

# Corporate Governance

The Board of Directors of Dewhurst believes that good corporate governance is a central element of the successful growth and development of the Group. The Board and its Committees play a key role in the Group's governance by providing an independent perspective to the senior management team, and by seeking to ensure that an effective system of internal controls and risk management procedures is in place. This section of the website describes our corporate governance structures and processes. These disclosures will be reviewed annually.

AIM Rule 26 from 28 September 2018 requires companies to report against an adopted corporate governance code. Dewhurst's Board considers that the QCA Corporate Governance Code ("QCA Code") is the most suitable framework for smaller public companies and, consequently, formally adopted the QCA Code during its financial year ended 30 September 2018.

The Board ensures that the Company adopts proper standards of corporate governance and that the principles of best practice as set out in the QCA Code. Set out below is a summary of how the Company is applying the key requirements of the Code.

## Deliver growth

### **1. Establish a strategy and business model which promote long-term value for shareholders**

See the "Strategic Report" section of the Annual Report and Accounts.

The Board also assesses each Group company through a formal strategy review with the Managing Director of the company in which both short term and long term objectives are agreed and monitored.

### **2. Seek to understand and meet shareholder needs and expectations**

The Chairman and Group Finance Director have primary responsibility for investor relations. Dewhurst aims to keep shareholders informed through its website and regular electronic communications on the progress of the Group. The Group communicates with equity research analysts to ensure that the markets are well-informed about Dewhurst, and with its key shareholders, both following its interim and full year results as well as through ad hoc meetings.

Feedback obtained from analyst and shareholder meetings is shared with the Board to ensure any concerns are addressed.

The annual general meeting (AGM), which is normally attended by all Directors, is also an opportunity for shareholders to engage with the Board.

Feedback to date from investors indicates that Dewhurst's investor relations activities are fully meeting the needs of shareholders.

The Group's corporate website aims to provide investors with the required information to fully understand the business, including the annual and interim report, and to potentially

make an investment decision. The website is regularly reviewed and updated to reflect new information.

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

The Board believe that the values that underpin the business are crucial to the Group's long term success. Dewhurst seeks to build long term supplier relationships with suppliers who share those values. This is monitored through key supplier audits, as well as regular governance interactions with supplier senior management.

The Group places high importance on creating productive and supportive environment for its employees. This is monitored and maintained through goal setting, regular appraisals, a works council and company communications and meetings.

The Group is also engaged with local schools and charities and where appropriate runs a formal apprenticeship scheme.

### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

See the "Principle Risks & Uncertainties" section of the Annual Report and Accounts.

The Directors are responsible for the Group's system of internal controls, including financial, operational and compliance controls and risk management, and for reviewing its effectiveness. The Board has introduced procedures designed to meet the particular needs of the Group in managing the risks to which it is exposed. The Board is satisfied with the effectiveness of the system of internal controls but, by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss.

Given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed provide assurance that a sound system of internal controls are in place, which safeguards the shareholders' investment and the Group's assets. However the Board is currently reviewing whether it would be appropriate to support this assurance with some form of internal audit function and how this might be sensibly provided.

## **Maintain a dynamic management framework**

### **5. Maintain the Board as a well-functioning, balanced team led by the Chairman**

The Board comprises seven Directors: three Executive Directors and four Non-Executive Directors. The Directors' varied backgrounds and experience give Dewhurst a good mix of the knowledge and expertise necessary to manage the business effectively.

The full Board meets at least six times per year and, together with the Audit and Remuneration Committees, deals with all important aspects of the Group's affairs. The Board receives timely information in a form and of a quality appropriate to enable it to discharge its duties.

The Board considers its non-executive directors to be independent in character and judgement; however only 2 are technically independent as defined by the Code being Ms S McErlain and Mr C Holroyd.

The structure of the Board is subject to continual review to ensure that it is appropriate for the Company.

#### **6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

See the “Board Of Directors” section of the Annual Report and Accounts.

The Board comprises persons from technical and professional qualified backgrounds ensuring there are the appropriate skills and capabilities to perform their duties. These are maintained through continuing professional development and regular courses to ensure they are up-to-date.

In addition there are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties and to have access to the advice and services of the Company Secretary.

#### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Formal Executive Director performance evaluations are conducted annually through appraisals. Each Non-Executive Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) of which they are a member.

Annual performance evaluations of both Executive Directors and Non-Executive Directors (via Committee evaluation) identify and record achievements and areas for improvement in relation to annual objectives and performance of their role, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process. These objectives and the performance of the Director are monitored monthly through formal meetings with the Chairman or Group Managing Director.

The Committees conduct a self-assessment of their performance during the year, measuring their performance against their Terms of Reference.

#### **8. Promote a corporate culture that is based on ethical values and behaviours**

The corporate culture of the Group is defined in a statement outlining our vision and values that is shared with all employees. These values are reinforced through an annual meeting with all the chief executives of the operating subsidiaries as well as through regular meetings with individual chief executives and their staff. The culture is supported through the setting of corporate objectives by the Board, which flow through the organisation to departmental and individual objectives. These objectives are reviewed annually by the senior management team for consistency with the overarching corporate goals. The Board regularly receives updates on the organisational development and discusses behaviours of the wider team.

The Group's company handbook sets out expectations of staff, including appropriate policies regarding conduct of business. The senior management team monitors behaviours through regular written progress reports, team meetings and individual meetings. For key customers and suppliers, the Group has governance procedures in place such that the Managing Directors of each Dewhurst business regularly meet or communicate with the customer or supplier senior management team to discuss working relationships.

## 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

In order to effectively manage governance of the Group, the Board has delegated certain responsibilities to sub-committees. The Board has established an Audit Committee as well as a Remuneration Committee.

Directors' respective responsibilities are shown in the following table.

| Director         | Title                  | Board Committees |              |
|------------------|------------------------|------------------|--------------|
|                  |                        | Audit            | Remuneration |
| Richard Dewhurst | Non-executive Chairman |                  | X            |
| Peter Tett       | Non-executive Director | X                | X            |
| Susan McErlain   | Non-executive Director | X                | X            |
| Charles Holroyd  | Non-executive Director | X                | X            |

The role of each committee is set out below

### Audit Committee

The Board has appointed an Audit Committee which ensures the good operation of financial practices throughout the Group; ensures that controls are in place to protect the assets and to ensure the integrity of financial information; reviews the financial statements; reviews all aspects of the audit programme and provision of any non-audit services by the auditors. The Audit Partner and the Group Finance Director are invited to attend the meetings of the Audit Committee which meets at least once a year.

### Remuneration Committee

The Board has appointed a Remuneration Committee which normally meets at least once a year and is responsible for:

- Setting the salaries paid to the executive directors
- Considering other benefits granted to the executive directors
- Advising on the terms of the executive directors' service contracts

### Nomination Committee

In light of the size of the Board, the Board do not consider it necessary to establish a Nomination Committee. All members of the Board participate in the recruitment of members to the Board.

The Board regularly reviews the appropriateness of the governance framework: at the last updated date below, the Board considers the governance framework remains appropriate to support the Group's plans for growth.

## Build trust

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

The Board is committed to transparency in its dealings with all shareholders and other relevant stakeholders.

Following each general meeting, Dewhurst issues an RNS announcement detailing the voting on matters set out to shareholders in the notice of meeting. To date, there have not been any significant votes cast against any resolution.

Details of RNS announcements for at least the last two years can be found on the 'Documents' page of its website.

The Board recognises that Dewhurst communicates with its shareholders principally through its website and the Annual Report. Shareholders can also sign up to receive electronic communication directly from the Company by email.

Dewhurst maintains access to all its communications on its website, as follows:

#### Company Information

- |   |   |
|---|---|
|  <a href="#">Group Companies</a>                     |  <a href="#">Global Reach Map</a>                      |
|  <a href="#">Board of Directors</a>                  |  <a href="#">Corporate Governance &amp; Committees</a> |
|  <a href="#">Advisers &amp; Registrars</a>           |  <a href="#">Anti-Slavery Statement</a>                |
|  <a href="#">Country of Incorporation</a>            |  <a href="#">Description of Business</a>               |
|  <a href="#">Articles of Association</a>             |  <a href="#">AIM Admission Form</a>                    |
|  <a href="#">Notice of Meeting</a>                   |  <a href="#">Proxy Form</a>                            |
|  <a href="#">Privacy Policy - Investor Relations</a> |  <a href="#">Significant Shareholders</a>              |

**Information last updated: 8th December 2021**