

# GOVERNANCE

For the year ended December 31, 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ("FRC")) in December 2018 and available on the FRC website).

These corporate governance reporting requirements apply to reporting for financial years starting on or after 1 January 2019 and companies are able to adopt any suitable framework.

As the business grows it continues to evolve and whilst on this journey has committed to further develop the governance of the Group in light of the change in its breadth and scope of operations. As part of a reassessment of its governance principles, the Group and its stakeholders believe that Wates is an appropriate framework when making disclosures regarding corporate governance arrangements.

## Principles

1. Purpose and leadership
2. Board composition
3. Director responsibilities
4. Opportunity and risk
5. Remuneration
6. Stakeholders

## Principle 1

### Purpose and leadership

**An effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.**

#### PURPOSE

EG Group is a leading global independent fuel station and convenience retail operator with a diversified presence across ten countries in Europe and North America. The Group has evolved from a single site in 2001 to >5,800 high-quality sites at December 31, 2019.

The Group's purpose is to deliver a best-in-class fuel, convenience retail experience and food and drink offer that always exceeds customer expectations, thereby promoting the success of the Group.

The Board clearly articulates the business model, which is then delivered by senior management under its leadership.

#### VALUES AND CULTURE

The Group is committed to investing in infrastructure, people, systems and local communities to deliver value to shareholders and other stakeholders. This can be seen in the EG values and business ethos. These values are explained by the Board, integrated into the workforce and used to inform expected behaviors and practice.

#### STRATEGY

Our core strategy remains the development of a business with an attractive scale and diversification across a range of international markets, which we believe can provide operational synergies across markets and the ability to share best practices across our estate. We distinguish ourselves from our competitors through large, well-invested, non-fuel retail site areas and a differentiated owner-operator model, which drive best-in-class profitability and high last-mile foot traffic which results in higher profitability per site. We look to continue to be a partner of choice for key brands across our offerings, and will continue to evaluate acquisitions of sites that complement and strengthen our portfolio.

## Principle 2

### Board composition

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**Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company.**

There are four members of the Board, who speak regularly to discuss the key matters of the Group. Manjit Dale is Founding Partner and Gary Lindsay is a Partner of TDR Capital ("TDR") and they both represent TDR, alongside Mohsin Issa and Zuber Issa, as Directors of Optima Bidco (Jersey) Limited.

Mohsin Issa and Zuber Issa both hold the position of Group Co-CEO. Each has over 20 years' experience operating c-stores and they have built a strong senior management team around them. They, along with the senior management team, demonstrate a detailed understanding of the Group's business needs and stakeholder interests.

TDR is a leading international private equity firm, managing capital on behalf of institutional, governmental and private investors worldwide. TDR was founded in 2002 by Manjit Dale and Stephen Robertson and invests in medium to large-sized businesses, and partners with them to develop and grow their operations. TDR has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade. TDR seeks to spend significant resources on each investment and to focus on operational excellence through a tested and integrated operating partner model, working in partnership with management through Board representation and professional support.

The entrepreneurial Co-CEOs have developed the business from one site in 2001 to the almost 6,000 sites today. They continue to update their skills, knowledge and familiarity with the Group by meeting with senior management and regularly visiting operations (such as visits to sites across the regions).

The Board is also regularly involved in investor relations, particularly through quarterly investor presentations led by Co-CEO Mohsin Issa and the CFO.

The small Board size enables extremely effective decision-making, and in part reflects the entrepreneurial nature of the business and its rapid growth. Recognizing the recent developments that have increased the scale and operations of the business, to enhance the mix of knowledge, skills and experience of the Board, the Group is actively seeking the introduction of Non-executive Directors and a chairperson, which the Group does not currently have, who can bring complementary experience and guidance to assist in the further development of the Group.

## Principle 3

### Director responsibilities

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**The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.**

#### ACCOUNTABILITY

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes sure that every decision it makes is underpinned by the right considerations. The Board recognizes the importance of good governance and is looking to strengthen this area as the Group evolves.

We believe that there are currently no conflicts of interest between the private interests of management and the duties they owe to the Group. The Company Secretary regularly reviews the governance processes to ensure they are fit for purpose and that the Board undertake their work with due care.

#### PROVISION OF INFORMATION

The Board receives regular and timely information (at least monthly) on all key aspects of the business, including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators ("KPIs").

Key financial information is collated from the Group's various accounting systems and reviewed by the Group's many qualified accountants across the world. The Group continues to invest in enhancing and aligning the accounting systems. The Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. The finance function was expanded further after the year end to continue the good progress made in 2019 with further investment planned to reflect the increased scale of the organization. The controls are being developed and will be reviewed by the Group's Internal Audit function, which was introduced in 2020 and is currently comprised of five people. Other key information (such as KPIs, HR, environmental etc.) is prepared and reviewed by the relevant internal function.

The Board is focused on supporting the principle of independent challenge through a commitment to introduce Board-level committees attended by Non-executive Directors.

## Principle 4

### Opportunity and risk

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**A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.**

The Board seeks out opportunities to create value whilst mitigating risk to the Group. Senior management are responsible for maintaining the internal controls across the Group.

#### OPPORTUNITY

The Board has clearly articulated the Group's purpose, and long-term strategic opportunities to deliver this are discussed regularly between the Board and senior management.

Acquisition opportunities arise from external relationships supported by internal research. They are analyzed and discussed in detail and approved by the Co-CEOs before binding or indicative offers are made.

Short-term opportunities to improve performance, resilience and liquidity are discussed in monthly meetings.

#### RISK

The principal risks and uncertainties are set out on pages 34 to 40. These will be documented as part of a risk register in 2020 and reviewed each quarter by the Board and wider management team. The risk register will document the likelihood of occurrence, potential impact, ownership of the risk and possible mitigating actions.

The Group introduced an Internal Audit team in the first quarter of 2020 and there is a plan in place to further enhance the internal controls.

The Group has inherited a number of legacy systems and is currently implementing SAP S/4HANA to provide the Group with a consistency in reporting and automated controls. In addition, it is reviewing, enhancing and designing new manual controls.

The Group is establishing a shared service center in Boston, Massachusetts to support the US business and is ensuring that the business in Australia is prepared for the expiry of the Woolworths Transition Services Agreement in 2020.

Whilst not in place for 2019, supported by the above actions, the Group is working towards a controls framework compliant with the requirements of the Sarbanes-Oxley Act 2002. This is not a statutory requirement for the Group but highlights the focus on risk management by the Board.

## Principle 5

### Remuneration

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**A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.**

Whilst the Group does not currently have a remuneration committee, the Board reviews remuneration across the Group to ensure that it is appropriate to support the strategy of the Group and to secure and retain high-quality Directors, senior management and their workforce. We are committed to remunerating our people solely on the basis of their ability to contribute to the Group's objectives. Directors' remuneration is disclosed in this report.

Succession planning and talent retention are both areas of key focus across the Group.

The Group has published its Gender Pay Statement on the Group website and is committed to implementing the considerations arising.

## Principle 6

### Stakeholders

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**Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.**

The Board is clear that good governance and effective communication are essential to deliver our purpose and to protect the Group's brand, reputation and relationships with all stakeholders, including shareholders, employees, suppliers and the local communities in which the Group operates.

The Board aligns the Group's strategic direction with its purpose and to the stakeholders' long-term aspirations for the Group. The quarterly investor presentations led by Co-CEO Mohsin Issa and the CFO represent the primary communications route between the Board and stakeholders.

#### EXTERNAL IMPACTS

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this in part through its commitment to 'Zero accidents and incidents' (ensuring the safety of everyone who works with us), being an employer of choice where individuals grow, contribute and succeed, and through the Group's contribution to local and wider charities.

#### STAKEHOLDERS

The Group has included a response to Section 172 requirements on pages 48 and 49.

The Board holds regular dialogue with the stakeholders of the Group. This is driven by the Investor Relations team who deliver quarterly investor presentations with Co-CEO Mohsin Issa and the CFO, and are available for questions at all other times.

This is supported by this Annual Report, which sets out what we believe is a fair, balanced and understandable assessment of the Group's position and prospects.

Our workforce (including colleagues and contractors) is our biggest stakeholder and we believe our regular dialogue, directly with our employees through town hall sessions, or via works councils, is an essential two-way dialogue to receive feedback and to support our desired culture.

The EG Foundation has been established in the UK to drive support for the local and wider communities.

The Group's website ([www.eurogarages.com](http://www.eurogarages.com)), intranet and social media channels provide regular updates on the development of the Group.

