

## **Statement of Compliance with the QCA Corporate Governance Code**

### **Chairman's Introduction**

The Board of Gusbourne plc have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code from 28 September 2018. Our report sets out in broad terms how we presently comply with this code. We will also provide annual updates on our compliance with the code.

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

Gusbourne is dedicated to the production of premium sparkling wines from grapes grown exclusively in its own vineyards. Our processes, both in establishing and maintaining the vineyards and in making wine, continue to follow the rigorous principles of careful site selection and attention to detail in all aspects of viticulture and wine production. An integral part of the Group's approach is to age its traditional method sparkling wines for as long as is necessary for the wines to meet optimum maturity. The average production cycle for the wines is four years from harvest to sale.

Meeting growing customer demand for the Gusbourne wines requires careful long-term planning and key elements of the Group's development strategy include:

- Continuing to produce wines of exceptional quality from grapes grown in our own vineyards;
- The ongoing development and evolution of the award winning Gusbourne brand;
- The further development of the Company's distribution channels, including the promotion of exports as a significant contributor to sales;
- The promotion of the Company's cellar door operation at the Company's winery in Kent. This allows visitors to enjoy vineyard and winery tours and taste our award-winning wines and also helps to promote a closer and more direct relationship with our customers; and
- The investment in additional plant and machinery to keep pace with production growth.

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood.

#### *Private shareholders*

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by

shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published via RNS

The Board as a whole is kept informed of the views and concerns of major shareholders. Members of the Board are available to meet with major shareholders if required to discuss issues of importance to them.

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

Engaging with our stakeholders, including shareholders, suppliers, customers and employees, strengthens our relationships helps the Board to understand the issues that matter most to them and our business and enables us to make better business decisions and deliver on our commitments.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The principal risks and uncertainties facing the Company are set out in the 2017 Annual Report on page 16, which can be found on the Company's website. This section also details how these risks are mitigated. They are also subject to regular review by the Audit Committee.

**Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair**

The Board comprises the Non-Executive Chairman, two Executive Directors and five Non-Executive Directors. The Board maintains a suitable balance between independence and knowledge of the Company and its market, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, both operational and strategic. The Company believes stability of the Board is essential to the execution of long-term strategic plans.

The Non-Executive Directors are all deemed to be independent, save for Ian Robinson due to links with the the Company's largest shareholder, Lord Ashcroft KCMG PC.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board

Further information on the board's skill set, including biographies of each director and their relevant expertise can be found on the Company's website in the investors section.

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience for the market in which the Company operates together with the financial and general management skills, including accounting practices and broader plc governance experience, to deliver the necessary input to and oversight of the different opportunities and threats the Company faces.

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

Both the Chairman, Andrew Weeber and the Deputy Chairman, Mike Paul assess the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner.

### **Principle 8: Promote a culture that is based on ethical values and behaviours**

The Board aims to lead by example and do what is in the best interests of the Company. Our culture is highly collaborative in what remains a relatively flat organisation, with employees from across the business encouraged to work closely together, value the contribution that each person makes and always act in the best interests of the customer.

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

#### *Board programme*

The Board meets at least four times each year where it sets direction for the Company.

A schedule of dates is compiled before the beginning of each financial year for that year's six Board meetings, aligned as optimally as possible with the Company's financial and trading calendars, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

Before each meeting, a formal agenda is produced, and the Board and its Committees receive relevant papers several days before meetings take place. Each matter is discussed, and any Director may challenge Company proposals, after which decisions are taken democratically. Should any Director have any concern that remains unresolved, they may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. The Board or relevant Committee may agree actions, which are then followed up by the Company's management.

#### *Roles of the Board, Chairman and Chief Executive Officer*

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors regularly receive relevant and timely information on the Group's operational and financial performance in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and prior year performance and the Board reviews the monthly update on performance with

any significant variances reviewed at each meeting. Where appropriate, senior executives below Board level may attend Board meetings to present business updates. Board meetings throughout the year are held at the Company's various office locations. In particular, this gives the Non-Executive Directors access to the different divisions to gain a greater understanding of the Group's activities.

#### *Executive Team*

The Executive Team consists of Charlie Holland (Chief Executive Officer) and Jon Pollard (Chief Operating Officer) and with input from the divisional managers and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the plc Board on issues, progress and recommendations for change.

#### *Board committees*

The Board is supported by the Audit, Remuneration and Nomination committees. Each committee has access to any resources, information and advice it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of each committee are available on the Gusbourne plc investors' website.

The Nomination Committee comprises solely Non-Executive Directors. It is responsible for nominating to the Board candidates for appointment as Directors, having regard for the balance and structure of the Board. The Committee is chaired by the Lord Arbuthnot (Non-Executive Director) unless the matter under discussion is their own succession. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board.

#### **Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, RNS and RNS Reach for significant developments, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information, including all Company announcements, is also available to shareholders, investors and the public on the Company's investor website, [www.gusbourneplc.com](http://www.gusbourneplc.com).

The Board receives regular updates on the views of shareholders through briefings and reports from other members of the Board and the Company's brokers. The Company regularly seeks feedback from employees through a number of mechanisms. This information is used to improve service in general as well as addressing any specific concerns.

**September 2018**





