

## CORPORATE GOVERNANCE

(The information contained in this document was last reviewed on 14 July 2021)

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

##### Deliver growth

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

##### Maintain a dynamic management framework

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

##### Build trust

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 the chair of our board to provide a corporate governance statement which:

- clearly articulates the chair's 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 44-47 of our 2021 annual report and is repeated below.

## Chair's corporate governance statement

**This statement appears on pages 44-47 of our 2021 annual report**

We care about running our business ethically and responsibly for the benefit of our stakeholders: therefore, in our decision-making, we aim to do the right thing in the right way at the right time. This approach and culture are underpinned by our corporate governance model which seeks to ensure that good governance standards are welcomed and adopted throughout our business at all times.

I am pleased to present our corporate governance report which includes audit and remuneration committee reports.

It goes without saying that this year will probably go down as one of the most challenging in the company's long history, with the pandemic's initial impact in March 2020 only providing a minimal insight into what was to come. Regardless of the eventual outcome, the board continued to ensure that good governance standards were adopted throughout the business.

As chairman, the effective leadership of the board and the fostering of a good corporate governance culture remains a key responsibility of mine. I am helped here by my board colleagues who are 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 at all times.

The QCA Corporate Governance Code (2018 edition) was applied throughout the period. It 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 again 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.

This year, following on from the first formal review that we carried out in 2018, the board undertook its second review of the effectiveness of its performance as a unit. Details of what was done, along with the agreed resulting actions, and the progress made on the actions from the 2018 review, are set out on page 58.

As previously reported, the board, in April last year, asked Roger Lambert to stay on for an additional one-year period, thus extending his period of office through to the end of this July. In view of the challenges facing the company in light of the coronavirus pandemic, it was felt important to retain on the board the additional strength, balance, financial acumen, and capital markets experience that Roger provided.

At the end of September, Torquil Sligo-Young, the company's information resources director, retired as an executive director and became a non-executive director; he also joined the company's audit and remuneration committees. I was particularly delighted that Torquil agreed to remain on the board: in doing so, he continued as chairman of the trustee company that manages our final salary pension scheme, remained as chairman of the long-established charitable trust set up by one of the founders of the business and, importantly, continued to liaise with members of the Young's family who, as major shareholders, are so supportive.

In January this year, Trish Corzine stepped down as a nonexecutive director when her second three-year term expired; Ian McHoul replaced her on the remuneration committee when she left. We were grateful to Trish for the insight and guidance she provided over her years on the board, including as a member of the audit and remuneration committees. We wish her well for the future.

Lastly, also in January this year, the board extended Ian McHoul's term of office through to January 2024. In deciding to do this, the board determined that Ian was independent in character and judgement, made an effective and valuable contribution to the board, demonstrated commitment to his role as a non-executive director and chairman of the audit committee, and was able to give sufficient time to Young's.

I am confident that the board is well-balanced and composed of the right individuals with the appropriate and complementary skills required to run our business, and will continue to be so after Roger Lambert steps down.

For many years, I, and my board colleagues, have been ably supported by Anthony Schroeder, our company secretary. After more than 16 years' service, he has decided to retire and will be leaving us at the end of September. I will miss his unique sense of humour and the invaluable advice, guidance and support he has

provided; we wish him all the best and are grateful for the unequivocal commitment he has shown to Young's over such a long period. In preparation for Anthony's retirement, we appointed Chris Taylor as joint company secretary back at the start of April. Chris was part of our company secretariat team many years ago, after which he became the company secretary at Sky plc. We are fortunate to have found an equal successor.

The board's strategy and model to grow the business and drive shareholder value are set out on page 14. It is usually against that background, and a mission statement of "delighting our customers with stylish pubs and hotels", that the board makes decisions and manages risk. This year, however, required an ongoing pandemic overlay; this saw the introduction of fortnightly board meetings during the first national lockdown (April, May and June) and the executive management throughout the year monitoring the effects of the crisis on the business and keeping abreast of the fast- and ever-changing developments (including Government-issued guidance, the introduction of local tier restrictions and the defining and redefining of tier areas). Altogether, this effectively allowed the board to adopt a fact-based, real-time decision-making process.

The board continued to 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 covered our vision and values, but also explained 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. All our teams also received, as relevant to their roles, specific coronavirus-related training or guidance that supplemented the introduction of estate-wide operational policies and procedures designed to protect the health and safety of our teams, customers and others visiting our pubs or Riverside House.

Clear statements of behaviour have been issued by the board. An anti-bribery statement is on our corporate website and team members at Riverside House have been 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 has been circulated to everyone at Riverside House and to all pub managers; it is also printed in each pub employee's contract of employment. Group-wide circulation of the policy last happened in January 2019. An online 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 after that. 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 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, either of the joint company secretaries or the group's internal audit manager. Experience to date suggests that this policy is effective and widely known. Our estate-wide coronavirus operational policies and procedures also set out expected behaviours that were crucial for the safe and responsible running of our business and so necessary to garner customer confidence, and I am very proud of how our teams proactively adopted and worked with these, all to the relief and enjoyment of our customers.

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, against the background of the extraordinary times we have found 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 programme that assists in protecting the business from unnecessary risk. Always with the safety of our staff and customers in mind, we maintained the great Young's pub experience for our customers. Much more on what was done in our pubs to 'embrace' and make the most of a covid-19 world is set out in the strategic report, starting on page 1.

We accept that simply setting expectations is insufficient and so the board understands how important it is that it leads by example: in ordinary times, it would therefore regularly be seen out and about engaging with our team members, customers and others, and the executive team, in particular, would communicate regularly with the teams in the pubs and at Riverside House through meetings and messages and at events. Despite the significant impact of the pandemic on the operations of the business and the executive team's freedom and ability to get around the estate, the executive team was able to engage with staff, albeit often in an online environment via Zoom video conferencing. In last year's extraordinary times, customer feedback has perhaps

never been so important: this was encouraged (both directly to the pubs and via online booking review platforms) to ensure that we were doing the right things and, in particular, that we had our customers' confidence and they felt safe. This feedback provided invaluable insight into how we were seen to behave, and indeed produced some of our highest feedback ratings in years. The board therefore continues to believe that the group has a healthy corporate culture throughout the business.

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. I am keen to welcome holders of our A shares in person to our 2021 annual general meeting, particularly given the constraints we faced in 2020 due to the covid-19 pandemic. At the time of preparing our notice of AGM (see pages 131 to 135), indoor events of up to 1,000 people or half a venue's capacity (if lower) are allowed to take place. We are therefore proposing to hold the AGM in the Civic Suite in Wandsworth, as we have now done for many years, and to welcome as many A shareholders as we can in accordance with Government guidelines and other necessary safety considerations. Currently this means, amongst other things, that A shareholders will not be able to mix beyond what is permitted by social contact restrictions, namely the rule of six or two households. We will also put in place further arrangements to ensure that the meeting is safe. In light of this, attendance by guests (other than carers accompanying a shareholder) will not be permitted. You should be prepared to wear a face covering (unless exempt from that requirement), have your temperature checked, and confirm on arrival that you have not recently developed symptoms or been exposed to someone who has tested positive or is displaying covid-19 symptoms. However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt the meeting arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change so that we consider it is no longer possible for shareholders to attend the meeting in person, we will hold our AGM as a combined physical and electronic meeting. In such event, shareholders and other attendees will not be permitted to attend the physical AGM, save for such nominated persons as are required in order to establish a quorum or to otherwise conduct the business of the meeting. A shareholders could instead attend the meeting using electronic means. Should it become necessary for shareholders to participate in the AGM electronically, the electronic platform will enable A shareholders to attend, vote and raise questions electronically, and instructions will be provided on our website at [www.youngs.co.uk/investors](http://www.youngs.co.uk/investors). We will continue to monitor public health guidance and legislation issued by the UK Government in relation to the covid-19 pandemic as our AGM approaches. A shareholders are encouraged to monitor our website as well as our stock exchange announcements for any updates to meeting arrangements.

A Shareholders intending to attend the AGM (should this be possible in light of covid-19 restrictions in place at the time of the meeting), are asked to register their intention as soon as practicable by entering a tick in the 'Intention to Attend' box, which is located below the resolutions on the second page of the proxy form. Please note that in the absence of a full relaxation of covid-19 restrictions and social distancing rules, directors will not be mingling with shareholders before or after the meeting and no refreshments will be available before or after the meeting.

In view of the uncertainty around whether shareholders will be able to attend the AGM, and because tighter Government restrictions may be introduced due to a change in the covid-19 pandemic situation, I would encourage all A shareholders to complete and return their proxy forms appointing me, as chair of the meeting, as their proxy. This will ensure that your vote will be counted even if you (or any other proxy you might otherwise appoint) are unable to attend the meeting. Details regarding the appointment of proxies, and the completion and return of completed proxy forms are on pages 134 and 135.

**Stephen Goodyear**  
Chairman

19 May 2021

## Website disclosures, some of which overlap with disclosures in our 2021 annual report

### Principle 2

Seek to understand and meet shareholder needs and expectations

### Website 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. The senior independent director (Roger Lambert until the end of July 2021, Nick Miller after then), 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 joint company secretaries can also be contacted by shareholders on matters of governance and investor relations.

The board particularly supports the use of the AGM to communicate, in particular, with private investors. Apart from last year's meeting which had to be held as a closed meeting, 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 the 2019 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 chair's discretion - excluded from the table are abstentions/votes withheld and proxy appointments received from holders who appointed someone other than the chair 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 17,460,302 voting shares, amounting to 50.77% of the then issued voting share capital, with the percentage in favour of each resolution ranging from 98.87% to 99.65%. We are very satisfied with the level of support but would welcome an increase in the overall number of shares being voted.

This year's AGM was originally scheduled to take place in person. At the time of publication of the Notice of AGM, it was hoped that Step 4 of the Government's roadmap out of lockdown would have taken place on or around 21 June, such that all legal limits on social contact would have been removed for the AGM. However, given that Step 4 was delayed and was not expected to take place earlier than 19 July, being the day before the AGM, there was the potential for restrictions to remain in place at the date of the AGM. On that basis and to provide certainty, the board decided that it was no longer practical to hold the AGM as a physical meeting and that it would instead hold a combined physical and electronic meeting. Attendance at the physical meeting (which was moved to our registered office) would be limited to such nominated persons as would be required in order to establish a quorum or to otherwise conduct the business of the meeting, while observing social distancing and other COVID-19 restrictions. A shareholders would, however, be able to attend, speak and vote at the meeting remotely through an electronic platform.

### **Principle 3**

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

#### **Website 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 14 of our 2021 annual report. That model has the following five principal elements:

#### **Principal elements of our business model**

1. Predominantly 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 (65.7% drink, 29.6% food and 4.7% accommodation for the year ended 29 March 2021)
4. Complementary but small quality tenanted estate
5. Sourcing of the best products for the best prices from a small number of suppliers - achieved through the combined buying power of our managed and tenanted estates

Our business model is tried and tested and 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 that, amongst other things, we continue to lead and respond to market developments, thereby enhancing our reputation as a provider of a market-leading premium offering that new and existing customers want to enjoy and with which suppliers and others would want to be associated; this inevitably results in changes to products and/or suppliers from time to time.

The company's principal stakeholder groups are listed on page 18 of our 2021 annual report. Set out within the *Section 172(1) statement* starting on that page and in relation to each such group is:

- Why the directors believed it was important to engage with that group
- The main methods used by the directors to engage with that group and to understand the issues that concerned that group
- Information on the effect on the company's decisions and strategies during the period as a result of issues raised by that group.

## **Principle 7**

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

### **Website 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 58 of our 2021 annual report, we explain the performance review process undertaken during the year ended 29 March 2021. We also set out the outcomes of that review and the progress against the agreed actions flowing from the 2018 review.

The performance review process was led by the chairman, and was conducted by him, the senior independent director and the chief executive. This was the second year in which such a highly-structured and encompassing approach to performance evaluation had been undertaken. The next review is expected to be carried out in summer 2022.

### ***Performance evaluation - 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
- Review the learning and development needs of individual board members as well as the board as a whole
- Assess the compliance of the key governance documents with legal requirements and good practice
- Assess the effectiveness of the second tier of management and the succession planning arrangements in place
- Address whether the board provides effective support, scrutiny and challenge to the executive management team
- 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.

<b>Board review: criteria</b>		
<ul style="list-style-type: none"> <li>• Support and debate of strategy and values</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding the core business and its strategic direction</li> </ul>	<ul style="list-style-type: none"> <li>• Non-executives' contribution to strategy development and monitoring executive performance</li> </ul>
<ul style="list-style-type: none"> <li>• Chairman's leadership style and tone</li> </ul>	<ul style="list-style-type: none"> <li>• Frequency and length of meetings and adequacy of information</li> </ul>	<ul style="list-style-type: none"> <li>• Completeness and prioritisation of board agenda content</li> </ul>
<ul style="list-style-type: none"> <li>• Decision-making: debate, challenge, objectivity and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• AGM: best use of</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of corporate reputation, enhancement and risks surrounding it</li> </ul>
<ul style="list-style-type: none"> <li>• Open and questioning approach to reviewing risk</li> </ul>	<ul style="list-style-type: none"> <li>• Processes surrounding risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship between chairman and chief executive</li> </ul>
<ul style="list-style-type: none"> <li>• Succession planning for key board members and the executive</li> </ul>	<ul style="list-style-type: none"> <li>• External stakeholders: identification and contact</li> </ul>	<ul style="list-style-type: none"> <li>• Company secretary: provider of information and support to the chairman and non-executives</li> </ul>

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 2020 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.

The chairman's report back to the board highlighted improvements and deteriorations in all areas by comparing the average rating scores provided with those from the 2018 performance evaluation exercise.

#### **Performance evaluation - 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 in March. In the following May, it 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 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.

<b>Chairman's role: certain specific aspects to be reviewed</b>
<ul style="list-style-type: none"> <li>• 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</li> </ul>
<ul style="list-style-type: none"> <li>• To set clear expectations concerning the company's culture, values and behaviours and the style and tone of discussions at board meetings</li> </ul>



- 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.

**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 and seek personal development and mentoring guidance?

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 evaluation process used in 2020 was to all intents and purposes identical to one adopted in 2018 (as that was the first year in which such a highly-structured and encompassing approach to performance evaluation had been undertaken and the process did not suggest any fundamental flaws).

On page 58 of our 2021 annual report, we set out the outcomes of our 2020 review and the progress made against the agreed actions flowing from the 2018 review.

#### **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 2022.

#### *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 2019 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**

#### **Website 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 97% of our staff being pub-based and just over 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 ESG report, starting on page 30 of our 2021 annual report, includes some examples of the things we have done during the year with regard to our people, our communities and our environment; all things of which we are proud in a year severely affected by the coronavirus pandemic. 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 chair of the audit committee, the joint company secretaries 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 and have provided) is on pages 31, 32, 69 and 70 of our 2021 annual report.

#### **Principle 9**

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

#### **Website 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.

The senior independent director (Roger Lambert until the end of July 2021, Nick Miller after then) 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, a non-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, 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, the group's 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 chair of the audit committee.

Nick Miller, a non-executive director, is chair 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 external corporate reporting and on monitoring the company's internal control and risk management systems. Further details on the committee's responsibilities and activities are on pages 60-65 of our 2021 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 66 and 67 of our 2021 annual report.

Disclosure committee: its primary function is to assist the company in making timely and accurate disclosure of 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 2019 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.

<b>Category</b>	<b>Examples</b>
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 chair of the board and the chief executive; appointment of the senior independent director; membership and chair 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 chair of the board 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 UK 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**

**Website 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 chair's discretion - excluded from the table are abstentions/votes withheld and proxy appointments received from holders who appointed someone other than the chair 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 <sup>1</sup>	Disclosure	Location
1	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	Our 2021 annual report (pages 14 and 26-29)
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 5, 6 and 12 and our 2021 annual report (pages 19 ("Investors") and 59 ("Shareholder Relations"))
3	Explain how the business model identifies the key resources and relationships on which the business relies.	Our 2021 annual report (pages 14 and 71-73 ("Engagement with suppliers, customers and others in a business relationship with the company"))
	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 2021 annual report (pages 18-23)
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 2021 annual report (page 59 ("Risk") and pages 64 and 65 ("Risk and internal control"))
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 2021 annual report (page 56 ("Independence"))

<sup>1</sup> The principles themselves are set out on page 1 of this document

	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	Our 2021 annual report (page 57 ( <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 2021 annual report (page 55 ( <i>"Attendance at board and committee meetings"</i> ))
6	Identify each director.	Our 2021 annual report (pages 48-51)
	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 2021 annual report (pages 48-51 and page 56 ( <i>"Balance and size"</i> ))
	Explain how each director keeps his/her skillset up-to-date.	Our 2021 annual report (page 57 ( <i>"Training and development"</i> ))
	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	Our 2021 annual report (page 57 ( <i>"Advice"</i> )) and page 66 ( <i>"Advice, guidance and information"</i> ))
	Where external advisers to the board or any of its committees have been engaged, explain their role.	Our 2021 annual report (page 57 ( <i>"Advice"</i> )) and page 66 ( <i>"Advice, guidance and information"</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 2021 annual report (page 55 ( <i>"Roles and responsibilities"</i> )) and page 57 ( <i>"Training and development"</i> ))
7	Include a high-level explanation of the board performance effectiveness process.	Our 2021 annual report (page 58 ( <i>"Performance evaluation"</i> ))
	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.	Our 2021 annual report (page 58 ( <i>"Performance evaluation"</i> ))
	Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of:	Pages 7-10



	<ul style="list-style-type: none"> <li>● The criteria against which board, committee, and individual effectiveness is considered;</li> </ul>	Pages 7-10
	<ul style="list-style-type: none"> <li>● How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and</li> </ul>	Page 10 and our 2021 annual report (page 58 ( <i>"Performance evaluation"</i> ))
	<ul style="list-style-type: none"> <li>● How often board evaluations take place.</li> </ul>	Page 10 and our 2021 annual report (page 58 ( <i>"Performance evaluation"</i> ))
	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.	Page 10
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 2021 annual report (pages 44-47 (<i>"Chairman's corporate governance statement"</i>)) and pages 2-4</p> <p>Pages 11 and 12</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"> <li>● 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).</li> <li>● 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.</li> <li>● Describe which matters are reserved for the board.</li> <li>● Describe any plans for evolution of the governance framework in line with the company's plans for growth.</li> </ul>	<p>Page 12</p> <p>Pages 13 and 14</p> <p>Pages 13 and 14</p> <p>Page 14</p>
10	Describe the work of any board committees undertaken during the year.	Our 2021 annual report (page 52 ( <i>"The role of the board and its committees"</i> )), pages 60-65 ( <i>"Audit committee"</i> ) and pages 66 and 67 ( <i>"Remuneration committee"</i> ))

Include an audit committee report (or equivalent report if such committee is not in place).	Our 2021 annual report (pages 60-65)
Include a remuneration committee report (or equivalent report if such committee is not in place).	Our 2021 annual report (pages 66 and 67)
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 14
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 14
Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.	Page 15

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