

Sutton Harbour Group plc
Statement of Compliance with QCA Corporate Governance Code
For the year ended 31 March 2024

Senior Independent Director's Introduction

The Group is the owner and operator of specialist marine assets (which include two marinas and a commercial fishmarket), car parks, real estate investment properties and is the holder of land assets identified for regeneration. The Group undertakes new developments on land it owns or redevelops existing assets to realise the value of land holdings or to retain as investment assets. The Group's assets and operations are all located in Plymouth, Devon, primarily at Sutton Harbour.

Our vision is to conserve and improve the historic Sutton Harbour and its immediate environs for harbour users, local residents, businesses, visitors to the area and for the wider stakeholder community in the City of Plymouth. To achieve this the Board is concerned with setting the strategy to facilitate maintenance of existing land, property and specialised assets and also the regeneration of underutilised assets to improve the attractiveness of the area and to ensure it has a sustainable and vibrant future and to deliver shareholder value growth.

The Group's corporate governance framework manages the decision-making processes of the Board having regard to opportunities and risks of specific strategies and the objective to deliver value growth to shareholders in the medium-long term.

The board has adopted the QCA Corporate Compliance Code, this being the most suited to the Group's size and AIM market quotation.

Graham Miller
Senior Independent Director (Non-Executive)

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The Board of Directors

Office	Appointee	Committee Roles	Attendance of board/committee meetings	Shareholding and Independence
Executive Chairman	Philip Beinhaker	Audit Committee Member Remuneration Committee Chair Nomination Committee Chair	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Philip Beinhaker has no personal shareholding in the Group. FB Investors LLP, which owns 75.38% of the issued share capital, is jointly owned by Beinhaker Design Services Limited and 1895 Management Holdings UIC. Philip is a Director and Chairman of Beinhaker Design Services Limited.
Senior Independent Director (Non-Executive)	Graham Miller	Audit Committee Chair Remuneration Committee Member Nomination Committee Member	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Graham Miller and his spouse together hold 610,762 shares in the Group and he is the Senior Independent Director on the Board. Graham was appointed a Director in 2013. Although Graham has served more than ten years on the board the continuity of his tenure and career experience is valued.
Non - Executive Director	Sean Swales	Audit Committee Member Remuneration Committee Member Nomination Committee Member	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Sean Swales holds 10,000 shares in the Group. He is also the corporate representative of RotoLok (Holdings) Limited which has an interest in 7,409,996 (5.18%) of the Group's shares. Sean was appointed a Director in 2009. Until 10 January 2018, RotoLok (Holdings) Limited was interested in 28.79% of the Group's shares and was reported as having significant influence. Although Sean has served twelve years on the board, the continuity of his experience through the recent majority shareholder change and board composition transition is valued.
Chief Operating Officer (Executive)	Corey Beinhaker		Board Meeting – 9/9	Corey Beinhaker holds no shares in the Group. FB Investors LLP, which owns 75.38% of the issued share capital, is jointly owned by Beinhaker Design Services Limited and 1895 Management Holdings UIC. Corey Beinhaker is a Director and 100% shareholder of Beinhaker Design Services Limited.
Finance Director (Executive) and Group Secretary	Natasha Gadsdon		Board Meeting – 9/9	Natasha Gadsdon holds 27,838 shares in the Group and has been an Executive Director since 2004. She also holds options over 143,340 ordinary shares exercisable under provisions of the Group Share Option Plan rules.

Board composition

No changes to the Board's composition have occurred in the last year. The board has reconsidered its composition during the year and is satisfied that taking into account the size of the Group, its AIM quotation and its principal interests it has the appropriate balance of finance, property development and governance expertise to manage its affairs efficiently and effectively. The board has reviewed its balance of independent and non-independent directors and is satisfied that a single independent non-executive director, Graham Miller who has now served 10 years on the board, is acceptable given his experience on other boards. The Board also notes, that whilst Sean Swales has served more than 10 years on the Board, that his long term experience of the Group, knowledge of property investment and financial specialism and independence from FB Investors LLP, the Company's controlling shareholder, are valuable contributions to the governance of the Group. Directors attend regulatory briefings related to AIM quoted companies on a regular basis and other seminars as required and relevant to their roles on the Board.

Philip Beinhaker and Corey Beinhaker continue to be the board appointees nominated by FB Investors LLP, the majority shareholder in the Company. It has been agreed by the board that no decision or meeting would be quorate unless at least one of the Non-Executive Directors is present in addition to the FB Investors' appointees.

Philip Beinhaker is appointed Executive Chairman (since April 2018, previously Non-Executive Chairman from January – April 2018) and presides over the business of the Board as well as directing and overseeing the operations of the Group through the senior management team.

Corey Beinhaker was appointed Chief Operating Officer in October 2019 with a wide-ranging role focusing on Group operations and regeneration projects.

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For the year ended 31 March 2024

Graham Miller, the previous independent Non-Executive Chairman, is now the Senior Independent Non-Executive Director on the board. He is the main contact to handle matters where other Directors have a conflict of interest.

Sean Swales, a Non-Executive Director since December 2009 is a Chartered Accountant and, he continues to contribute actively to the Board due to his financial specialism, property investment and development expertise and regional knowledge.

Natasha Gadsdon, a Chartered Accountant, is appointed Finance Director and Group Secretary. She is responsible for financial reporting and compliance and oversees risk management, human resources, corporate responsibility. She is responsible for preparing detailed monthly reports to the Board. As part of the requirement of her governing body the ICAEW, she attends the required accredited continuous professional development courses on an annual basis.

Shareholder Relationship Agreement with FB Investors LLP

The Relationship Agreement, updated May 2023, addresses amongst other things, the composition of the Sutton Harbour Group plc (SHG) board providing FB Investors with the ability to appoint up to two Directors to the SHG board (one of whom may be the Chairman for so long as it holds, directly or indirectly, 50 per cent or more of the issued voting share capital of the Group). The agreement contains certain restrictions in relation to Directors appointed by FB Investors voting at meetings of the SHG board on matters in which FB Investors is interested. FB Investors has nominated Philip Beinhaker and Corey Beinhaker to serve as Directors of SHG.

Board Decision Making, Quorum and Internal Control

Nine full Board meetings were held in the financial year to 31 March 2024 (attendances are summarised in the table above). Prior to each meeting an agenda together with narrative business reports and supporting appendices are circulated to each Board member. Matters for Board decision are highlighted in advance of the meeting. Commitment of three hours attendance time to each scheduled Board meeting is required in addition to the time spent reviewing the reports supplied in advance of the meetings. Attendance of other Committees requires additional time committed as do regular interim meetings as matters to discuss arise. The advice of non-board colleagues and professional advisors is sought where additional specialist information is required to inform a decision. Following the change of majority shareholder in early 2018 and Board level changes, the Board considers its effectiveness from time to time and has concluded that its present composition, taking into account the size of the Company, its AIM quotation, the skills and experience it requires and current diversity of Board personnel, is appropriately balanced with experienced appointees.

The Board is responsible for setting the strategy to deliver shareholder value growth over the medium to long term. Decisions about financing, acquisitions and disposals, project and capital expenditure, senior staffing, key third party appointments, budget approval, approval of annual and interim financial reports, dividend policy, insurances and strategic direction of the trading businesses are all matters reserved for the Board's decision. To ensure decisions are made with independent input it has been agreed that such decisions (save in matters where the terms of the Relationship Agreement restrict the voting of FB Investors' appointees) can only be taken where either Graham Miller or Sean Swales are present with Philip Beinhaker and Corey Beinhaker.

The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

- **Corporate Accounting and risk management procedures:**
There are defined authority limits and controls over acquisitions and disposals. There are also clear reporting lines within the business and risk assessments are undertaken and regularly reviewed in all divisions and at all levels within the Group. Appropriate internal controls are set for all divisions of the business.
- **Quality of Personnel:**
The competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.
- **Financial Reporting:**
The Group has a comprehensive system for reporting financial results to the Board and monitoring of budgets.
- **Investment Appraisal:**
Capital expenditure is regulated by authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to the Board. For major project investment, the Board reviews cost information supplied in the context of an overall project appraisal and reviews project monitoring reports as the project progresses.

Other Material Costs

Where the Group has a need to incur other material costs, such as legal advisory costs as in the case of the arbitration with the Environment Agency or to respond to the claim of breach of lease notified by Plymouth City Council, the Board takes appropriate senior professional advice on the expected costs and outcomes before committing to the expenditure.

Governance Committees

The roles of the Board's governance committees are set out below.

The Remuneration Committee within its terms of reference determines and agrees with the Board the employment terms and remuneration packages of the Executive Directors and other senior personnel. The Executive Directors make recommendations to the Board on the remuneration of Non-Executive Directors. Independent advice on remuneration is taken where considered appropriate.

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For the year ended 31 March 2024

The Audit Committee has written terms of reference and provides a forum for reporting by the Group's auditors. The Committee may request Executive personnel to attend all or part of any meeting as the Committee considers appropriate. The Audit Committee meets two or three times a year to review the Interim and Annual Reports and Accounts, agree the Audit Plan, confirm the Auditor engagement, review risk management and insurance provision, assess the adequacy of the Group's finance personnel and any other matters pertaining to financial management, the statutory audit and tax compliance.

In accordance with FRC Ethical Standard prohibiting auditors of AIM quoted companies from offering services to prepare computations of taxation, the Audit Committee engaged a different firm of accountants, from the auditors, to undertake this work.

The Nomination Committee is responsible for proposing candidates to the Board having regard to its balance, expertise and structure.

Risk Management

The Group maintains a register of risks, split by category, and identifies potential impact and likelihood, together with the response deployed to manage/mitigate the risk. The risk register is regularly updated with input from across the Group and external advice is taken if required. Included in the monthly reports to the Board, new risks are identified together with proposals to manage/mitigate the risk. Group Bankers and Insurers are kept apprised of business risks and vulnerabilities on an ongoing basis. Annual independent health and safety audits are undertaken with the results reported to the Board. Advice from the appointed external Health and Safety Advisor is taken where appropriate. The Board reviews KPIs and quarterly management accounts together with narrative Board reports to monitor performance and management of existing risks. Where performance or project outcomes are not in line with expectations the Board investigates the cause and controls required to ensure downside risk management is improved. The Board's performance is measured by achievement of budgets and timely execution of business objectives. Measures to address performance shortfalls are considered and acted upon as appropriate, which might include changes to in house resources or external support.

Stakeholder Engagement and Responsibilities

Investor Relations The Group maintains an active dialogue with major investors and invites shareholders to open days, which are held from time to time depending on interest levels, which include a tour of the assets. The Board welcomes the participation of shareholders at the Annual General Meeting with the opportunity to answer questions of any Board member offered. The Annual Report and Accounts, Interim Reports and other announcements and presentations are the main formalised communications to shareholders. The Annual General Meeting and Open Day are opportunities for two-way communication between the Board and shareholders. The Group Secretary is normally the first point of contact for any general enquiries or arrangement regarding shareholder meetings. Email: n.gadsdon@sutton-harbour.co.uk

Public Bodies The Group maintains an active relationship with Plymouth City Council, the Local Planning Authority, the Environment Agency and other public agencies in connection with a wide range of issues relating to the land and property assets held by the Group. Open public consultation is undertaken in relation to proposed applications to the Local Planning authority.

Customers The Group maintains a number of websites and social media platforms, to communicate with different customer groups in addition to direct email and postal communications. The Company has established a communications forum to meet with the local fishing industry on a regular basis and organises other user group meetings to discuss specific matters as they arise. Surveys of marina customer satisfaction are normally undertaken annually.

Employees The Group is committed to paying, as a minimum, the living wage as recommended by the Living Wage Foundation, to its employees. Pay reviews are undertaken at least annually following a detailed review of market rates in the area to ensure pay remains competitive and attractive. The Group undertakes appraisals for all employees annually, arranges monthly or quarterly contact meetings for all employees with their line manager, sponsors their essential qualifications and continuing professional development (as appropriate to role) and has a schedule of monthly function meetings with a Director present at each. Refer also to the S172 report on page 9 which gives further details on "Engagement with Stakeholders".

Corporate Values

Refer also to the Corporate, Social Responsibility and Environment Report on page 23 (of the 2024 Annual Report) Senior Managers are invited to present at Board Meetings from time to time and to respond to questions. Monthly minuted business activity meetings with agreed agendas are held each with directors attendances and these forums set the cultural tone. At annual appraisals performance of employees is reviewed against specific targets and conduct in line with the Group's standards of conduct as set out in the foreword of the Employee Handbook.

By Order of the Board

Natasha Gadsdon

Company Secretary

19 September 2024