



## **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 as updated in 2023 (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 Chair 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 1 July 2025 and will be reviewed and updated at least annually.

**Paul McDonald, Chairman**



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

The Board has a clearly defined purpose for the Group together with a clear strategy and business model for delivering long-term shareholder value.

Supreme's purpose and vision is to be the UK's leading supplier of branded staple consumer goods at unbeatable prices; delivering well-known brands at attractive prices with honesty and exceeding expectations. 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 and operating model is to continue its profitable growth in the following ways:

- continuing a high volume/low assortment manufacturing and direct sourcing model, supported by a centralised platform of shared resource;
- by both developing and acquiring brands that can integrate into its well-invested manufacturing and distribution platform;
- driving increased spend from existing customers via a comprehensive cross-sell strategy; and
- investing in our people and infrastructure to support future growth and retain talent.

Further details of the Group's strategy and business model, together with details of key challenges in execution, 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 2025.

***Principle 2: 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: [www.supreme.co.uk/msaht/](http://www.supreme.co.uk/msaht/)

In order to ensure the tone from the top supports the Group's culture, the Board's Audit Committee conducts an annual review of key ethics and compliance policies and any reporting under the associated reporting procedures. This ensures the Board can address any actions that deviate from the expected behaviours.



The Group places particular focus on its employees, to ensure that its culture is set with and correctly channelled through the Group's key stakeholders and representatives. As well as its formal employee policies and procedures, the Group's employee committees (including the Workers' Committee and ESG Forum) play a pivotal role in developing an engaged and energised workforce, whose values and behaviours align to those of the Group. These Committees are involved in activities both within the Group's workforce and with external stakeholders, including select local charities.

Details of the Group's ESG standards and reporting, which set out further detail on the Group's culture and values, are set out in the ESG section of the Company's most recent Annual Report.

***Principle 3: 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. In the year, discussions with shareholders included focus on the anticipated implementation of vape legislation and tax over the forthcoming years and its potential impact on the Group, further details of which are provided in both the Chair's statement and the Chief Executive Officer's statement of the Company's most recent Annual Report.

The Company has engaged advisers to support the Group Finance team with both the 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 from 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 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 Chair 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.

The Company maintains (and has done since initial listing in 2021) a relationship agreement with Mr Sandy Chadha, the controlling shareholder in the Company. This agreement, amongst other matters, is designed with the protection of minority shareholders in mind.

The Chair (Paul McDonald) or, where appropriate, the Senior Independent Director (Mark Cashmore) are expected to continue to address key governance matters with shareholders on a proactive basis. During the financial year, this included proactive consultation with key shareholders on the implementation of a new combined incentive scheme for senior management, and the associated terms of that scheme. The Chair, and the chair of each Committee of the Board continue to make



themselves available for shareholder communication, including each year at the Company's annual general meeting.

Details of the Group's ESG standards and reporting are set out in the ESG section of the Company's most recent Annual Report, which set out the quantitative and qualitative reporting of the Group's environmental and social matters. The Directors' Report of the Company's most recent Annual Report sets out details of the Group's UK greenhouse gas emissions and energy usage.

***Principle 4: Take into account wider stakeholder interests, including social and environmental 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 Group is committed to the highest standards of corporate social responsibility. The Group's key relationships and stakeholder groups, identified by the Board, are:

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

Further details on the Group's key resources and relationships and how it engages with and obtains feedback from these key stakeholder groups are detailed in our Section 172 Statement of the Company's most recent Annual Report. Responsibility for stakeholder engagement principally lies with the Executive Directors, other than where remit has been specifically delegated to a Committee of the Board.

Details of the environmental and social issues that the Board has identified as being material to the Group (together with any applicable performance measures) are further described in the Group's ESG standards and reporting set out in the ESG section of the Company's most recent Annual Report.

***Principle 5: Embed effective risk management, internal controls and assurance activities, 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.

This risk management framework and risk register is formally reviewed and updated by the Board no less than annually. This review also assesses the success and future appropriateness of existing internal controls and risk mitigations. This review includes any climate related risks and opportunities, details of which are further described in the Group's ESG standards and reporting set out in the ESG section of the Company's most recent Annual Report.

The Audit Committee has responsibility for the appointment and remuneration of the Group's external auditors and satisfying itself that they maintain their independence regardless of any non-audit work performed by them.

The Audit Committee monitors in particular non-audit work by the auditors of which there has been none during the financial year. Each year the Audit Committee reviews and satisfies itself as to the independence of the auditor, and in the financial year the Audit Committee obtained written confirmation from the auditor that:

- It has obtained confirmation of independence from all specialists and experts involved in the audit and complies with relevant ethical requirements including, as a minimum, the FRC's Ethical Standard, and is independent of the Group;
- There were no non-audit services provided by the auditor to the Group during the period and up to the date of the confirmation; and
- It has not identified any other relationships or threats that may reasonably be thought to bear on the auditor's objectivity and independence.

***Principle 6: Establish and 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 Chair 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 on the Company's web-site and the most recent Annual Report. Each Director is formally subject to re-election at least every three years in accordance with the articles of association of the Company, but to adhere to best practice and the recommendations of the QCA Code, every director continues to be subject to re-election at every AGM.

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 number of meetings of the Board and its Committees during the year, and attendance at those meetings, is set out in the corporate governance section of the Company's most recent Annual Report.

In relation to key matters arising on the Board's agenda during the financial year, the Board retained sufficient relevant experience, skills, and capabilities:



- M&A activity, including the key acquisitions of Clearly Drinks and Typhoo Tea, was supported by the Board as a whole, leveraging on Sandy Chadha (CEO) and Suzanne Smith's (CFO) hands-on experience implementing Supreme's acquisition strategy since the Company's listing in 2021, following which 8 acquisitions have been completed. M&A was also supported specifically by Simon Lord, independent non-executive director, who is a corporate finance and mergers and acquisition specialist with over 20 years' experience.
- The Group's Bank Facilities refinance was also supported by the Board as a whole. In particular, Chair, Paul McDonald, who was CFO at B&M through IPO in 2014 until he retired in November 2020, overseeing similar arrangements, including asset based lending facilities.
- The implementation of a new combined incentive scheme was overseen specifically by the Remuneration Committee of the Board, chaired by Mark Cashmore. Mark served from 2006 to 2018 as the Group Chief Executive Officer at Connect Group PLC (now called Smiths News PLC), a London Stock Exchange main market listed specialist distribution group, and has significant experience of the implementation of executive remuneration schemes, and associated shareholder consultation.

The Board believes that the three non-executive directors are independent (and therefore the majority of the Board is regarded as independent in accordance with QCA Code recommendations), with Mark Cashmore fulfilling the role of Senior Independent Director. All three Committees of the Board are made up only of the independent directors, and the non-executive directors do not participate in performance-related remuneration, nor do they benefit from share options in the Company. Director independence is formally assessed by the Board no less frequently than annually. Any restrictions on external appointments are contained in individual executive service agreements for executive directors, and letters of appointment for non-executive directors. Directors are additionally subject to legal responsibilities and the Company's articles of association in relation to conflicts of interest.

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 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills, and capabilities***

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 Chair 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 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, Chair 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 Remuneration Committee is supported by PwC as external remuneration advisers.

The Nomination Committee will lead the process for Board appointments and make recommendations to the Board.

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 skills. Details of the skills and experience of the Directors are set out in the Company's most recent Annual Report as well as on the website. 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. 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 8: 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 a formal evaluation of its performance in March 2025. For the first time, this evaluation was supported by an external facilitator, in line with the recommendations of the QCA Code.

The review comprised of:

- The completion of an anonymous questionnaire by all Board members that was formulated to assess the Board's performance. The questionnaire continued in its recently expanded format, to include more Company specific considerations;
- A supplemental interview for each Director with the external facilitator to facilitate any additional feedback, outside the original remit of the questionnaire;
- In order to engage a broader group of stakeholders, the Group's divisional heads, as well as certain external stakeholders, including the Company's brokers and nomad, also completed a questionnaire to provide additional feedback and perspective for the review;
- A review of standard Board reporting and meeting materials by the external facilitator, together with the outcome and reporting from the prior year internal board evaluation; and
- A Board discussion facilitated by the external facilitator on the outputs of the questionnaire.





The process reflected on prior year recommendations and identified some areas for development and recommendations to be progressed in 2025, including:

1. It was noted that progress on succession planning at both Board and senior management level had been made, with the issue continuing to be a standing item on the Board's annual agenda, some important senior appointments having been made, and a targeted reduction in director reports to the CEO having been achieved. It was agreed however, that focus should be expanded to succession planning further down the Group's divisions, and potentially to more specific 'emergency cover' planning, to ensure business continuity risks relating to key individuals are successfully mitigated;
2. Assessing the recent growth in size and scale of the Group, in particular during the year with the acquisitions of Clearly Drinks and Typhoo Tea, the Board assessed the focus and time dedicated to the different divisions within the Group, and agreed that steps should be taken to ensure appropriate focus and oversight on each of the divisions, through a combination of revised agenda, in-person management reporting and physical site visits.

Otherwise, the process provided reassurance that the Board continues to operate effectively. Further external facilitation of the Board performance review is currently expected to be conducted at least every third year.

### **Succession Planning**

The Board has established a Nominations Committee, the remit for which includes consideration of, and the formulation of plans for, succession planning for directors and other senior executives. The Board (and the Nominations Committee) addresses succession planning as a standing annual agenda item, to seek to ensure appropriate division of responsibilities and mitigation of key dependency risk. This includes a detailed review of employee group structure, executive reports, material hires or vacancies and mitigations for key dependencies.

Succession planning is assessed in terms of both longer-term succession, and shorter-term business continuity. The Board considers that progress has been made in recent years on longer-term succession planning through a reduction in key executive reports and senior hires, including a newly appointed sales director and head of operations, but progress can still be achieved further down the Group's divisions, and on shorter-term emergency cover, which will remain an area of focus in the forthcoming year.

### ***Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture***

The Remuneration Committee of the Board has responsibility for the oversight and implementation of an effective remuneration policy for the Company. The Remuneration Report and the Remuneration Policy are set out in the Company's most recent Annual Report.

The Remuneration Committee believes that the remuneration arrangements are in the best interests of the Company and are appropriately aligned to strategic goals, delivering shareholder value and supporting the long-term success of the business. The Remuneration Report in the Company's most recent Annual Report specifically sets out the purpose of each element of the Remuneration Policy and the link to the Group's strategy.





The Remuneration Committee recently commissioned a review of executive and senior management remuneration arrangements with its remuneration advisers, considering various factors including the business strategy; the external operating environment; data on market practices regarding executive compensation and the overall need to retain and incentivise.

The outcome of this review identified that the existing LTIP framework was no longer an appropriate structure to retain and incentivise management. The Committee therefore simplified the existing annual bonus and LTIP into a single incentive plan - the Supreme Incentive Plan. The Incentive plan measures performance over a one-year period, providing clearer line of sight for participants and operating as a more effective retention tool, while maintaining a strong link to shareholder value creation through the deferral into shares.

In line with the QCA Code recommendations, the Company will put the Remuneration Report to an advisory shareholder vote at the forthcoming AGM in September 2025. The remuneration policies in the Remuneration Report will not be put to a separate advisory shareholder vote at the AGM because there has been no change in policies from the prior financial year. In the event of any future change to those policies, the Company anticipates that a separate advisory shareholder vote will be proposed at the applicable AGM.

***Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders***

The Company communicates with its shareholders through:

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

The Company also continues its collaboration with Equity Development, which allows retail investors access to valuable research and insights.

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).

The report of the Remuneration Committee and the report of the Audit Committee are set out in the Company's most recent Annual Report.

Details of specific issues and challenges arising during the year, and how they have been addressed and communicated by the Board with shareholders and other key stakeholders are set out in the Section 172 Statement of the Company's most recent Annual Report. No material changes to the Board structure or process were made during the year.

For each AGM, the Company publishes detailed results of voting on each resolution, included votes for and against, noting that no significant proportion of votes have been cast against any resolution since the Company listed in 2021.



The Company's annual report and accounts, investor presentations and notice of general meetings are available on the Company's website [www.investors.supreme.co.uk](http://www.investors.supreme.co.uk)