

QCA Code Application – Van Elle Holdings plc

Principle	QCA Guidance	Application by Van Elle
1. Establish a strategy and business model which promote long-term value for shareholders	<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>Refer to the Strategic Report in our Annual Report and Accounts 2019, which is on our website. Specifically, our business model is detailed on pages 14 and 15 and progress against our growth strategy on pages 16 and 17.</p> <p>The Group's corporate objective is to grow and develop a sustainable business for the benefit of all shareholders. As part of this, the strategy is to focus on increasing market share, expanding its service and product offering and making complementary acquisitions.</p>
2. 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>Our CEO and CFO are the key contacts for shareholders on any matters relating to the company, its governance, and investor relations. Additionally, the Chairman and Non-Executive Directors make themselves available to meet with shareholders as necessary.</p> <p>The AGM allows the Board to communicate with all investors, institutional or private, and provides shareholders the opportunity to ask questions and raise issues, as well as formally vote on resolutions circulated to shareholders in the Notice of AGM Meeting prior to the AGM. Copies of the Notice are also published on the Investor pages of our website.</p> <p>The results of voting on resolutions is announced as soon as practicable, on the same day of the AGM and for any resolutions not passed, the Board seek to engage with the dissenting shareholders to understand why, and determine what can be done, to work to ensure future approval.</p> <p>The Board has an on-going programme of scheduled meetings with institutional and significant private shareholders, as well as analysts, following our full and half-year results announcements. These meetings provide the CEO and CFO the opportunity to update shareholders on the Group's performance and the direction of future strategy.</p>

<p>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 on feedback from all stakeholder groups</p>	<p>Corporate responsibility, awareness and mitigation of adverse impacts on the environment, and positive engagement with our employees and all stakeholders, as well as shareholders, have long been core values of Van Elle.</p> <p>Our employees: See our Annual Report and Accounts 2019 for specific commentary on our People (on pages 25 and 26). This provides details of our investment in our workforce, covering communication, recruitment, induction, training, retention, diversity and equality.</p> <p>The Company holds an Investor in People silver accreditation which is derived from an external audit and based on employee feedback from questionnaires and a series of employee interviews.</p> <p>We have a vision to help train a highly competent workforce in order to safeguard exemplary health and safety standards and meet the needs of future skills shortages in the industry. Our commitment to training and development is continuous which includes engaging with local further education establishments and offering apprenticeships to encourage more females to enter the construction and engineering sectors to ultimately lead to a reduction in the gender pay gap.</p> <p>Our customers: See our Annual Report and Accounts 2019 for specific commentary on our customers in relation to our business model (on pages 16 and 17). We strive to work collaboratively and build on our customer relationships and are introducing a customer experience programme to capture customer feedback and proactively enhance the overall partnering experience to generate repeat business with key strategic partners in our chosen markets.</p> <p>Our suppliers: We value our supply chain and have strong relationships built up over many years with many strategic suppliers.</p> <p>As we operate throughout the UK, we need to efficiently and effectively manage our relationships to source materials locally to our contracts for the best price, ensuring our site teams maximise operational delivery to meet customer programmes for delivering contracts on time. We aim to offer favourable payment terms and where possible, have these terms back to back with our customer base to ensure an efficient, timely supply chain payment process.</p> <p>We meet our key suppliers regularly throughout the year to monitor and discuss service levels and, where possible, agree fixed annual pricing.</p> <p>Our local communities and charities:</p>
--	--	---

<p>4. 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.</p> <p>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>Van Elle maintains a register which documents the risks facing the business and the actions taken to manage them. The register is assessed on an ongoing basis and at least annually by the Audit Committee. The Executive Directors have a direct responsibility for a number of key risk areas and they regularly evaluate the likelihood and potential impact of risks and ensure appropriate action is taken to mitigate them.</p> <p>The principal risks and mitigating actions are set out on pages 20 and 21 of the Annual Report and Accounts 2019.</p>
<p>5. 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 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.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board comprises two Executive and three Non-Executive Directors, of which one is Chairman. The roles of Chairman and Chief Executive are separated, clearly understood and have been agreed by the Board. The Chairman is responsible for the management of the Board and the Chief Executive is responsible for the operating performance of the Group.</p> <p>Each of the Directors is subject to election by the shareholders at the first annual general meeting (AGM) after their appointment. Thereafter, all Directors are subject to retirement by rotation in accordance with the Articles of Association. The service contracts of Executive Directors require six months’ notice. The Board of Directors page on the Company’s website details the qualifications and experience of each Director, as does page 37 of the Annual Report and Accounts 2019.</p> <p>The Board delegates certain activities to the following committees, for which the composition, roles and terms of reference are detailed on the Company’s website and on pages 38 to 40 of the Annual Report and Accounts 2019:</p> <ul style="list-style-type: none"> - Nomination Committee - Remuneration Committee - Audit Committee <p>These pages detail the numbers of meetings held during the year for each of the Committees.</p>

<p>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>The Board is satisfied that it has a balanced composition, with relevant sector and market skills and expertise, as detailed in the Board of Directors page on the Company's website and on page 37 of the Annual Report and Accounts 2019.</p> <p>As referred to earlier, the Nomination Committee is responsible for reviewing the size, structure and composition of the Board on a regular basis and establishing appropriate succession plans.</p> <p>Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Group's expense.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<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.</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>Subsequent to Van Elle's listing on AIM in October 2016 and following recent changes in the composition of the Board, the Board now intends to implement regular appraisals of its own performance and that of each Director.</p> <p>The Board conducted an appraisal of its own performance during the financial year ended 30 April 2019 which consisted of individual assessments of the effectiveness of the Board, utilizing a prescribed questionnaire, completed by all Board members. The process is detailed on page 40 of the Annual Report and Accounts 2019.</p> <p>The Nomination Committee is responsible for reviewing the size, structure and composition of the Board on a regular basis and establishing appropriate succession plans.</p>

<p>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. 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 disclosures in the annual report, website and any other statements issued by the company.</p>	<p>The Group is committed to conducting business with fairness, honesty and integrity. The Board recognises its responsibility for establishing high ethical standards of behaviour and corporate governance, and the Group has several established policies in place including, but not limited to: MAR and AIM rules; anti-bribery and corruption; corporate criminal offences legislation; health and safety; environmental protection; sustainable development; quality assurance; equality and diversity; training and development; whistleblowing; and modern slavery, supporting our approach to conducting business in an open and transparent manner.</p> <p>The Group expects its employees to conduct themselves in a manner which reflects the highest ethical standards and comply with all applicable laws and regulations. Employees are judged not only on the results they achieve, but also on how they achieve them. Furthermore, the Group has a zero-tolerance policy towards any form of bribery or corruption and has regular training and an appropriate procedure in place whereby any concerns in relation to malpractice can be raised in an appropriate forum. See the Annual Report and Accounts 2019, Corporate Social Responsibility section on pages 24 to 26 and the policies section on the Company's website.</p>
<p>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 Board controls the Group by delegating day to day responsibility to the executive management and operational directors. That said, there are a number of matters which are reserved for decision only by the board of directors. These matters fall under the general headings of: strategy and management; structure and capital; internal controls; contracts; shareholder communications; Board membership; remuneration; delegations of authority; corporate governance matters; and policies.</p> <p>The Board has overall responsibility for ensuring that the Group maintains a robust system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business, and for external publication and the safeguarding of assets and compliance is governed by the CFO and the Audit Committee.</p> <p>The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers within the Group, is reviewed regularly by the CFO and Audit Committee, to ensure that it continues to meet the Board's requirements.</p> <p>See the Annual Report and Accounts 2019, Corporate Governance section on pages 38 to 40.</p>

<p>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 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 work of the Board and its committees is set out each year in the Annual Report and Accounts. The report for 2019 includes details on the work of the committees in the Committee reports on pages 41 to 46 of the Annual Report and Accounts 2019 and the Remuneration Report on pages 47 to 51 of the Annual Report and Accounts 2019.</p> <p>Notices of the AGM are available on our website and the results of the voting at the 2019 Annual General meeting are also announced on the Investor section of the Van Elle website.</p>
--	--	--