

Chapel Down Group plc – QCA Corporate Governance statement

Introduction

The Board of Chapel Down is committed to maintaining high standards of corporate governance. It complies with the Quoted Companies Alliance Corporate Governance Code provisions for small and mid-size quoted companies (“QCA Code”) to the extent that the Board considers appropriate having regard to the Company’s size, board structure, stage of development and resources.

We are building a strong governance framework whilst also ensuring that we take a proportionate approach and that our processes remain fit for purpose and embedded within the culture of our organisation. We will continue to develop our standards and will make improvements in line with building a more successful and sustainable company.

The Board consists of nine Directors being:

- Non-Executive Chairman – Martin Glenn
- Chief Executive Officer – Frazer Thompson
- Chief Financial Officer – Richard Woodhouse CA
- Chief Commercial Officer – Mark Harvey
- Non-executive Director – James Brooke
- Non-Executive Director – Selina Emeny
- Non-Executive Director – Stewart Gilliland
- Non-executive Director – Nigel Wray
- Non-executive Director – Samantha Wren

The Board is responsible for formulating, reviewing and approving the Company’s strategy, financial activities and operating performance. Day-to-day management is devolved to the executive directors, who are charged with consulting the Board on all significant financial and operational matters. The Board retains ultimate accountability for governance and is responsible for monitoring the activities of the executive team.

In line with best practice, the roles of Chairman and Chief Executive Officer (CEO) are split. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.

The CEO has the overall responsibility for creating, planning, implementing, and integrating the company's strategic direction. This includes responsibility for all components and departments of the business. The CEO ensures that the organisation's leadership maintains a constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

The non-executive directors are not considered independent under the Financial Reporting Council's Corporate Governance Code (April 2016) ("FRC Code") as they own shares in the Company. However, the board considers that the non-executives are independent of management under all other measures and can exercise independence of judgement.

QCA code

The QCA consists of 10 principles which are detailed below along with an explanation of how Chapel Down complies with these principles.

Principle	Application	Compliance
Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear	The Company mission is "To change the way the World thinks about English Wines. Forever." We will achieve this by producing and sourcing excellent fruit, for still and sparkling wines to create a World Class brand with high levels of awareness and desire. A strong brand will enable us to become more widely available in all channels of trade in the UK with an increasing focus of moving closer to the consumer through a rapid expansion in e-commerce and brand experiences. The board is focused on

	set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	delivering a five year plan that will deliver the operational efficiency and scale benefits of the above. The Company publish a Strategic review in its Annual Report which details the Company's business model and explains the risks and how those risks are mitigated.
Seek to understand and meet shareholder needs and expectations	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The incentivisation of executive directors is primarily through share incentive plans which are long term by nature to ensure executives are allied to shareholder needs and expectations.</p> <p>In addition, all shareholders are encouraged to attend the AGM and General Meetings where possible and in 2021 we held our AGM online. The Company regularly seeks input from the AQSE Growth market Corporate Adviser, our broker, our auditors and legal and other advisers. We keep shareholders informed through shareholder mailings and communication. Many are also customers and that enables a constructive and helpful dialogue.</p> <p>Larger Institutional shareholders have opportunity to meet directly with management</p> <p>We also ensure that there is Investor information detailed on the Chapel Down website (https://www.chapeldown.com/pages/investors-information)</p>

<p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>The Board recognises the importance of its relationship with its employees, customers, suppliers, shareholders, the community and environment.</p> <p>The Board has identified that its key stakeholders are:</p> <ul style="list-style-type: none"> – Employees – Shareholders – Customers – Suppliers – Community and Environment <p>Chapel Down's core values are Curiosity, Relentlessness, Fearlessness, Humility and Team Spirit. These values are embedded in our continuous personal development program and ensure that we act consistently in the interests of our stakeholders. Throughout the year the Board considered the wider impact of strategic and operational decisions on the Company's stakeholders.</p> <p><i>Employees</i></p> <p>Our employees are key to the long-term success of the Company. All employees receive a thorough induction. We have various engagement mechanisms in place and we use the values above as the glue that binds the team. The senior management team generally meet every Monday to provide a status update and plan the week ahead. Annual employee reviews are conducted in addition</p>
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		<p>to the regular communication between management and employees to ensure that any concerns or issues are identified and resolved. The Company provides training and coaching to employees as well as social events to ensure we promote the well-being and integrity of the team.</p> <p><i>Shareholders</i></p> <p>The support and engagement of our shareholders is vital to our business. In addition to being shareholders they are invariably customers too. Their true engagement is therefore all the more vital. In all of its decision making, the Board ensured that it acted fairly with regard to members of the Company. We have productive ongoing dialogue with our investors through regular emails and information about shareholder meetings and the Company's financial performance. We have regular meetings with institutional investors to understand their views and address any concerns.</p> <p><i>Customers</i></p> <p>Chapel Down's commercial team is in regular contact with our customers to ensure that Chapel Down's products are meeting or exceeding their expectations. With our larger customers we agree on a joint business plan on an annual basis with regular reviews throughout the year.</p> <p><i>Suppliers</i></p>
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<p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The Board regularly reviews the risks to which the company is exposed and ensures through its meetings and regular reporting that these are minimised as far as possible. The Maintenance of strong financial controls overseen by its CFO.</p> <p>The Audit Committee's role is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:</p> <ul style="list-style-type: none"> a) The integrity of the financial and narrative statements and other financial information provided to shareholders. b) The Company's system of internal controls and risk management. c) The internal and external audit process and auditors. d) The processes for compliance with laws, regulations and ethical codes of practice. e) The Company's attitude to and appetite for risk and its future risk strategy. f) How risk is reported internally and externally <p>The principal risks and uncertainties are detailed in the Group Strategic Report in the Annual Report</p>
<p>Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance</p>	<p>The Board's role is to agree the Company's long-term direction and strategy and monitor achievement of key milestones against its business objectives. The Board meets formally at least six times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for</p>

	<p>arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfill their roles.</p>	<p>consideration on all significant strategic, operational and financial matters.</p> <p>The Board is comprised of a Chief Executive Officer (CEO), a Chief Commercial Officer (CCO), Chief Finance Officer (CFO) and six Non-Executive Directors (NEDs) of which one is Non- Executive Chairman. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. The Board meets regularly throughout the year as deemed appropriate formally and informally, in person, through video conferencing and by telephone.</p> <p>The Company constantly keeps under review the constitution of the Board and may seek to add more members as required as the Company grows and develops.</p> <p>The Board as a whole considers the NEDs to be independent of management under all other measures and can exercise independence of judgement.</p> <p>The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit and Remuneration Committees is comprised of Non-Executive Directors.</p>
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well	The Board of Chapel Down has a wide skill set which has developed and evolved over the last twenty years as the company has grown. The profile of the company and brand demand that we ensure that the Board has

	<p>as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>considerable high level functional experience covering corporate finance and Governance, Performance management, Brand marketing, Commercial management, Negotiation, Legal skills and UK listed companies NED skills in addition to entrepreneurial nous. It is a real strength of the Company and the Chairman is charged with reviewing its composition over time through annual reviews.</p> <p>Biographies of the directors can be found on the Company's website at the following link: https://www.chapeldown.com/pages/investors-information</p> <p>The Board currently comprises a male Non-executive Chairman, three male Executive Directors, three male Non-Executive Directors and two female Non-Executive Director. Chapel Down has a diverse Board and promotes inclusivity and diversity across the business.</p> <p>The Executive Directors' contracts are available for inspection, as are the Letters of Appointment for the Non-Executive Directors, at the registered office and at the time of the AGM. The Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.</p>
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally,</p>	<p>Board meetings are held 6 times a year and are an effective tool in measuring the performance of the business against its KPI's and long-term strategy Reviews of Executive Directors are held annually and reviewed regularly.</p>

	<p>externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>The Customer Advisory panel is to be set-up to address issues of sustainability, diversity and brand and product development</p> <p>The Remuneration Committee advises the Board on succession planning issues</p> <p>Board directors are re-elected every three years.</p>
Promote a corporate culture that is based on ethical values and behaviours	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the</p>	<p>The Board aims to lead by example when looking after the best interests of its employees, customers, suppliers, shareholders, the community and environment.</p> <p>Chapel Down has an employee handbook which covers the Vision and Values, Standards of conduct, diversity policy, anti-bribery and anti-bullying and harassment policies.</p> <p>The values of the company are well understood by all employees and are re-enforced wherever possible and driven in all development plans. Curious, Relentless, Fearless, Humble and Team</p> <p>In addition, there is a Share Dealing Policy and Code in place as well as detailed GDPR guidelines.</p> <p>The company is an original supporter of the development of Sustainable Wines of Great Britain</p>

	disclosures in the annual report, website and any other statements issued by the company.	and the CEO sits on the WineGB board. We take our role as market leaders seriously.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Board is responsible for setting the vision and strategy for the Company to deliver value to the Company's shareholders by effectively putting in place its business model.</p> <p>Nominations for Board members are decided by the Board as a whole.</p> <p>The roles and responsibility of the Chief Executive Officer, Non-Executive Chairman and other Directors are laid out below:</p> <ul style="list-style-type: none"> • The Chief Executive Officer's primary responsibilities are to: implement the Company's strategy in consultation with the Board; take responsibility for the Company's projects; run the Company on a day-by-day basis; implement the decisions of the Board; monitor, review and manage key risks; act as the Company's primary spokesman; communicate with external audiences such as investors, analysts and media; and be responsible for the administration of all aspects of the Company. • The Non-Executive Chairman's primary responsibilities are to: lead the Board and to ensure the effective working of the Board; in consultation with the Board, ensure good

		<p>corporate governance and set clear expectations with regards to the Company culture, values and behaviour; set the Board's agenda and ensures that all Directors are encouraged to participate fully in the decision-making process of the Board and take responsibility for relationships with the Company's professional advisers and major shareholders.</p> <ul style="list-style-type: none"> • The other Executive Directors primary responsibilities are within their job functions remit concomitant with their roles in the Company and the Board. They participate fully in all Board level decisions and regularly report on their field of operation to the Board. • The Company's NEDs participate in all Board level decisions and play a particular role in the determination and articulation of strategy. The Company's NEDs provide oversight and scrutiny of the performance of the Executive Directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, communicate and execute the agreed strategy and operate within the risk management framework. • The Company Secretary is responsible for ensuring that Board procedures are followed,
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		<p>and applicable rules and regulations are complied with.</p> <p>The Board is supported by the audit and remuneration committees as described below.</p> <p>The Audit Committee</p> <p>The Audit Committee comprises 4 Non-Executive directors. The CFO and external audit lead partner shall be invited to attend and address meetings of the Committee on a regular basis.</p> <p>The Audit Committee meets at least 3 times per annum</p> <p>The responsibilities of the Audit Committee include:</p> <ul style="list-style-type: none"> • monitor and discuss with management the integrity of the financial statements of the Group, including the annual and half-yearly report and any other formal statements relating to its financial performance; • review and report to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;
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		<ul style="list-style-type: none"> • review the effectiveness, adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence and anonymously, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action <p>The Remuneration Committee</p> <p>The Remuneration Committee is comprised of 4 Non-Executive Directors including the Chairman.</p> <p>The responsibilities of the Remuneration Committee include:</p> <ul style="list-style-type: none"> • determining the framework or broad policy for the remuneration of the Company's Chairperson and the executive directors, company secretary and senior managers • determine targets for, any performance related pay schemes operated by the Company,
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		<ul style="list-style-type: none"> • review the design of any share incentive plans for approval by the Board and shareholders • determine the policy for, and scope of, pension arrangements for each executive director and other senior managers • determine the total individual remuneration package of the Chairperson, each executive director, the company secretary and other senior managers including bonuses, incentive payments and share options or other share awards. • ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised • oversee any major changes in employee benefits structures throughout the Company; • agree the policy for authorising claims for expenses from the directors • exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee • obtain reliable, up-to-date information about remuneration in other companies of comparable scale.
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		<ul style="list-style-type: none"> review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company. <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The company holds an annual general meeting at which shareholders are invited to Tenterden and are encouraged to ask questions of management formally and if preferred, informally, as we tour the facilities.</p> <p>Shareholders are very often customers and we gather and actively seek feedback directly from our shareholders. In addition to formal occasions and direct shareholder feedback, the CEO and CFO also meet with Institutional shareholders</p> <p>In order to ensure shareholders are informed we communicate via a regular Email.</p> <p>Shareholders also have their own dedicated email address on which shareholders can raise queries or concerns. We maintain a 48 hour maximum response to questions.</p>