**Corporate governance**

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Governance Code (the QCA Code). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code, applicable to AIM companies. The underlying principle of the QCA code is that “the purpose of good corporate governance is to ensure that the Group is managed in an efficient, effective and entrepreneurial manner, for the benefit of all shareholders, over the longer term”.

Below we describe the principles of the QCA code and how the Group has complied with it.

***Establish a strategy and a business mode, which promotes long term value for shareholders***

*Application (as set out by QCA)*

The Board must be able to express a shared view of the Group’s purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Group 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 Group from unnecessary risk and securing its long term future.

*What we do and why*

Norish’s strategy is to grow each of its three business units by adopting specific strategies for each unit individually. We prefer to pursue organic growth in the first instance while maintaining a strong balance sheet (as measured by debt to EBITDA and interest cover multiples). We focus on improving returns on patient capital and generating cash, which ultimately drives a virtuous cycle of earnings per share growth. Our diluted adjusted EPS declined by 21% at group level. Within this overall figure, cold stores profits were down marginally by 9.1% from £3.3m to £3m, Townview Foods’ profits declined by 25% from £0.4m to £0.3m and dairy was unchanged. We consider that the dairy business has moved substantially towards realising its vision of supplying high value dairy products from our own farms to the Chinese market. Grass2Milk sold four containers of A2 toddler milk to the Chinese market in 2020. Forward orders are for 300 containers in 2021.

***Seek to understand and meet shareholders needs and expectations***

*Application (as set out by QCA)*

Directors must develop a good understanding of the needs and expectations of all elements of the Group’s shareholder base. The Board must manage shareholders’ expectations and should seek to understand the motivations behind shareholder voting decisions.

*What we do and why*

Management responds promptly to shareholder requests for meetings. The Chairman liaises with the Group’s major shareholders and ensures their views are fully communicated to the Board. The AGM provides a forum to meet private shareholders. The Directors make themselves available to listen to the views of shareholders informally, following the AGM.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group’s professional advisors are available for consultation by the Board as required. Individual Directors may take independent professional advice, if necessary, at the Group’s expense.

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

*Application (as set out by QCA)*

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 Group’s stakeholders and understand their needs, interests and expectations.

Where matters that relate to the Group’s impact on society, the communities within which it operates or the environment have the potential to affect the Group’s ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Group’s strategy and business model.

Feedback is an essential part of all control mechanisms. Systems need to be put in place to solicit, consider and act on feedback from all stakeholder groups.

*What we do and why*

The Board of Norish plc visits its operating sites where relevant local management present on all aspects of the business; customers, employees, suppliers, regulators and others. The Board is acutely aware of the impact any business can have on the environment and actively looks to reduce such impacts.

For more information, please see our Environmental Policies section on page 16.

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

*Application (as set out by QCA)*

The Board needs to ensure that the Group’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 Group’s supply chain, from key suppliers to end-customer.

Setting strategy includes determining the extent of exposure to the identified risks that the Group is able to bear and willing to take (risk tolerance and risk appetite).

*What we do and why*

Management considers risk to the business including operational and financial risk on an ongoing basis.

The Board considers risk to the business at every Board meeting. The Group formally reviews and documents the principal risks to the business, at least annually. Risk management on page 13 details risks to the business and how these are mitigated. Financial risk factors are covered on page 7.

***Maintain the Board as a well-functioning, balanced team, led by the Chair***

*Application (as set out by QCA)*

The Board members have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.

The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring 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 judgment.

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.

*What we do and why*

The Group is controlled by its Board of Directors. Ted O’Neill, Executive Chairman, is responsible for the running of the Board.

All Directors receive regular and timely information about the Group’s financial and operational performance. Relevant information is circulated to the Directors in advance of Board meetings.

The Board comprises three Executive Directors, three non- Executive Directors, together with the Company Secretary.

The Board considers that all non- Executive Directors bring an independent judgment to meetings, notwithstanding varying durations of service.

***Ensure that between all, the Directors have the necessary up to date experience, skills and capabilities***

*Application (as set out by QCA)*

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.

The Board should not be dominated by one person or 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 the Board composition will need to evolve to reflect this change.

*What we do and why*

The Company Secretary supports the Executive Chairman, in addressing the ongoing training needs of Directors.

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

*Application (as set out by QCA)*

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, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

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.

*What we do and why*

A number of the Board members and Company Secretary have undergone personal development training in recent years, this is on-going.

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

*Application (as set out by QCA)*

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.

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 Group.

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.

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 Group.

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 Group.

The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statement issued by the Group.

*What we do and why*

Our values guide us in our daily commercial lives. We work hard to make a satisfactory return for our shareholders, while taking cognisance of all other stakeholders in the process. We do this by challenging ourselves in everything we do, holding ourselves to account. This requires a very open, transparent organisation where nobody is afraid to engage to the highest levels in the organisation. This empowers all of our employees to put forward their opinions, grow with the organisation and ultimately make it a bottom up ideas business. We are very mindful of family and in that regard the Group is committed to maintaining its efforts in the area of energy conservation. We engaged a new energy supplier who provides us with 100% renewable energy at the cold store division.

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

*Application (as set out by QCA)*

The Group should maintain governance structures and processes in line with its corporate culture and appropriate to its:

* size and complexity; and
* capacity, appetite and tolerance for risk.

The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Group.

*What we do and why*

The Board of Directors comprises an Executive Chairman, Group Managing Director and Finance Director and three Non-Executive Directors. On appointment, all non-executive directors receive comprehensive briefing documents on the Group and its operations, and further appropriate briefings are provided to Non-Executive Directors on an ongoing basis. Willie McCarter is the Senior Independent Non-Executive Director.

It is the practice of the Group that the Board comprises at least two non-executive Directors. Due to the small size of the Board, all Directors are members of the Nomination Committee. The Board takes the major strategic decisions and retains full effective control while allowing operating management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

Torgeir Mantor or Sean Savage would not be considered to be independent due to their interests in the Group’s shares. Torgeir Mantor has also served on the Board for more than 10 years, however, it is the opinion of the Board that the Non-Executive Directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgment.

The Board delegates to committees, which have specific terms of reference and which are reviewed periodically, the responsibility in relation to audit and senior executive remuneration issues. Minutes of these committees are supplied to all Directors for information and to provide the Board with an opportunity to have its views taken into account.