

Corporate Governance Statement



At Treatt our commitment to effective corporate governance across the Group is reflected in our principles, policies and practices

Introduction from the Chairman

As the business continues to grow it needs a strong, effective and engaged Board, with the right skills and experience to oversee the strategy, governance, risk and financial frameworks across the organisation. During the year the Board was refreshed with the appointment of two independent Non-executive Directors, Yetunde Hofmann and Lynne Weedall. My colleagues and I were delighted to welcome Yetunde and Lynne, who bring significant experience, to the Treatt Board.

The highest standards of governance drive the Company in balance with the interests of its shareholders, employees, the environment and its wider stakeholders of customers, suppliers and the communities in which the Company does business. At Treatt our commitment to effective corporate governance across the Group is reflected in our principles, policies and practices. I am clear that good governance ultimately produces a better company and optimum long-term performance.

As Chairman, one of my key tasks is to ensure that the Board and its committees conform with the highest standards of corporate governance. Whilst the new 2018 UK Corporate Governance Code only applies to Treatt's financial year commencing 1 October 2019, we have sought early compliance with as many of its provisions as possible, with the remainder to be implemented during the course of 2019/20.

Board effectiveness

Our annual Board meeting at Treatt USA took place in March, enabling the Board to see the completed site expansion, which brings much needed additional capacity, and share the opening of the facility with our US employees, who have continued to work so diligently through a period of significant upheaval.

I also visited in September 2019 with Lynne Weedall, as part of her induction process; Yetunde Hofmann was able to attend in March with the rest of the Board. Whilst visiting Treatt USA I have taken the opportunity to engage with our US employees through open door sessions where any member of staff is able to drop in and chat about any matter they wish. These Employee Voice sessions, also held in the UK by both David Johnston and me have, pleasingly, been very well supported and are invaluable to the Board in gaining employees' perspectives on the business and ensuring that all staff know that the Board and its Chairman can always be approached. I thank employees for their openness and honesty, and their willingness to engage.

This year there were slightly fewer formal Board meetings compared with last, when the Board had required additional meetings in respect of the equity fundraise and the sale of Earthoil Plantations. I am in regular contact with the executive team and the rest of the Board as I aim to ensure that there is an appropriate level of support, oversight and challenge, a focus on entrepreneurship as much as on risks, a commitment to transparency and a culture of continuous improvement.

As mentioned above, we welcomed two Non-executive Directors to the Board and said goodbye to Anita Haines, who retired following 31 years of service to Treatt. I have continued to meet with the Non-executive Directors without the presence of the Executives. The Nomination Committee continues to review the Board's composition to ensure that it maintains appropriate skills, experience, independence and diversity and that its culture is based on open and collegiate accountability whilst encouraging constructive debate and robust challenge.

The Board underwent its first external evaluation this year, which has provided additional focus on a number of areas and has proved very worthwhile. As part of the process all Directors were evaluated on their individual performance. Further information is provided on page 61.

Compliance with the Corporate Governance Code

The Company is subject to the 2016 UK Corporate Governance Code, which is issued by the Financial Reporting Council (FRC) and is available at www.frc.org.uk. The Code is a guide to a number of key components of effective board practice and is based on the underlying principles of good governance: accountability, transparency, probity and focus on the sustainable success of a company over the longer term. UK listed companies are required to disclose whether they have complied with the Code throughout the financial year and provide an explanation where they have not done so.

I am pleased to report that throughout the year ended 30 September 2019 the Group has complied with the provisions set out in the 2016 Corporate Governance Code.

Tim Jones
Chairman

7

Board meetings in the year

97%

Meeting attendance

Board experience



Leadership

Roles and responsibilities

Details of the Directors who served during the year, the positions they hold, and the committees of which they are members are shown on pages 56 and 57. The Board consists of Non-executive Chairman, Tim Jones, and five further Non-executive Directors together with Daemmon Reeve, CEO, and Richard Hope, CFO.

There is a clear division of responsibility between the CEO, whose primary role is the day-to-day running of the Company's businesses, the development and agreement with the Board of the strategy required to best promote the success of the Company in the best interests of its shareholders and wider stakeholders and the implementation of that strategy, and the Chairman who is responsible for leadership of the Board and ensuring it operates effectively and entrepreneurially for the Group.

The Chairman ensures that the Board and its committees are effective and operate under the highest standards of corporate governance; the Chairman sets the Board agenda, ensures that adequate time is allowed for discussion, in particular, of strategic, complex or contentious issues in anticipation of which accurate, timely and clear information has been circulated in good time; ensures appropriate delegation of authority from the Board to executive management and constructive, open relations between them; acts at the same time as a sounding board, counsel and mentor to the CEO; ensures that the Company maintains a dialogue with its principal shareholders about strategy, direction, Directors' and senior managers' remuneration and is aware of shareholders' issues or concerns; ensures that employees are able and encouraged to maintain dialogue

directly with the Board; and ensures that the performance of individual Directors and the whole Board and its committees is evaluated at least annually and that Directors are continually encouraged to update their skills and the knowledge and familiarity with the Company as required to fulfil their role.

The Chairman has regular contact with the Non-executive Directors without the presence of the Executive Directors. Concerns relating to the executive management of the Group or the performance of the other Non-executive Directors may be raised with David Johnston, who is the Senior Independent Director ('SID'). The role of the SID is also to provide a sounding board for the Chairman, to serve as an intermediary for the other Directors and to lead the performance evaluation process for the Chairman.

Operation of the Board

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. These matters, which are reviewed periodically, include strategy, material capital commitments, commencing or settling major litigation, business acquisitions and disposals, appointments to subsidiary company boards, risk, dividend policy and full and half year results.

The Board meets formally a minimum of six times a year with additional meetings held as required. Meetings are scheduled around events in the corporate calendar such as the full and half year results, year-end and the Annual General Meeting. Standing agenda items include updates from the CEO on performance of the business against strategic objectives, a review of the financial and trading

position from the CFO, Health & Safety, HR and Legal. In the last few years, time has also been dedicated to the US site expansion and the UK site relocation at each meeting. During the year, the Board holds days dedicated to discussion of key matters including Group strategy, Board evaluation and performance and risk evaluation and mitigation.

Day-to-day management of the Group is delegated to the Executive Directors, who are supported by a Senior Leadership Team, with members located in the UK and US. The Executive Directors attend Treatt USA Board meetings with the US members of the Senior Leadership Team at least six times a year and have regular contact outside of these meetings, with the CEO travelling to the US on a regular basis. Meetings are held with the UK members of the Senior Leadership Team on a six-weekly basis.

Committees

The Board has three sub-committees; the Nomination Committee chaired by Tim Jones, the Audit Committee chaired by Jeff Iliffe and the Remuneration Committee chaired by David Johnston. During the year the Board reviewed the membership of these committees and made changes following the appointment of Yetunde Hofmann and Lynne Weedall. Although the Chairman is no longer a member of the Remuneration Committee, he regularly attends the committee meetings at the invitation of the committee Chairman. Delegation of responsibilities to these committees ensures that sufficient time is spent on matters within their responsibility.

Further details of the committees can be found on pages 64 to 83. The terms of reference of all the committees can be found on the Treatt website at www.treatt.com.

Corporate Governance Statement continued

Attendance at meetings

The members of the Board during the year and its committees, together with their attendance, are shown below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Chairman
Number of meetings held in year	7	3	2	6	
Daemmon Reeve – Chief Executive Officer	7	N/A	2	N/A	
Richard Hope – Chief Financial Officer	7	N/A	N/A	N/A	
Tim Jones – Non-executive Director and Chairman (stepped down from Remuneration Committee on 13 May 2019)	7	3	2	4	Board & Nomination
David Johnston – Senior Independent Non-executive Director (stepped down from the Nomination Committee on 13 May 2019)	7	3	1	6	Remuneration
Richard Illek – Non-executive Director (stepped down from the Remuneration Committee on 13 May 2019)	6	N/A	2	3	
Jeff Iliffe – Non-executive Director (stepped down from the Nomination Committee on 13 May 2019)	7	3	1	6	Audit
Yetunde Hofmann – Non-executive Director (appointed to the Board 20 March 2019 and appointed to the Remuneration and Audit Committees on 13 May 2019 and the Nomination Committee on 21 November 2019)	3	1	N/A	1	
Lynne Weedall – Non-executive Director (appointed to the Board 6 April 2019 and appointed to the Remuneration and Nomination Committees on 13 May 2019)	3	N/A	1	2	
Anita Haines – Non-executive Director until 25 January 2019	2	N/A	1	N/A	

Effectiveness

Board composition

The Board has been regularly refreshed to ensure that it has an appropriate balance of skills and experience with financial, technical, industry-specific and general business disciplines being represented. The structure of the Board ensures that no one Director is dominant in the decision-making process and that open debate and discussion is encouraged. There is a suitable balance between the number of Executive and Non-executive Directors.

The importance of Board diversity, which remains a subject of debate in respect of Board composition, is recognised and supported by the Directors of Treatt. Our policy is to recruit the best possible candidate for each individual role having regard to qualifications, experience and personality, without prejudice to a candidate's gender, sexual orientation, disability and other characteristics. Further details on the Group approach to diversity are given on pages 50 and 51.

The Board considers that all of the Non-executive Directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. In compliance with the Corporate Governance Code at least half of the Board are Non-

executive Directors, which the Board considers to be independent. The Chairman, Tim Jones, was independent on appointment and in the opinion of the Board, remains independent. On 20 May 2020 David Johnston will have served nine years on the Board and therefore, in line with best practice under the UK Corporate Governance Code, the Board will no longer consider David Johnston as independent from this date. Consequently, he will step down as Chair of the Remuneration Committee, as a member of the Audit Committee and as Senior Independent Director and appropriate appointments will be made to these positions. At this time, it is intended that Lynne Weedall will succeed David Johnston as Chair of the Remuneration Committee, having had significant experience as Chair of Greene King's Remuneration Committee. The Board has determined that it is in the best interests of the business and its stakeholders for David Johnston to remain on the Board, subject to re-election at the 2020 Annual General Meeting. His contribution to the Board is considerable; his deep technical knowledge and insight into global flavour and fragrance innovations, coupled with his knowledge of the natural and sugar reduction markets and his independence of thought in the context of the Company's operations are, and will

continue to be, of enormous value to the Board. All Non-executive Directors receive a fixed fee for their services. However, in exceptional circumstances, where significant additional time commitment is required, a Non-executive Director may, if approved by the Board or Remuneration Committee, be paid an additional fee in accordance with the Remuneration Policy.

Appointments to the Board

A formal process is undertaken for the search and selection of appropriate candidates for Board vacancies, details of which are set out in the Nomination Committee report on pages 64 and 65.

Where appropriate, on appointment Directors are provided with access to relevant training and advice in respect of their role and duties as a public company director. All new Directors receive an induction to acquaint them with the Group. This takes the form of site tours, meetings with other Board members and senior management and the provision of a comprehensive induction pack, which contains general information about the Group, its structure and key personnel, together with copies of relevant policies and procedures, financial information and briefings on Directors' responsibilities and corporate governance.

Commitment

The Board typically meets between six and ten times each year and more frequently where business needs require; one meeting a year is held at Treatt USA. Directors are required to be available for meetings and the Annual General Meeting with attendance in person or if necessary by video conference, except where prior engagements exist. To facilitate this, meetings are scheduled two years in advance. In addition, contact is maintained between meetings to ensure regular input from all Board members in respect of ongoing matters. It is anticipated that the time commitment required of Non-executive Directors is up to 30 days a year and more for the Chairman. During the year, changes have been made to strengthen the provisions of the service contracts of Non-executive Directors so that they are not permitted to accept other board appointments without approval from the Board, which will consider any potential conflicts of interest with the Group or potential constraints on time required to fulfil the commitment to the Company. Subsequent to her appointment in April 2019, and following a discussion with the Chairman, Lynne Weedall accepted a position as a Non-executive Director of William Hill plc. The Board is satisfied that the other commitments of Board members do not detract from the extent or the quality of the time which they are able to devote to the Group.

Development

The Chairman is responsible for ensuring that all Non-executive Directors receive ongoing training and development. In 2018 the Board became members of the Institute of Directors ('IoD'), and registered with the IoD Academy, providing a range of learning and development programmes to expand and update Directors' knowledge and skills. Directors are able to access appropriate CPD content from a variety of sources in addition to attendance at seminars and workshops. Membership of the IoD has been renewed for 2019. Our Directors understand the need to keep themselves properly briefed and informed about current issues. Regular updates on regulatory and legislative developments are provided to the Board by the Company Secretary.

Information and support

Contact is maintained by the Board through email and telephone with written updates provided in respect of on-going issues, enabling regular input from all Board members. To enable the Board to function effectively and Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters. Board meetings

are of sufficient duration to enable debate and discussion, ensuring adequate analysis of issues during the decision-making process. Further opportunity for more informal and extended discussion is provided at Board lunches which take place after every Board meeting and also provide the Board with an opportunity to meet members of staff, who are sometimes invited to attend.

If necessary, there is an agreed procedure for Directors to take independent professional advice at the Group's expense. This is in addition to the access which every Director has to the Company Secretary. The Secretary is charged by the Board with ensuring that Board procedures are followed and that there are good information flows within the Board and its committees and between senior management and Non-executive Directors.

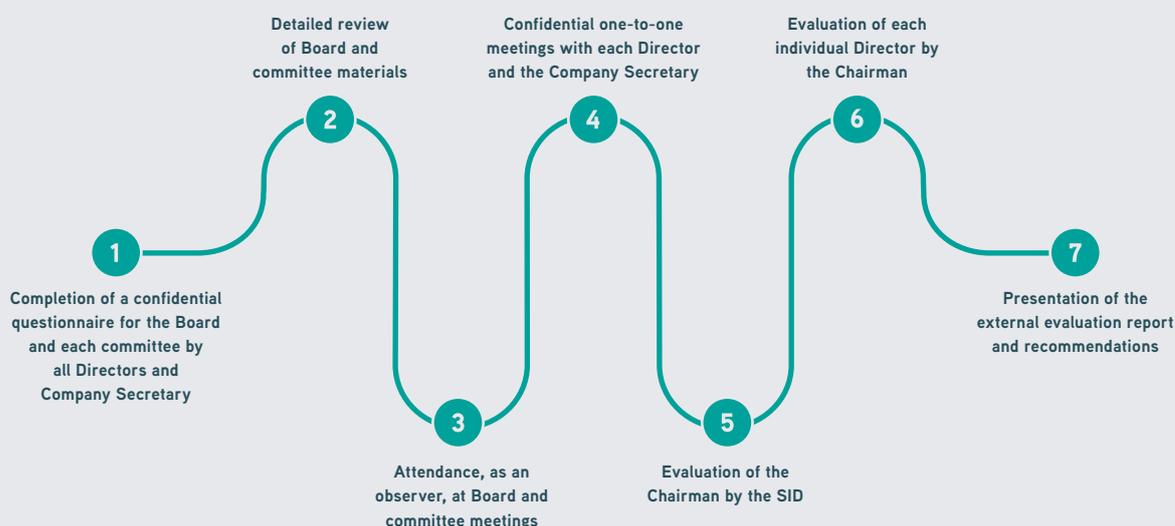
Evaluation

The Board evaluation is performed annually and, notwithstanding the fact that the Company is deemed to be a smaller company under the 2016 Corporate Governance Code, it voluntarily met the requirement of provision 21 of the 2018 Code in undertaking an external evaluation.

The external Board and committee evaluation was undertaken by Board Excellence, an advisor with no other connection to the Company.

Board evaluation process

The evaluation process involved a number of stages to ensure it was sufficiently robust:



Corporate Governance Statement continued

The Group places a great deal of importance on communication with its customers, employees and shareholders

Evaluation continued

The evaluation report, which rated the Board's effectiveness and performance as strong overall, made a number of recommendations, which have been considered by the Board and will be actioned appropriately. It was agreed that the Board has benefitted from the insight provided by an independent evaluator, which will enable continuous improvement.

As part of the Board evaluation process, the performance of individual Executive and Non-executive Directors was evaluated by the Chairman with objectives being identified for the coming year. The Chairman was evaluated by the Senior Independent Director, having sought input from the other Non-executive Directors.

Re-election

The Company voluntarily meets the requirements of provision 18 of the 2018 Corporate Governance Code, in that all Directors offer themselves for re-election annually. Following the annual evaluation of the Board and its committees, the Nomination Committee has determined that all Directors standing for re-election at the Annual General Meeting continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role. Biographical details of each Director standing for re-election are set out on pages 56 and 57.

Relations with shareholders and other stakeholders

Many people and organisations have an interest in our business and how we work.

Our stakeholders include:



Shareholders

The Group places a great deal of importance on communication with shareholders and recognises their role in safeguarding the Company's effective governance. The Board receives updates on the views of our shareholders expressed during our interactions with them and from our brokers.

In the event that shareholders have any concerns, which they do not wish to address through the CEO or CFO, the Chairman or Senior Independent Director are available to address them. Both make themselves available, as required, for meetings with shareholders on issues relating to the Company's governance and strategy.

Engagement with shareholders may take place through:

Results presentations	Shareholder meetings	Annual General Meeting	Consultation	Information
We hold three days of analyst and investor meetings and presentations following the release of our full and half year results in which we aim to see as many institutional shareholders as possible, providing them with an opportunity to ask questions about the Company. We make these presentations available to all shareholders through our website.	During the year, conference calls and meetings took place with existing and potential shareholders at the Company's registered office and at potential investors premises in the UK and in Germany. These meetings were attended by either the CEO or the CFO or both. The meetings provide an overview of our business and the industry in which we operate and focus on the implementation of our strategy.	The Annual General Meeting, generally held at the registered office, gives shareholders the opportunity to meet with Directors individually both before and after the meeting and to hear about the general development of the business and to ask questions of the Board.	In recent years we have consulted with our major shareholders in relation to Director remuneration and auditor rotation. Consultation provides us with an opportunity to gauge shareholder opinion and respond to any concerns raised.	We provide updates on the progress of the business through regulatory news announcements, press releases and updates to the investor section of our website.

Engagement with other stakeholders is important and takes place through:

Employees	Customers	Suppliers	Communities
Engagement with employees is essential for the success of the business; many of our employees are also shareholders. Engagement takes a variety of forms, including meetings with individuals, small groups and the whole workforce providing opportunities for questions and discussion. <ul style="list-style-type: none"> Employee representative committee Town hall meetings Results presentations Site relocation open days Open door sessions with the Chairman and designated Non-executive Directors 	It is important that we understand our customers' requirements to allow us to deliver the products they need and to develop innovative solutions for beverage and flavour and fragrance applications. <ul style="list-style-type: none"> Providing customers with our Market Intelligence Reports Visits to customers with technical specialists Collaboration with customers in our labs developing products for existing applications or new product development 	We have a strong supplier base, located all over the world. To grow sustainably, we need strong supplier relationships to generate and capture value. We want to deal with those suppliers who are committed to Treatt and our values. <ul style="list-style-type: none"> Our Supplier Code of Conduct makes clear our expectations of suppliers when it comes to ethical behaviour and social and environmental responsibility Supplier visits Initial qualification process and requalification every three years 	We care deeply about the communities in which we operate and have spent time developing relationships with our local communities, providing support and opportunities where we are able to do so. We manage community relationships locally, with each business focusing on communities important to them. <ul style="list-style-type: none"> Provision of work experience, internships and sponsorship of academic and careers events Workforce volunteering Donations and sponsorship Local press releases

This report was approved by the Board on 25 November 2019.

Anita Guernari
Group Legal Counsel
and Company Secretary