

**THE QUOTED COMPANIES ALLIANCE
THE CODE'S TEN PRINCIPLES OF CORPORATE GOVERNANCE**

QCA Code Principle	Application (as set out by QCA)	What we do and why
<p>Principle 1 Establish a strategy and business model which promotes long-term value for shareholders</p>	<p>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 set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>Daniel Thwaites PLC is a diversified regional hospitality and leisure business. We operate in the pub and hotel markets, predominantly in England and the business has been built up with an eye for quality, a premium offer and differentiation</p> <p>Our purpose is to make people feel at ease and we do that through excellent hospitality, delivered in a socially responsible way.</p> <p>The Company uses framework of strategic drivers to stimulate it to continuously improve and drive innovation and change within the business so that it doesn't stand still and is agile in developing for the future.</p> <p>The capabilities necessary to deliver the strategy are routinely evaluated.</p> <p>The risks to the business and how these are mitigated are detailed in our Annual Report & Accounts.</p>
<p>Principle 2 Seek to understand and meet shareholder needs and expectations</p>	<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>Communications with shareholders are given a high priority with information provided regularly in interim and annual financial statements and any issues of concern can be addressed to the Board by any shareholder. The Board also welcomes questions and feedback from all shareholders at its Annual General Meeting.</p> <p>The Company writes letters to its shareholders to update them of developments as and when needed outside the normal reporting cycle.</p> <p>The Board maintains contact its significant shareholders through the Executive Directors and designated Non-Executive Directors as appropriate.</p>

		<p>The Company is principally a family business, with the Yerburch family (direct descendants of Daniel Thwaites) controlling c65% of the shares whilst the remainder are held by independent individual shareholders.</p> <p>The Yerburch Family appoints a non-executive to the board, part of their role is to communicate with other Family shareholders.</p>
<p>Principle 3 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.</p> <p>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</p>	<p>The success of the Company relies on the partnerships and relationships that we form at all levels, be it with our employees, our customers, our suppliers or any of the other groups that we interact with.</p> <p>We take seriously our duty to run the business in such a way that balances the interests and considerations of all of our stakeholders and to promote the business for the benefit of our members.</p> <p>In governing and directing the business with the interests of our members in mind, we take into consideration the interests of our employees, how we manage the ongoing success of our relations and dealings with customers and suppliers, ensure that we have an eye to our communities and the impact that our business has on the environment. An overriding concern is also of course understanding how we maintain, protect and grow our reputation that has been so carefully built up over more than two centuries. More details are set out in the S172 statement in our Annual Report & Accounts.</p> <p>We actively encourage and review feedback from customers, via on line and other review mechanisms. We conduct an annual engagement survey to get feedback from staff together with regular staff conversations through our ELMA process.</p>

	on feedback from all stakeholder groups.	Suppliers feedback through regular meetings and reviews. Shareholders can feedback at the AGM or back directly contracting the Company via the Company Secretary.
Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	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).	The principal Group risks and uncertainties are monitored by the Board. The Board considers risks to the business and formally reviews and documents the principal risks to the Group at least annually. Both the Board and Executive Team Directors are responsible for reviewing and evaluating risk and the Executive Management Team review ongoing trading performance, discuss budgets forecasts and new risks associated with ongoing trading and their particular sectors. The principal risks and uncertainties are set out in our Annual Report & Accounts.
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
Principle 5 Maintain the Board as a well-functioning, balanced team led by the chair	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 arrangements. Ultimate responsibility for the quality of, and approach	The Company is led by the Board of Directors. The Executive Chairman is responsible for the constitution and running of the Board and is responsible for assembling a talented team of executives, running the Group's business and implementing Group strategy. The Company does not have a separate Chairman and Chief Executive. The role of Executive Chairman was created in consultation with the Family Shareholders, whose

	<p>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.</p> <p>The Board should have an appropriate balance between Executive and Non-Executive Directors and should have at least two independent Executive Directors. Independence is a Board judgement.</p> <p>The Board is supported by committees (e.g. Audit, Remuneration and Nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>preference is that the Board is led by a family member and are wholly supportive of the role.</p> <p>Each of the operating businesses has its own operations director and the Family Shareholders believe that the autonomy of the operating businesses and the strategic development of them benefits from this segregation of duties.</p> <p>The Company has a Remuneration Committee, this is led by a different person to the Executive Chairman to avoid a conflict of interest.</p> <p>The Board includes two non-executive and four executive directors. Due to the size and structure of the Company and the make-up of the Board, the Directors do not consider it necessary to appoint a senior independent director at this point, but will keep the matter under regular review. All appointments to the Board are for a specified term. All directors are subject to re-election by rotation, with one third of their number each year being proposed for re-election at the Annual General Meeting. All newly appointed directors stand for re-election at the Annual General Meeting following their appointment. All the directors of the Company are resident in the UK and bring a wide range of skills and experience to the Board. The Board meets regularly throughout the year and has matters referred to it for approval including strategy, annual budgets, the rolling five-year financial plan, general treasury and risk management policies.</p> <p>Major capital acquisitions and disposals are authorised by the Board which also monitors the post investment performance.</p> <p>There is an established procedure whereby directors, in furtherance of their duties, may take independent professional advice at the expense of the Company.</p>
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<p>Principle 6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well 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.</p> <p>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.</p> <p>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>Where new Board appointments are considered the search for candidates is conducted, with the help of agents and recommendations, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.</p> <p>The Board ensures that all directors continually update the skills and knowledge required to fulfil their role both on the Board and on Board committees. All directors have access to the advice and services of the Company Secretary.</p> <p>Brief biographies of the Directors can be found on the website and in the annual report. The Executive Directors have considerable expertise and experience in their roles. The Non-Executive Directors possess a range of industry, business, financial and commercial expertise to bring both balance, insight and relevance to the Board.</p>
<p>Principle 7 Evaluate Board performance based</p>	<p>The Board should regularly review the effectiveness of its</p>	<p>The Remuneration Committee annually reviews and evaluates the performance of the Board and Executive Management Team.</p>

<p>on clear and relevant objectives, seeking continuous improvement</p>	<p>performance as a unit, as well as that of its committees and the individual Directors.</p> <p>The Board performance review may be carried out internally or, ideally, 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>Every three years the board members are proposed for re-election to the board at AGM.</p> <p>Following each AGM the Executive Chairman is proposed for re-election by the Board.</p>
<p>Principle 8 Promote a corporate culture that is based on ethical values and behaviours</p>	<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.</p> <p>Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be</p>	<p>Our strong family connections shape the way we do business, and through our guiding Principles of:</p> <ul style="list-style-type: none"> • Quality • Innovation • Craftsmanship • Hospitality <p>We believe that we create a culture focused on the long-term sustainable success of the business.</p> <p>Daniel Thwaites Board operates a policy of collective responsibility with regard to all decision making, with the Chairman being responsible for the smooth functioning of its activities.</p> <p>The business is run in such a way that balances the interests and considerations of all of our</p>

	<p>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 disclosures in the annual report, website and any other statements issued by the company</p>	<p>stakeholders and to promote the business for the benefit of our members. This involves considering the interest of our employees, how we manage the on-going success of our relations and dealings with our customers and suppliers. We are aware of the impact we have on the communities in which we operate and our impact on the environment, and our taking positive steps to improve.</p>
<p>Principle 9 Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board</p>	<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 Company provides a detailed Corporate Governance Statement in the Report & Accounts and describes the Company's governance framework and why it is appropriate and suitable for the Company.</p> <p>The Executive Chairman is responsible for the Company's governance and provides oversight of the Board.</p> <p>The Remuneration Committees exist to provide governance to the Board and is made up of three Non-executive directors.</p> <p>Although the Board has not established an Audit Committee, the Board meets with the Auditor twice a year and the auditors have the opportunity to meet with the non-executive directors without the presence of the executive directors.</p> <p>The Board is satisfied that the current governance structures and processes are appropriate for its size, complexity and appetite to risk. The Board will regularly monitor developments in Corporate Governance regulations and processes with regard to the suitability of the QCA Code.</p>
<p>BUILD TRUST</p>		

<p>Principle 10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<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.</p> <p>In particular, appropriate communication and reporting structure 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 encourages two-way communication with both its institutional and private investors and responds quickly to all reasonable queries received.</p> <p>The Board recognises the AGM as an important opportunity to meet private shareholders and wherever possible this meeting is held publicly in person.</p> <p>The Directors are available to listen to the views of shareholders, and answer their questions, both within the meeting and informally immediately following the AGM.</p>
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