

THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Directors anticipate that whilst the Company will continue to comply with the QCA Code, it will endeavour to have regard to corporate governance to the extent appropriate for a company of its size and nature. To see how the Company addresses the key governance principles defined in the QCA Code please refer to the table below.

Malcolm Perkins, Chairman

This information is current as at 11 April 2019

QCA Code Principle	Application (as set out by QCA)	What we do and why
1. Establish a strategy and business model which promotes long-term value for shareholders	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>Camellia Plc's guiding principles are set out on its website and its strategy is explained fully within the Strategic Report on pages 19 to 24 of the Report and Accounts for the year ended 31 December 2018.</p> <p>Our strategy is focused around five key areas: profitable sales growth, introducing new products, supporting our brands, enhancing our operational capabilities and supporting these with complementary strategic acquisitions.</p> <p>The key challenges to the business and how these are mitigated are detailed on pages 19 to 21 of the Report and Accounts for the year ended 31 December 2018.</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>	The Company encourages communication with its shareholders. There is an ongoing dialogue between the Chairman and the Chief Executive with the majority shareholder whose views are reported to the Board. The Company is also in contact with other significant shareholders and welcomes questions and feedback from all shareholders at the Annual General Meeting or via email - office@camellia.co.uk
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	<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>The Group's businesses are fundamentally connected to the welfare of their communities and the environments in which they operate. We proactively invest to ensure these environments are protected and improved. The local management teams help to identify stakeholders and work closely with them. Smallholder programmes have been implemented for some time and the Group has a successful track record in terms of participation in such programmes. Our focus is on the long-term stability, security and continuity of our businesses and those communities. We support and have integrated the UN Sustainable Development Goals into our sustainability strategy. The Group and the local management also work with applicable regulatory and governmental authorities.</p> <p>For more information please see our Sustainability and CSR section on pages 14 to 15 of the Report and Accounts for the year ended 31 December 2018.</p>

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	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.	The Company also encourages feedback from its customers and other key stakeholders through designated teams.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	<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>The principal risks and uncertainties set out on pages 19 to 22 of the Report and Accounts for the year ended 31 December 2018 include details of the risks to the Group and how these are mitigated.</p> <p>The Board considers risks to the business at every Board meeting. The Company formally reviews and documents the principal risks to the Group at least annually.</p> <p>Both the Board and senior management are responsible for reviewing and evaluating risk and the Executive Directors review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.</p> <p>Subsidiary management are responsible for identifying and managing risks material to their individual businesses and to referring these to the relevant subsidiary boards as well as to Group management.</p> <p>The group strategy has been formulated to reflect risk appetite of the Group.</p>

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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5. Maintain the board as a well- functioning, balanced team led by the chair	<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.</p> <p>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 Company is run by the Board of Directors. Malcolm Perkins, the Chairman, is responsible for the running of the Board and Tom Franks, the Chief Executive, has executive responsibility for running the Group's business and implementing Group strategy.</p> <p>All Directors receive regular and timely information regarding the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, representatives of the main subsidiaries attend and present to the Board of Directors. All Directors have direct access to the advice and services of the Group General Counsel and Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.</p> <p>The Board comprises four Executive Directors and four Non-Executive Directors. The Board considers that all Non-Executive Directors are independent, notwithstanding their varying lengths of service. All the Directors commit the time necessary to fulfil their roles.</p>

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		<p>The Board has a formal schedule of reserved matters and is supported by the Audit, Remuneration and Nomination Committees. The Matters Reserved for the Board and the Terms of Reference for the applicable committees are available on the Company's website and can be accessed on the Corporate Governance page of this website.</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 Nomination Committee of the Board oversees the selection process for, and makes recommendations to the Board on, all new Board appointments. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee also considers succession planning.</p> <p>The Group General Counsel & Company Secretary supports the Chairman in addressing the training and development needs of Directors.</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>The Board carries out an evaluation of its performance and the performance of its committees and the individual directors. The Board undertook a performance evaluation by way of an internal review. Details of the evaluation are set out in the Report and Accounts for the year ended 31 December 2018. The Group General Counsel & Company Secretary facilitated such exercise by way of a questionnaire and reported back to the Board</p> <p>The Board as part of the process also periodically reviews the relevance and level of information being considered at Board meetings</p> <p>The Nomination Committee is responsible for overseeing succession planning requirements, including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval</p> <p>The Strategy Group meets regularly and identifies the skills and training needs for the Board and wider senior management team. Such training is provided internally, or by third party suppliers.</p> <p>All continuing Directors stand for re-election on an annual basis.</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.</p> <p>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 Sustainability & CSR section on pages 14 to 15 of the Report and Accounts for the year ended 31 December 2018 sets out details of the ethical values of the Company including environmental, social and community and relationships.</p> <p>Key senior staff work across the Group and with external parties to help implement the Sustainability and CSR strategy.</p>

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	<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>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 Corporate Governance Statement on pages 28 to 31 of the Report & Accounts for the year ended 31 December 2018 details the Company's governance structures and why they are appropriate and suitable for the Company.</p> <p>In addition to the Audit Committee, the Remuneration Committee and Nomination Committee, other groups and committees have been established. The Board has established the Strategy Group, consisting of the Chairman and the executive Directors of the Board, and two Executive Committees. The Agriculture Executive Committee is chaired by the Managing Director of Agriculture and includes the Chief Executive, Chief Financial Officer, the Group Counsel & Company Secretary and heads of all the key agricultural operations. The Engineering and Food Service Executive Committee is chaired by the Chief Executive and includes the Chief Financial Officer, the divisional heads of Engineering North, Engineering South and Food Service, the Managing Director of Jing Tea, the Group Counsel & Company Secretary and the UK Head of HR.</p> <p>The Chairman is responsible for the Company's governance and provides oversight of the Board. The Chief Executive, working with the Executive Directors, oversees the regional directors and provides the overall strategy.</p>

BUILD TRUST

<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 structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <p>the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company.</p>	<p>The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The Chief Executive talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.</p> <p>The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p> <p>After each AGM, the Company informs the London Stock Exchange the outcome of the resolutions. Suitable explanations of any actions undertaken as a result of any significant votes against resolutions shall also be disclosed on the Company's website.</p>
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