

Corporate Governance Report

Compliance with the UK Corporate Governance Code and Irish Corporate Governance Annex

Throughout the year ended 28 February 2019 and to the date of this document, the Company complied with the provisions and applied the Main Principles of the UK Corporate Governance Code 2016 (the 'UK Code') and the Irish Corporate Governance Annex (the 'Irish Annex') (together the 'Code'). The UK Code is publicly available from the Financial Reporting Council's website, www.frc.co.uk.

This Corporate Governance Report, which incorporates by reference the Corporate Social Responsibility Report, the Audit Committee Report, the Nomination Committee Report (which contains the Diversity Report) and the Remuneration Report, describes how the Company has complied with the provisions of the UK Code and the Irish Annex.

The Role of the Board and its Committees

The Company is led and controlled by the Board of Directors (the 'Board') chaired by Stewart Gilliland.

The Board currently consists of three Executive Directors and eight Independent non-executive Directors. All the non-executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the Code. The independence of non-executive Directors is considered at least annually and is based on the criteria suggested in the Code. The non-executive Directors provide constructive challenge and bring independence to the Board and its decision making process.

The Board believes that it is appropriate to have a Senior Independent non-executive Director and Richard Holroyd has fulfilled this role and will continue to do so until he retires on 31 May 2019, when he will be succeeded by Vincent Crowley. The Senior Independent non-executive Director is available to shareholders where concerns have not been resolved through the normal channels and for when such contact would be inappropriate.

The Board believes that it has sufficient members to contain a balance of skills and experience, but it is not so large as to be unwieldy. The Board contains a balance of executive and non-executive Directors such that no individual, or group of individuals can dominate the Board's decision making. No one individual has unfettered powers to make decisions.

Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51.

The Board meets regularly on at least eight scheduled occasions during each year and more frequently, if necessary. There were

11 Board meetings, 5 Audit Committee meetings, 3 Nomination Committee meetings and 6 Remuneration Committee meetings held in the year under review.

Attendance at Board meetings during the year is shown below:

Director	Number of Meetings Attended*	Maximum Possible Meetings	% of Meetings Attended
Executive			
Stephen Glancey	11	11	100
Jonathan Solesbury	11	11	100
Joris Brams (Retired 28 February 2019)*	9	11	82
Andrea Pozzi**	10	11	91
Non-executive			
Stewart Gilliland	11	11	100
Sir Brian Stewart (Retired 5 July 2018)***	7	7	100
Jill Caseberry****	1	1	100
Jim Clerkin*****	10	11	91
Vincent Crowley	11	11	100
Emer Finnan	11	11	100
Geoffrey Hemphill	11	11	100
Richard Holroyd*****	10	11	91
Helen Pitcher*****	1	1	100

* Joris Brams was unable to attend one meeting due to a bereavement and a second due to a prior travel commitment.

** Andrea Pozzi was unable to attend one meeting due to a family bereavement.

*** Meetings attended by Sir Brian Stewart until date of resignation.

**** Jill Caseberry and Helen Pitcher each joined the Board in February 2019.

***** Jim Clerkin and Richard Holroyd were unable to attend one unscheduled meeting during the acquisition of Mathew Clark and Bibendum due to the meeting being called at short notice and their inability to re-arrange their schedule.

The Board is responsible to shareholders for ensuring that the Group is appropriately managed and that it achieves its objectives. The Board has adopted a formal schedule of matters specifically reserved for decision by it, thus ensuring that it exercises control over appropriate strategic, financial, operational and regulatory issues (a copy of the schedule of reserved matters is available on our website). At its meetings, the Board reviews trading performance, ensures adequate financing, monitors strategy, examines investment and acquisition opportunities and discusses reports to shareholders. Matters not specifically reserved for the Board and its Committees under its schedule of matters and the Committees' terms of reference, or for shareholders in general meeting, are delegated to members of the Executive Committee.

It is the Company's policy that the roles of the Chairman and Group Chief Executive Officer are separate, with their roles and responsibilities clearly divided and set out in writing (available on our website). The Chairman's main responsibility is the leadership and management of the Board and its governance. The Chairman's

commitment to the Company is usually 50 days per annum. His other significant commitments are disclosed in his biography on page 50. The Board considers that these commitments do not hinder his ability to discharge his responsibilities to the Company effectively.

The Group Chief Executive Officer, Stephen Glancey, is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval in addition to executing the approved strategy.

Recommendations for appointments to the Board are made by the Nomination Committee. The Committee follows Board approved procedures (available on our website together with a copy of the terms of reference for the Nomination Committee) which provide a framework for the different types of Board appointments on which the Committee may be expected to make recommendations. Appointments are made on merit and against objective criteria with due regard to diversity (including skills, knowledge, experience and gender). Non-Executive appointees are also required to demonstrate that they have sufficient time to devote to the role.

Information and Professional Development

Directors are continually updated on the Group's businesses, the markets in which they operate and changes to the competitive and regulatory environment through briefings to the Board and meetings with senior executives. Board visits to Group business locations enable the Directors to meet with local management and employees and to update and maintain their knowledge and familiarity with the Group's operations.

Non-executive Directors are also encouraged to visit Group operations throughout their tenure to increase their exposure to the business.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information. The provision of information to the Board was reviewed during the year as part of the performance evaluation exercise referred to below. To ensure that adequate time is available for Board discussion and to enable informed decision making, briefing papers are prepared and circulated to Directors in the week prior to scheduled Board meetings. All non-executive Directors are encouraged to make further enquiries as they feel appropriate of the Executive Directors and other executives. In addition, Board Committees are provided with sufficient resources and the power to co-opt such additional support as they may require from time to time, to undertake their duties.

All Directors are entitled to receive independent professional advice at the Company's expense and have access to the services of a professionally qualified and experienced Company Secretary, who

is responsible for information flows to the Board and advising the Board on corporate governance matters. This ensures compliance with Board procedures and applicable laws and regulation. The Board has responsibility for the appointment and removal of the Company Secretary.

On appointment, a comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meetings with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer, Company Secretary and key senior executives as appropriate. It covers areas such as:

- the business of the Group;
- their legal and regulatory responsibilities as Directors of the Company;
- briefings and presentations from Executive Directors and other senior executives; and
- opportunities to visit business operations.

Performance Evaluation

During the year, the Board conducted an evaluation of its own performance and that of its three principal committees – the Audit Committee, the Nomination Committee and the Remuneration Committee. The individual performance of each of the non-executive Directors was also evaluated through one to one interviews with the Chairman. In March 2019, each Director completed a questionnaire prepared by the Chairman and Company Secretary to evaluate the collective performance of the Board and its committees. The Company Secretary collated the evaluation results and the Chairman then reviewed an unattributed executive summary, highlighting key outcomes. A report of the findings was then presented to and discussed by the Board. The evaluation process confirmed that the Board is operating effectively and has led to a programme of regular training sessions being formalised for Directors. No other actions were considered necessary as a result of these evaluations and the Chairman confirms that each Director continues to make a valuable contribution to the Board and, where relevant, its committees and devotes sufficient time to his/her role. The effectiveness of the Board and its committees will be kept under review in accordance with corporate governance best practice.

As reported in the 2018 Annual Report and Accounts, the Board undertook an externally facilitated evaluation in 2015. The next independent evaluation was due to have been held in 2018, however, as there had been a significant number of changes to the Board, it was decided that it would be more appropriate to wait until later in 2018 to conduct the external evaluation. In light of the further changes announced in the Board composition during the course of the year, it was considered appropriate to delay the independent evaluation until the end of this financial year. The results of the external evaluation will be detailed in the 2020 Annual Report and Accounts.

Corporate Governance Report

(continued)

During the year, the Chairman and the non-executive Directors met without the Executive Directors being present. There was also one meeting of the non-executive Directors chaired by the Senior Independent non-executive Director at which the Chairman was not present in order to appraise the Chairman's performance. The Senior Independent Director provided feedback to the Chairman based on this review.

Board Committees

The Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee to oversee and debate relevant issues and policies outside main Board meetings. Throughout the year, the Chairman of each committee provided the Board with a summary of key issues considered at the committee meetings. Board committees are authorised to make enquiries of the Executive Directors and other executives across the Group as they feel appropriate and to engage the services of external advisers as they deem necessary in the furtherance of their duties at the Company's expense.

The Audit Committee Report is on pages 55 to 58, the Nomination Committee Report is on pages 59 to 62 and the Remuneration Report is on pages 63 to 74.

Re-election of Directors

All Directors are required by the Company's Articles of Association to submit themselves to shareholders for re-election at the first Annual General Meeting after their appointment and thereafter by rotation at least once every three years. In accordance with the Code, all Directors will, however, stand for re-election annually.

Relations with Shareholders

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Group including customers, employees and suppliers.

The Code encourages a dialogue with institutional shareholders with a view to ensuring a mutual understanding of objectives. The Executive Directors have regular and ongoing communication with major shareholders throughout the year, by participating in investor roadshows and presentations to shareholders. Feedback from these visits is reported to the Board. The Executive Directors also have regular contact with analysts and brokers. The Chairman, Senior Independent non-executive Director and other non-executive Directors receive feedback on matters raised at the meetings with shareholders and are offered the opportunity to attend meetings with major shareholders. As a result of these procedures, the non-executive Directors believe that they are aware of shareholders' views. In addition, Vincent Crowley, the Senior Independent non-

executive Director, from 1 June 2019, will be available to meet with major shareholders.

Arrangements can also be made through the Company Secretary for major shareholders to meet with newly appointed Directors.

The Group maintains a website at www.candcgroup.com which is regularly updated and contains information about the Group.

The Code encourages boards to use the Annual General Meeting to communicate with investors and to encourage their participation. In compliance with the Code, the Board welcomes as many shareholders as possible to attend the Annual General Meeting to discuss any interest or concern, including performance, governance or strategy, with the Directors.

All Directors are expected to attend the Annual General Meeting. The Chairs of the Audit, Nomination and Remuneration Committees are available at the Annual General Meeting to answer shareholder questions, through the Chairman of the Board, on the responsibilities and activities of their Committees. Shareholders also have the opportunity to meet with the Directors following the conclusion of the formal part of the meeting.

In compliance with the Code, at the Annual General Meeting, the Chairman will announce the level of proxies lodged on each resolution, the balance for and against and abstentions, and such details will be placed on the Group's website following the meeting. A separate resolution will be proposed at the Annual General Meeting in respect of each substantially separate issue.

Directors' Conflicts of Interest

In accordance with the Company's Articles of Association and section 231 of the Companies Act 2014, formal procedures for the notification and authorisation of potential and actual conflicts of interest have been approved by the Board.

These procedures, which enable the Directors to impose limits or conditions when giving or reviewing any such authorisation, ensure that only Directors who have no interest in the matter being considered can authorise conflicts, and require the Board to review the register of Directors' conflicts annually and on an ad-hoc basis when necessary. Any potential conflicts of interest in relation to newly appointed Directors are considered by the Board prior to appointment. These procedures have operated effectively throughout the current financial period.

This report was approved by the Board of Directors on 22 May 2019.

Mark Chilton
Company Secretary