



## QCA Corporate Governance Code

### Compliance Statement

#### Chairman's introduction

The Board of Directors of Supreme plc ("the Board") recognise the value and importance of good corporate governance and are fully aware of our duties and responsibilities to the Group's stakeholders. In accordance with Rule 26 of the AIM Rules for Companies, the Company has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "QCA Code").

The Board believes that the QCA Code provides the most appropriate governance framework for a company of Supreme plc's size and nature. The Board acknowledges the importance of the QCA Code principles and keeps under review its systems, policies and procedures that support the Company's governance practices.

We set out in our Annual Report and here, on our web-site, a description of the principles of the QCA Code, together with an explanation of how these are applied by the Company.

As Chairman of the Board, I am responsible for implementing corporate governance at Supreme, working with the other members of the Board and the Company Secretary. I am also a member of each Board committee. I chair meetings of the Board and am responsible for ensuring appropriate focus on the Group's strategy, business model and delivery against strategic objectives.

This statement was issued on 18 July 2023 and will be reviewed and updated at least annually.

#### Paul McDonald, Chairman

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

The Board has a clear strategy for delivering long-term shareholder value.

Supreme is committed to being the UK's leading distributor of fast-moving consumer goods, delivering well-known brands at attractive prices with honesty and exceeding expectations at all times. This will enable our customers to achieve high margins per square foot in their outlets for our products. Our team are recognised as passionate, professional and motivated in the industry. We will continue to develop our people by building on our success in a challenging and learning environment.

The Company's strategy is to continue its profitable growth in the following ways:

- expand our international footprint through existing customer relationships and strategic acquisitions;
- further leverage cross-sell opportunities to expand our customer footprint and average revenue per customer;



- continue to explore and develop new products verticals that complements Supreme's customer base, focused on a high quality and good value consumer proposition;
- increase manufacturing efficiencies through further economies of scale and bringing the manufacture of certain products in-house;
- continue to explore and execute on complementary earnings enhancing acquisitions; and
- enhance online distribution and services to further grow our B2B and D2C sales channels.

Further details of the Group's strategy and business model are set out in the Strategic Report of the Company's most recent Annual Report.

The Board holds at least one strategy session each year and the last strategy session was held in March 2023.

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

An active dialogue has been maintained with shareholders during the year through an investor relations programme. This activity is a keystone of the Company's corporate communications programme and is headed by the Chief Executive Officer and Chief Financial Officer of the Group.

The Company has engaged advisers to support the Group Finance team with both presentation of key information to the market and to provide feedback directly to the Board from investor meetings, webinars, and events. The Board is kept updated on investor sentiment via reports of the Chief Executive Officer and Chief Financial Officer at Board meetings.

There is also a designated email address for Investor Relations, [investors@supreme.co.uk](mailto:investors@supreme.co.uk), and all contact details are included on the Company's website.

The CEO and CFO will regularly meet with shareholders and analysts following the release of key information (including financial information) to the market, as occurred at the recent final results, and the Chairman is also available to meet with major shareholders as required. All members of the Board are available to answer questions by contacting [investors@supreme.co.uk](mailto:investors@supreme.co.uk)

The Company's annual general meeting also provides an important opportunity for communication with both institutional and private shareholders. The Company's nominated broker also sources investor feedback.

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

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate.

The Company is committed to the highest standards of corporate social responsibility. The Company's key stakeholder groups are:

- Employees
- Shareholders (both institutional and private)
- Customers
- Suppliers



Further details on how the Company engages with these key stakeholder groups are detailed in the Section 172 Statement contained within the Company's most recent Annual Report.

### **Social responsibility**

The Company is committed to sourcing and offering products which support social responsibility and environmental sustainability. The Company collaborates with all stakeholders including its customers and suppliers to ensure the integrity and reputation of the brands it works with. The Directors consider it important to create and maintain an environmental management system to ensure that the Company's environmental impact is minimised. Over the medium term, the Company will strive to enhance its environmental and social reporting to provide investors and the wider public with further transparency on the Company's commitment to positive environmental and social impact.

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

The Board uses a considered approach to risk management with the need to accept a certain level of strategic risk to achieve its objectives of capital growth for shareholders. Key risks facing the business along with the monitoring processes and mitigating actions in place are set out in the Company's most recent Annual Report.

The Company has in place a risk management framework and risk register which assists the Board in identifying, assessing, and mitigating the risks faced by the Company to an acceptable level. This covers:

- The Board's appetite to risk,
- The responsibility for internal control,
- The Board process for the review of processes and controls,
- Risk responsibility, mitigating actions and monitoring processes in place.

### **Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair**

The Board includes a balance of executive and non-executive directors, with three non-executive directors and two executive directors. The Board is managed by the Chairman and the role of Chair and Chief Executive are distinct. The Board's activities are supported by Nomination, Audit and Remuneration Committees. The Board and its committees receive high quality, accurate and timely information on a regular basis (daily, weekly, or monthly as appropriate). The Board meets at least six times per year. All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees. Biographical details of the Directors are set out at <https://investors.supreme.co.uk/corporate-governance/>. Each Director is subject to re-election at least every three years.

The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional non-executive directors as the Company fulfils its growth objectives.

The Board believes that the three non-executive directors are independent, with Mark Cashmore fulfilling the role of Senior Independent Director.



Given the size of the respective holdings, the Board do not consider the shareholdings of the non-executive directors in the Company or Paul McDonald's shareholding in B&M (a major customer of the Supreme Group) compromise their independence, and remain confident that each non-executive director is independent in character and judgement.

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

The Board is represented by an appropriately diverse mix of individuals, given its size. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to push the Company forward. Details of the skills and experience of the Directors are set out at <https://investors.supreme.co.uk/corporate-governance/>. The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward to the meeting and decisions are reached democratically. The Board and Committees receive training as appropriate, including technical updates on the latest accounting, auditing, tax, and reporting developments, as well as regulatory updates pertaining to the sectors in which Supreme operates, particularly for battery and vape regulations. The balance of skills of the Board and performance of individual Directors was reviewed as part of the Board evaluation process. The Board also has access to professional advisers at the Company's expense if necessary and the Directors receive regular briefings and updates from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules.

The Company's statement on its Audit, Remuneration and Nomination Committees can be found on its website.

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

In line with its commitment to perform a formal evaluation, the Board performed an internal formal evaluation of its performance in April/May 2023.

The review comprised of:

- The completion of an anonymous questionnaire by all Board members that was formulated to assess the Board's performance; and
- A Board discussion facilitated by the Company Secretary on the outputs of the questionnaire.

The process identified some areas for development and recommendations to be progressed in 2023, including:

- Continued progress on succession planning at both Board and senior management level; and
- Renewed focus on investor relations.

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

The Company recognises its responsibility towards its employees and other stakeholders. The Board seeks to promote an ethical corporate culture and maintains oversight through management reporting. The Group maintains a Code of Conduct for employees, with any areas of material non-compliance reported to the Board.



The Group's policies (including Whistleblowing and Anti-bribery) set out its zero tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption, or business conduct. The Group's Modern Slavery Act 2015 Statement is available at: <https://www.supreme.co.uk/msaht/>

Details of the Group's ESG standards and reporting are set in the Company's most recent Annual Report.

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

The Board has a formal schedule of matters reserved for its attention, including approval of strategic plans and acquisitions and meets at least six times per year.

The role of each member of the Board is clearly defined. The Chairman is responsible for the operation of the Board. The Chief Executive Officer is responsible for proposing the strategic direction of the board and implementing the strategy once approved. The Chief Financial Officer is responsible for all financial matters and engagement with shareholders. Board roles can be found on the Corporate Governance section of the website and in the Company's most recent Annual Report.

The Board is supported by the Audit, Remuneration and Nomination Committees in discharging its responsibilities. Each of the Committees has access to information and external advice, as necessary, to enable the Committee to fulfil its duties.

The Audit Committee has primary responsibility for monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported.

The Remuneration Committee reviews the performance of the executive directors, chairman of the Board and senior management of the Company and make recommendations to the Board on matters relating to their remuneration and terms of service.

The Nomination Committee will lead the process for Board appointments and make recommendations to 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 its shareholders through:

- the Annual Report and Accounts
- half-year report announcements
- Regulatory Information Service ("RIS") announcements
- the Annual General Meeting ("AGM")
- one-to-one meetings with large existing or potential new shareholders

As outlined in principle 2, the Company maintains an active dialogue with its shareholders through a planned programme of investor relations. A range of Company information is included on the website ([www.investors.supreme.co.uk](http://www.investors.supreme.co.uk)) and further information can be requested from [investors@supreme.co.uk](mailto:investors@supreme.co.uk)