

CORPORATE GOVERNANCE REPORT

Board of Directors

The Board is committed to ensuring that high standards of corporate governance are maintained by Norcros plc and is accountable to the Company’s shareholders for good corporate governance. Its policy is to manage the affairs of the Company in accordance with the principles of the UK Corporate Governance Code referred to in the Listing Rules of the UK Listing Authority. For the year under review, the Company has complied with the UK Corporate Governance Code 2018 (the Code) in all respects.

A copy of the Code is publicly available from www.frc.org.uk. The following sections of this statement describe the Board’s approach to corporate governance and how the principles of the Code are applied. These sections refer to the year ended 31 March 2025, unless otherwise stated.

Board balance and independence

The Board comprises the Non-executive Chair, three Non-executive Directors and two Executive Directors. All Directors are equally responsible for the proper stewardship and leadership of the Company. The Directors holding office at the date of this report and their biographical details are given on pages 100 and 101.

In line with the Code, the Board considers the Chair and all the Non-executive Directors to be independent of the Company’s Executive Management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The terms and conditions of appointment, including the expected time commitments, of the Board Chair and the Non-executive Directors are available for inspection at the Company’s registered office. The Chair and Non-executive Directors regularly disclose their other significant commitments to the Board throughout the year. The Board remains satisfied that the Chair’s other significant commitments do not prevent him from devoting sufficient time to the Company.

Governance structure

Alison Littley is the Senior Independent Non-executive Director. She is available to shareholders for issues or concerns that remain unresolved through the normal channels of Board Chair, Chief Executive Officer or Chief Financial Officer, or where such contact is inappropriate.

All Directors receive timely, relevant documentation and financial information to support them making well-informed decisions that are in the best interests of the Company as a whole. The Board regularly reviews the management and financial performance of the Company, as well as long-term strategic planning and risk assessment. Regular reports are given to the Board on matters such as pensions, health and safety, and litigation.

Any concerns that a Director may have about how the Group is being run or about a course of action being proposed by the Board will, if they cannot be resolved once those concerns have been brought to the attention of the other Directors and the Board Chair, be recorded in the Board minutes. In the event of the resignation of a Non-executive Director, that Director is encouraged to send a written statement setting out the reasons for the resignation to the Chair, who will then circulate it to the other members of the Board and the Company Secretary.

Board Chair and Chief Executive Officer

The positions of Chair and Chief Executive Officer are held by separate individuals and the Board has clearly defined their responsibilities. The Chair is primarily responsible for the effective working of the Board, ensuring that each Director, particularly the Non-executive Directors, is able to make an effective contribution. The Chief Executive Officer has responsibility for running the Group’s businesses and for the implementation of the Board’s strategy, policies and decisions.

Board, Committee and Director evaluation

The Chair appraises the performance of the Board and conducts individual evaluations of the Executive and Non-executive Directors. The Senior Independent Non-executive Director leads the Board’s appraisal of the Chair, whilst the Board evaluates the performance of its three Committees. Evaluations are conducted annually and are organised to fit in with Board priorities and succession planning activity.

A formal evaluation was carried out for the year under review in accordance with the Code. This process involved detailed questionnaires, meetings and discussions, the results of which were then reviewed. The Chair oversees each Director’s development and ongoing training requirements to ensure their continued effectiveness. The overall results of the evaluation were satisfactory and identified the following key areas of focus for the Board and its Committees:

- Strategy – detailed execution plans and organisational structure
- Senior Leadership – talent development and succession
- Board reports – enhancements to financial analyses

Advice for Directors

Directors may seek independent professional advice at the Company’s expense through the Company Secretary when deemed necessary to fulfil their responsibilities. All Directors also have access to the advice and services of the Company Secretary, who ensures compliance with Board policies and procedures. The appointment and removal of the Company Secretary are matters reserved for decision by the Board.

Board procedures

The Board has a formal schedule of matters specifically reserved to it for decision, which it reviews periodically. This ensures that all major strategy, policy and investment decisions affecting the Company are made at Board level. It is also responsible for business planning and risk management policies and the development of policies for areas such as safety, health and environmental policies, Directors’ and senior managers’ remuneration and ethical issues. The Board provides strategic direction to the Company’s management and is ultimately accountable for the Group’s performance.

The Board ensures that decisions are made by the most appropriate people in a timely manner, avoiding unnecessary delays. It has formally delegated specific responsibilities to its Committees: the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. The Terms of Reference for these Committees are available on the Company’s website at www.norcros.com.

Reports from these Committees can be found on the following pages:

- Audit and Risk Committee: pages 112 to 116
- Nomination Committee: pages 118 to 121
- Remuneration Committee: pages 122 to 146

The Board will also appoint Committees to approve specific processes as needed, such as aspects of corporate transactions or the administration of share options.

The directors and management teams of each Group brand are responsible for their respective business entities. They are accountable for delivering targets approved by the Board in relation to budgets, strategy and policy.

Directors’ roles

The Executive Directors work exclusively for the Group. However, when appropriate, they are encouraged to take on one non-executive directorship in another non-competing company or organisation. Currently, neither the Chief Executive Officer nor the Chief Financial Officer holds a non-executive directorship.

The terms and conditions of appointment of the Non-executive Directors are available upon written request from the Company. Non-executive Directors confirm that they have sufficient time to fulfil their role and disclose any other significant commitments, including an indication of the time involved in each. The annual evaluation process includes an assessment of whether the Non-executive Director is spending enough time to fulfil their duties.

If a Non-executive Director is offered an appointment elsewhere, the Board Chair is informed before any such offer is accepted and the Chair will subsequently inform the Board.

The Board has procedures in place to manage conflicts of interest effectively, in accordance with the Company’s Articles of Association. Each Director is responsible for notifying the Board of any potential conflict, which is then reviewed and addressed as appropriate.

All new Directors (including Non-executive Directors) receive a full, formal and tailored induction upon joining the Company. As part of this process, the Chair ensures that major shareholders have the opportunity to meet a new Non-executive Director. The Chair also periodically assesses the training and development needs of all Directors and ensures that any suitable training and updates are provided to Directors. Further information about the induction process can be found in the Nomination Committee Report on pages 118 to 121.





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Retirement by rotation

Each Director is subject to election by shareholders at the first Annual General Meeting after their appointment. Thereafter, in accordance with the Company's Articles of Association, one-third of the Directors retire each year by rotation, with all Directors required to seek re-election at least every three years. However, the Board has determined that, where appropriate, all Directors should stand for re-election annually. Accordingly, each continuing Director will seek re-election at the next Annual General Meeting. Biographical details of all Directors are set out on pages 100 and 101 and on the Company's website at www.norcros.com.

Financial reporting

When issuing the annual and interim financial statements, the Directors aim to present a fair, balanced and understandable assessment of the Group's results and outlook. The Directors have a collective responsibility for the preparation of the Annual Report and Accounts, which is more fully explained in the Statement of Directors' Responsibilities on page 151.

Relations with shareholders

The Company recognises the importance of maintaining strong communications with shareholders. It actively engages with them on specific matters and takes steps to ensure that the Board, particularly the Non-executive Directors, understands the views of major shareholders. Directors have regular meetings with the Company's major shareholders as well as receiving regular feedback on their views through the Company's brokers. The Board regularly receives copies of analysts' and brokers' briefings. Reports of these meetings, and any shareholder communications during the year, are given to the Board.

The Company publicly publishes any significant events affecting the Group and updates on current trading. The Board Chair and the Non-executive Directors are also offered the opportunity to attend meetings with major shareholders and the Non-executive Directors, and in particular, the Senior Independent Director, would attend such meetings if requested to do so by any major shareholder. The Annual and Interim Reports, together with all announcements issued to the London Stock Exchange, are published on the Company's website at www.norcros.com.

The Notice of the Annual General Meeting is sent to shareholders at least 20 working days before the meeting. It is the Company's practice to propose separate resolutions on each substantially separate issue. Proxy appointment forms allow shareholders to direct their proxy to vote either for or against the resolution or to withhold their vote. The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution, the following information is given at the meeting and published as soon as reasonably practicable on the Company's website:

- The date of the meeting
- The text of the resolution
- The number of votes validly cast
- The proportion of the Company's issued share capital represented by those votes
- The number of votes cast in favour of the resolution
- The number of votes against the resolution
- The number of shares in respect of which the vote was withheld

The Board Chair seeks to arrange for the Chairs of the Audit and Risk, Nomination and Remuneration Committees (or a deputy, if necessary) to be available at the Annual General Meeting to answer any questions relating to the work of their respective Committees.

Accountability and audit

The respective responsibilities of the Directors and auditor in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 151 and the Auditor's Report on pages 154 to 164. The Directors ensure the independence of the auditor by requesting annual confirmation of independence, which includes the disclosure of all non-audit fees.

Risk management and internal control

The Board is responsible for the Group's system of internal control and its effectiveness, covering all material controls, including financial and operational risk management and compliance. This responsibility is fulfilled through an annual review programme of the internal control environment at each brand. These reviews are carried out by the Group Head of Internal Audit and Risk Assurance, who is independent of the brands, and the results are communicated to the Audit and Risk Committee.

The Board has carried out a robust assessment in order to identify and evaluate what it considers to be the principal risks facing the Group and has assessed the adequacy of the actions taken to manage these risks. This risk management process has been in place for the period under review and up to the date of the approval of the Annual Report and Accounts. The principal risks are disclosed on pages 80 to 89.

The Group's insurance continues to be managed and co-ordinated centrally with the assistance of insurance brokers. This gives the Group full visibility of its claims history and the insurance industry's perception of the Group's overall risk via the respective insurance premiums. The Company examines the size and trend of these premiums and the extent to which it can mitigate the risk and reduce the overall risk burden in the business by considering the appropriate level of insurance deductible and the potential benefit of self-insurance in some areas.

Viability

In accordance with the Code, the Board has assessed the prospects of the Company, using a three-year assessment timescale, and concluded that there is a reasonable expectation that the Company will be able to meet its liabilities and continue in operation. The full Viability Statement is contained on page 88.

Operational structure, review and compliance

In addition to the Chief Financial Officer, the Group has Senior Financial Managers at its Group office. The Group Head of Internal Audit and Risk Assurance, appointed in March 2020, is responsible for the Internal Audit and Risk Assurance function for the Group. Further information on the work of this function is in the Audit and Risk Committee Report on pages 112 to 116.

The Group operates within a structured control framework, which includes:

- an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
- a culture of open communication between operational management and Executive Management on matters relating to risk and control;
- defined expenditure authorisation levels; and
- a comprehensive system of financial reporting, including:
 - Detailed annual budgets for each brand, approved by the Group Executive Management.
 - Board approval of the overall Group's budget and strategic plans.
 - Monthly financial reporting, comparing actual results to budget and the prior year, with forecasts revised where necessary.
 - Board review of significant changes and adverse variances, with remedial action taken where appropriate.
 - Weekly cash and treasury reports to the Chief Financial Officer and periodic tax and treasury updates to the Board.

The system of internal control is designed to manage, rather than eliminate, the risk of failing to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss. It is tested and developed as appropriate by the Group Head of Internal Audit and Risk Assurance working in conjunction with the Audit and Risk Committee.

The control framework as outlined above gives reasonable assurance that the structure of controls in operation is appropriate to the Group's situation and that risk is kept to acceptable levels throughout the Group.

Takeover directive

Share capital structures are included in the Directors' Report on pages 148 to 150.

Approved by the Board of Directors on 11 June 2025 and signed on its behalf by:

STEVE GOOD
Board Chair

11 June 2025

