee is not in place).	Our 2020 annual report (pages 45-50)
	Include a remuneration committee report (or equivalent report if such committee is not in place).	Our 2020 annual report (pages 51-53)
	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.	All disclosures have been published
	Disclose the outcomes of all votes in a clear and transparent manner.	Page 13
	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.	Page 13
	Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.	Page 13
