

**CHAMBERLIN PLC**  
**(the “Company” or the “Group”)**

**QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE STATEMENT**

**Introduction:**

The Board of directors of the Company fully endorses the importance of good corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (the “QCA Code”), which they believe is the most appropriate recognised governance code for a company of its size with shares admitted to trading on the AIM market of the London Stock Exchange. The QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board;
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

**Website disclosures:**

**The QCA Code requires us to apply the ten principles and publish certain disclosures in our annual report and also on our website. Our website disclosures are as follows:**

**Principle Two - Seek to understand and meet shareholder needs and expectations.**

**Disclosure: explain the ways in which the Company seeks to engage with shareholders.**

Copies of our annual report, notice of AGM, interim report and regulatory announcements released throughout the year are available to all shareholders and can be downloaded from the investors section of our website. The website also includes interim and annual reports issued for at least the last five years.

We update shareholders via notifications to the market through a regulatory news service (“RNS”) on matters of a material substance and regulatory nature.

Meetings with institutional investors are held at least twice a year around the time of our interim and full year results announcements. These meetings are attended by the Group Chief Executive and the Group Finance Director and include a presentation of the latest financial performance, a wider business update and discussions of the long-term strategy for the Group. Our Annual General Meeting (AGM) is an opportunity for shareholders to meet with the Board and management. The AGM is an opportunity for

shareholders to ask questions and raise issues during the formal business or more informally following the meeting. The primary contact for shareholders in the first instance is the Chairman of the Board, who can be contacted via the contact details on the corporate website.

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

Chamberlin plc aims to ensure that the highest standards of corporate behaviour are maintained throughout its business. We do this through monitoring and actively managing our impact on the locations where we operate and our relationships with key stakeholders. Our principal areas of focus include:

#### **Health and Safety**

Health and safety is a key issue for the board, management and employees. Our policies require all sites to operate to high standards with the objective of continuous improvement in health and safety performance.

Health and safety management is aligned to the operations of the business. All employees are responsible for ensuring that health and safety policies are implemented and for identifying opportunities for improvement. The business is supported in this by a number of qualified health and safety professionals.

All sites are required to report on health and safety performance on a monthly basis to the Board. The key health and safety performance indicators focus on accident reporting. These indicators are used to monitor the effectiveness of the health and safety systems and to drive improvements. Health and safety is the first standard agenda item at all Board meetings.

#### **Employees**

The Group aims to promote an environment which attracts, retains and motivates the highest calibre of employees within a structure that encourages their ongoing development.

##### *Employment policy*

The Group's employment policy includes a commitment to the principles of equal opportunity for all, and specifically prohibits discrimination of any type. Our policy is always to ensure that all persons are treated fairly irrespective of their colour, race, sex, sexual orientation, age or youth, religion, political beliefs, trade union membership or non-membership, marital and physical or mental status or any other factors including pregnancy and maternity.

In particular, Chamberlin plc gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. We endeavour to provide those who have physical or mental disabilities with specific assistance, and arrangements are made to enable them to work for us wherever and whenever this is reasonably practical. We expect all employees to comply in every respect with the Chamberlin's employment policies at all times.

##### *Communication*

Chamberlin aims to involve its employees in the activities of the business. Employees are informed of business performance via a number of routes including shop floor visual performance charts, management/employee briefings, dialogue with trade union representatives and health and safety meetings.

##### *Training and development*

Chamberlin recognises that the training of employees is important to the efficiency of the business and each employee's welfare and safety. Training is provided both internally and through external bodies and employees are supported and encouraged to gain relevant qualifications. Promotion is encouraged within the organisation and it is Group policy to promote from within wherever this is appropriate.

#### **Business Ethics**

All Directors, managers and employees at Chamberlin plc are required to exercise high standards of ethics and integrity in conducting the Group's business. Specifically they should adhere to both the letter

and spirit of relevant laws and regulations. The Group applies these standards to all of its dealings with customers, suppliers, employees and other stakeholders.

#### *Whistleblowing policy*

The Board has adopted a Whistleblowing Policy and Procedure, to encourage employees to raise concerns about misconduct or malpractice, and to ensure that such concerns can be reviewed and considered fairly and properly. This forms part of the Board's processes for monitoring adherence to the ethical values and behaviours expected from the Group's employees.

#### *Bribery Act*

The Board has recently introduced formal anti-bribery policies and procedures to comply with the requirements of the Bribery Act 2010.

The Group values its reputation for ethical behaviour and for honesty and transparency. Its aim therefore is to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy;
- Encouraging its employees to be vigilant and to report any suspicion of bribery;
- Rigorously investigating instances of alleged bribery and assisting the police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

### **Community**

Chamberlin recognises the role that local communities play in our business, and we aim to be a responsible partner in the localities in which we operate throughout the UK. We encourage all of our businesses to support the needs of their local communities through contributing to local charities and community initiatives.

Examples of recent initiatives include:

- Involvement of our employees on the governing boards of local schools and colleges;
- Partnership with a local further education college to develop in house training facilities;
- Sponsorship of local initiatives such as funding a school football team and a children's garden project.

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

### **Executive Directors**

#### **Kevin Nolan**

Chief Executive

Kevin was appointed Chief Executive of Chamberlin plc in September 2013 and has 30 years' senior level experience in the engineering sector. He was previously Managing Director of Wall Colmonoy Ltd, the global materials engineering group. Prior to that he was at Doncaster Group Ltd, the international engineering manufacturer, for 13 years, leading the expansion of a number of the group's business units. He became Divisional Managing Director of Doncasters' largest division, Doncasters Turbine Airfoils and Structural Casings, in 2010.

#### **Neil Davies**

**Finance Director**

Neil has over 20 years' experience in senior finance roles within high volume manufacturing. Neil joined Chamberlin from International Automotive Components Group, the international supplier of interior systems and components to the global automotive sector, where he was Finance Director for six years. Prior to that, he was UK Finance Director of MANN+HUMMEL Holding GmbH, the German manufacturing group. In his earlier career, Neil worked in the petro-chemical sector, most notably for Shell, Air Products and Invensys. Neil, a member of the Chartered Institute of Management Accountants, is also Company Secretary.

## Non-Executive Directors

### Keith Butler-Wheelhouse

Non-Executive Chairman

Keith joined the Board of Chamberlin plc and was appointed Non-Executive Chairman in March 2012. Previously Chief Executive of Smiths Group plc, Saab Automobile Sweden, Delta Motor Corporation South Africa. He is currently Non-Executive Director of Plastics Capital plc and previously served as a NED with Atlas Copco AB, General Motors Europe, J Sainsbury plc and NIU Solutions.

### David Flowerday

Non-Executive Director

David Flowerday joined the Board as a non-executive director in March 2018. David was until 2007, Strategy Director at Smiths Group Plc, and previously from 1997 held various senior financial roles, latterly as Group Financial Controller. Since that time Mr Flowerday has acted as a consultant to a number of public companies. Mr Flowerday is currently Chair of the Dartmouth Trust and Treasurer of Dartmouth Caring. Mr Flowerday has an engineering degree from Cambridge University and was formerly a member of the Chartered Institute of Management Accountants. David is Chairman of both the Remuneration and Audit Committee and a member of the Nominations Committee.

Further details of the director's careers and experience can be found on the website: The Board.

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

The Directors consider seriously the effectiveness of the Board, Committees and individual performance.

The Board meets formally eight times a year with ad hoc Board meetings as the business demands. Details of the Directors' attendance at board meetings are set out in the Annual Report. There is a strong flow of communication between the directors, in particular the relationship between the CEO and Chairman. The Agenda is set with the consultation of both the CEO and Chairman, with consideration being given to both standing Agenda items and the strategic and operational needs of the business. Papers are circulated well in advance of the meetings, giving directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

In addition to the above, the Directors have a wide knowledge of the business and requirements of director's fiduciary duties. The Directors have access to the Company's NOMAD and auditors.

On-going review of the functioning of the Board and ensuring that the highest level of governance is maintained whilst being mindful of the size and stage of development of the Company. The Board has not to date adopted a board performance evaluation process however this is something that the Board may consider in future.

The Board and executives' performance will be judged on the delivery of certain desired outcomes as summarised in the annual report.

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

See Principle Three above.

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

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. No one individual has unfettered powers of decision. The roles of Chairman

and CEO are split in accordance with best practice.

The Chairman has the responsibility of ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives.

The role of the CEO is to provide the vision for the strategic direction of the Group and to ensure that the Group has sufficient resources to be able to deliver its strategy and goals. The CEO is responsible for the day to day running of the Group, providing leadership to the senior management team and establishing a framework that enables the Group to operate in an efficient manner to achieve its objectives and in line with the strategy. The CEO is also responsible for ensuring that appropriate risk management policies and procedures are implemented to minimise exposure risk, be they financial, ethical, environmental, health and safety or operational risks.

The Audit Committee, which consists of the two non-executive directors, David Flowerday (Chairman) and Keith Butler-Wheelhouse, meets at least twice per year with the external auditors in attendance when required. It has formal terms of reference which include reviewing and monitoring internal financial control and risk management systems, consideration of the annual, interim and auditor's reports and making recommendations to the Board in relation to the appointment and remuneration of auditors. The Audit Committee also assists the Board in ensuring that appropriate accounting policies, financial systems, internal controls and compliance procedures are in place. It also reviews the relationship between the Group and the external auditors in terms of the provision of non-audit services and ensuring that auditor independence and objectivity is maintained.

The auditors have direct access to the Chairman of the Audit Committee and a formal "whistle-blowing" policy is in operation, in relation to any concerns staff may have concerning the propriety of Group operations and activities. No issues or incidents have come to light as a result of this policy. All proposals for the provision of non-audit services by the external auditor are pre-approved by the Audit Committee or its delegated member, the overriding consideration being to ensure that the provision of non-audit services does not impact the external auditor's independence and objectivity.

The Remuneration Committee comprises the two non-executive directors: David Flowerday (Chairman) and Keith Butler-Wheelhouse. The committee meets when necessary, usually at least twice per year, and is responsible for determining the remuneration packages of the executive directors and of the Chairman.

The Board retains full and effective control over the Company and holds regular Board meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues, including reserved matters such as acquisitions and disposals, the raising of finance, entry or exit to and from key markets and all commercial and legal matters impacting the Group.

**Principle Ten - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

See Principle Two above.

**Annual report disclosures:**

**The table below provides details of our annual report disclosures as required under the QCA Code**

<b>QCA Code Principle</b>	<b>Disclosure</b>	
1	Establish a strategy and business model which promotes long term value for shareholders.	<a href="#">2019 Annual Report: p1-7</a>

2	Seek to understand and meet shareholder needs and expectations	2019 Annual Report: p10 Corporate Governance Report – section 2
3	Take into account wider stakeholder and social responsibilities and their implications for long term success	2019 Annual Report: p16 Directors' Report
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	2019 Annual Report: p9 Principal Risks and Uncertainties
5	Maintain the board as a well-functioning balanced team led by the Chair	2019 Annual Report: p11 The Board pXX Corporate Governance
6	Ensure that between them the directors have the necessary up to date experience, skills and capabilities	2019 Annual Report: p11 The Board pXX Corporate Governance
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Board has not to date adopted a board performance evaluation process however this is something that the Board may consider in future.
8	Promote a corporate culture that is based on ethical values and behaviours	<a href="http://Chamberlin.co.uk/about-chamberlin/social-responsibility/business-ethics">Chamberlin.co.uk/about-chamberlin/social-responsibility/business-ethics</a>
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	2019 Annual Report: p11 The Board p10-11 <b>Corporate Governance</b>
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	2019 Annual Report: p11 The Board pXX <b>Corporate Governance</b>

30 January 2020