

# Corporate Governance Report

## Dear Shareholders, I am pleased to present the Corporate Governance Report for 2018, our first full year of operations at Glenveagh.

As a Board, we recognise that the Group's success in delivering to both external and internal stakeholders requires our ongoing commitment to the highest standards of corporate governance. The Board recognises the importance of the principles and provisions of the UK Corporate Governance Code ("the Code") and the Irish Corporate Governance Annex ("the Annex") which underpin the corporate governance framework for premium listed companies. Glenveagh is outside the FTSE 350 and qualifies under the Annex as a "smaller company" and, as such, some of the provisions do not strictly apply to the Group however the Board remains dedicated to promoting a strong culture of good practice in relation to compliance with the Code.

In this Corporate Governance Report, we set out how we have applied the principles of the Code and, in line with its 'comply or explain' model, we describe in detail any departures from its provisions. As this Corporate Governance Report covers the year to 31 December 2018, we are reporting against the 2016 version of the Code. Our next Annual Report in 2019 will see us report against the new Code, which applies for periods commencing 1 January 2019.

Much progress has been made by the Group during 2018, as detailed within the Strategic Report. 2018 was a year of significant ramp-up for the Group and the Board has been heavily involved in supporting and developing the strategic priorities identified during the Group's IPO in October 2017 and expanded upon in our first Annual Report in April 2018.

The Board recognises that, in addition to its own activities, the work of the Board Committees is central to ensuring the robustness of the Group's corporate governance framework. During 2018, the Audit and Risk Committee has continued its work to establish and

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**John Mulcahy**  
Chairman

strengthen a culture of independent scrutiny of the Group's internal control and risk management systems and the processes and procedures in place to monitor both financial and non-financial reporting. Throughout the year, the Remuneration and Nomination Committee agenda focused on significant issues around remuneration, evaluation and the need to balance reward and performance, both at individual Executive Director level and across the Group as a whole. While there were no changes to the membership of the Board or its Committees during 2018, the Remuneration and Nomination Committee continues to look ahead to ensure that the skills, knowledge and experience of the Board remains appropriate to support the Group's strategic objectives for 2019 and beyond. The Committee will look to progressively refresh the independent Non-Executive Directors ("NEDs") on the Board having regard to their mix of skills, experience and diversity. The Committee has determined that the Board could benefit from the further experience and fresh perspective that an additional independent NED could provide. Furthermore, Caleb Kramer has informed the Board of his intention to resign his seat during 2019 and will not be seeking re-election at the Company's AGM. The Committee has therefore commenced a process to appoint at least one new independent NED during 2019.

The Chairmen of the Audit and Risk Committee and the Remuneration and Nomination Committee present their respective reports on pages 70-77 and 78-89. These reports should be considered in conjunction with the Corporate Governance Statement, which details our compliance with the requirements of the Code.

The Board has delegated day-to-day responsibility for operational matters, including the implementation of the Homes and Living Business Plans and Group strategy, to the Executive Committee. The Board has approved a number of changes to the Executive Committee during 2018 to ensure the continued efficiency and

effectiveness of the decision making process. The updated composition is detailed further within the overview of the Group's governance structure on page 63. The members of the Executive Committee also comprise the Group's standing Disclosure Committee, which was established in 2018 to assist the Group in discharging its obligations to make timely and accurate disclosures in the prescribed manner of all information that is required to be so disclosed to meet the legal and regulatory requirements arising from the Listing Rules and the Market Abuse Regulations.

One of my responsibilities as your Chairman is to ensure that the Board is performing effectively and as part of this process, I initiated our first annual review of Board performance in 2018, assisted by the Company Secretary. This 2018 review was conducted internally, with an external review to take place in every third year. Further detail in relation to the review process and outcomes is set out at page 66 but I am pleased to confirm that no significant issues were raised, and it remains the view of all the Directors that the Board and its Committees continue to operate effectively to support the business. I am also satisfied that each Director continues to make a valuable contribution to the work of the Board and demonstrates a high level of ongoing commitment to their role.

Together with my colleagues on the Board, I am looking forward to the continued evolution of our business in 2019. We recognise that we are assisted in our duties by a highly experienced senior management team, who are in turn supported by dedicated and hard-working colleagues across the Group. On behalf of the Board, I would like to thank all of our colleagues for their contribution to the progress made by the Group in 2018.

**John Mulcahy**  
Chairman

# Corporate Governance Statement

The Corporate Governance Statement, in conjunction with the Audit and Risk Committee Report and the Remuneration and Nomination Committee Report, describes how the Group has applied the Main Principles of the UK Corporate Governance Code issued by the FRC in April 2016 ("the Code") and the Irish Corporate Governance Annex ("the Annex") and details any departures by the Group from the specific provisions of the Code and the Annex. The full text of the Code and the Annex can be obtained from the following websites respectively:

[www.frc.org.uk](http://www.frc.org.uk)

[www.ise.ie](http://www.ise.ie)

## Compliance with the UK Corporate Governance Code and Irish Annex

The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Group is committed to applying the overarching corporate governance framework for premium listed companies, which is underpinned by the Code.

Through the Annex, the Irish Stock Exchange has supplemented the Code with additional corporate governance guidelines applicable to companies with a primary listing on its main market for listed securities. As a company listed on the Main Securities Market in Ireland, the provisions of the Annex are applicable to the Group. Throughout 2018, the Group was regarded as a 'smaller company' under the Annex's interpretive provisions for company size, equivalent to those set out in the Code.

## As a company listed on the standard listing segment of the Official List of the London Stock Exchange, the Group is not subject to the principles and provisions of the Code.

In the Prospectus issued ahead of admission to trading in October 2017, the Group committed to attaining the highest standards of corporate governance and confirmed its intention to comply with both the Code and the Annex by the first anniversary of its admission to trading, save in respect of John Mulcahy's ongoing role as Executive Chairman.

In keeping with its expressed intention at admission to trading, the Group has complied with the requirements of the Code during 2018 with the continued exception of Provision A.3.1, which provides that the Chairman should, on appointment, meet the independence criteria set out within the Code.

While the Code prescribes that compliance or otherwise with Provision A.3.1 need only be reported for the year in which the appointment is made, the Board would like to re-affirm its previously stated collective belief that John Mulcahy's ongoing role as Executive Chairman enables him to bring his extensive knowledge and experience of the Irish residential housing market to his leadership of the Board.

The Board continues to believe that John's commitment and contribution as Executive Chairman is essential to the effective leadership of the Board and the Group as it continues to implement its strategy following admission to trading last year.

Given the Board's unanimous decision to appoint an Executive Chairman, and its collective preference for John Mulcahy to continue in his role, the Senior Independent Director, Lady Barbara Judge, remains willing and available to assume additional responsibilities, as required. There also continues to be a clear division of responsibilities (which is described further on page 67) between the Chairman and the CEO. As such, the Board remains satisfied that no one individual or group has dominated its decision making and that there has been sufficient challenge of executive management in meetings of the Board.

As part of its ongoing review of effectiveness of the Board in its discharge of its duties, the Board, with the assistance of the Remuneration and Nomination Committee, will continue to review the appropriateness of the current governance arrangements.

## Corporate Governance Structure

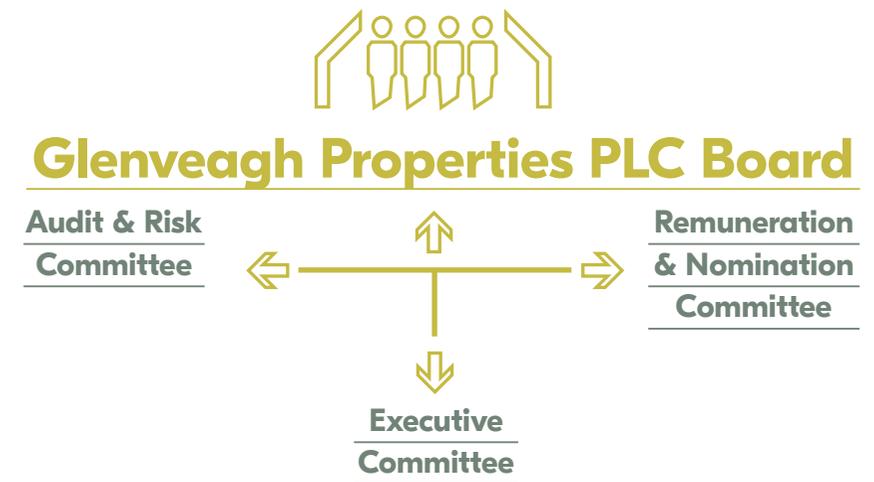
The Group's governance structure is illustrated below. The Board is responsible for setting and guiding the strategic direction of the organisation, understanding the key risks faced by the Group, determining the risk appetite of the Group and ensuring that a robust internal control

environment and risk management framework is in place. The Board has overall responsibility for the management of the Group's activities and is accountable to shareholders for creating and sustaining shareholder value, through its management of the business, and the long-term success of the Group.

To assist in discharging its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board has delegated a number of its responsibilities to its Committees, while reserving to itself a formal schedule of matters on which it exercises final decision. The terms of reference for each of the Board Committees and the schedule of matters reserved for the Board are reviewed on an annual basis and made available on the Group's website. The terms of reference for each Committee and the schedule of matters reserved to the Board were last reviewed and approved by the Board on 5 December 2018.

The activities of the Board Committees during 2018 are described in detail in the Audit and Risk Committee Report on page 74 and the Remuneration and Nomination Committee Report on page 82.

Responsibility for day-to-day management of the Group's operations is delegated by the Board to the Executive Committee. The terms of reference



for the Executive Committee are reviewed annually and, following the first annual review in December 2018, the Board approved a change in composition of the Committee to reflect the refocus of key business priorities across the senior management team one year on from the Group's IPO.

The Executive Committee is chaired by John Mulcahy, Executive Chairman of the Board, and its members are Justin Bickle, CEO, Stephen Garvey, COO, and Michael Rice, CFO. The Company Secretary is responsible for the proper administration of the Executive Committee, as prescribed by the terms of reference approved by the Board. The Executive Committee meets formally at least twice per month, and members meet informally on day-to-day issues outside of meetings.

## Board Composition

There were no changes to the membership of the Board in 2018, which continues to be comprised of seven Directors: three Executive Directors, including the Executive Chairman, three independent NEDs and one NED. During the year, the Board reviewed the overall balance of skill, experience, knowledge and independence of the Board and its Committees. The Board remains satisfied that it is of an appropriate size for the requirements of the business and that the current composition provides a suitable balance of skills and experience including in property, construction, legal, accounting and finance, which equip the Board members in effectively discharging their duties to the Group and to the shareholders.

The Board remains satisfied that the balance of Executive and NEDs is suitable to facilitate constructive and effective challenge and debate. The NEDs have direct access to the senior management team within the Group and contact with the business is encouraged by the Board and assists the NEDs in constructively challenging management and offering advice and guidance on strategic decisions. In addition, the Executive Chairman met with the NEDs, individually and collectively, throughout 2018 which provided the NEDs with further opportunities to discuss issues relevant to the running of the Board and the Group.

As part of the Board effectiveness evaluation process, it was determined that while the collective skills and experience of the current Board are more than adequate to meet the needs of the Group in the short-term, the Board could benefit from the further experience and fresh perspective that an additional independent NED could provide. Furthermore, following the reduction in Oaktree Capital Management's shareholding in the Group which was executed as part of the capital raise during the year, Caleb Kramer has informed the Board of his intention to resign his seat during 2019 and he will therefore not be seeking re-election at the Group's AGM. The Committee has therefore commenced a process, through the appointment of external consultants, to identify and select appropriate candidates with the intention of appointing at least one new independent NED during 2019.

As part of the nomination process, the Remuneration and Nomination Committee will consider the balance of skills, experience, independence and knowledge on the Board. The Committee will also consider the diversity of the Board, including gender, and how the Board work together as a collective unit. Any appointments to the Board will have due regard to the benefits of diversity on the Board, including gender, but will be made on merit to ensure that the appropriate balance of skills and experience required by the business are continued to be met.

In 2018, the Group's first full financial year of operations, the Board's focus was on the effective operation of its current governance structures and, while the Group does not yet have a formal Diversity Policy in place, the approval and implementation of a formal policy will form part of the Remuneration and Nomination Committee's workstream in 2019, as the Group looks to appoint our first new director post-IPO. Details of the Directors serving on the Board during 2018 are set out at pages 90 to 93. All Directors (with the exception of Caleb Kramer) will submit themselves for re-election at the 2019 Annual General Meeting ("AGM").

## Independence of Directors

The Board has reviewed the independence of all NEDs and determined that they continue to be independent within the provisions of the Code, with the exception of Caleb Kramer who holds an executive position at Oaktree Capital Management, a substantial shareholder of the Group for part of 2018.

The Board is satisfied that the independent NEDs continue to demonstrate autonomy in character and judgement.

## Director Interests

The Group's Articles of Association provide that any Director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Group shall comply with the provisions of Section 231 of the Companies Act 2014 and those of the same Section with regard to the disclosure of such interest by declaration.

The Board considers potential conflicts of interest as a standing agenda item at each meeting and a Conflicts of Interest Register is maintained by the Company Secretary, setting out any conflicts of interest which a Director has disclosed to the Board in line with their statutory duty.

Subject to certain exceptions, Directors are prohibited from voting at Board or Committee meetings on any resolution concerning a matter in which they, or a member of their immediate family, have a direct or indirect interest which is material or a duty which conflicts or may conflict with the interests of the Group. A Director will not count in the quorum present at a meeting in relation to any such resolution on which they are not entitled to vote.

The Group has established a comprehensive Conflict of Interest Policy, which was updated and approved by the Board during 2018. In line with the Conflict of Interest Policy, each Director reviews the Conflict of Interest Register and provides an updated declaration of interests form to the Company Secretary on an annual basis.

## Board Meeting Attendance

The Board holds regularly scheduled meetings throughout the year. It held 5 such meetings in 2018. Additional ad-hoc meetings of the Board are convened as required between the regularly scheduled meetings to consider acquisition proposals presented by the Executive Committee. During 2018 the Board held an additional 9 meetings. The table below provides details of the attendance record for all meetings held by the Board in 2018.

	Board		Audit and Risk Committee	Remuneration and Nomination Committee
	Scheduled	Ad-hoc		
<b>Number of Meetings held</b>	<b>5</b>	<b>9</b>	<b>4</b>	<b>4</b>
John Mulcahy	5/5	7/9	-	-
Justin Bickle	5/5	9/9	-	-
Stephen Garvey	5/5	8/9	-	-
Lady Barbara Judge	5/5	8/9	4/4	4/4
Robert Dix	4/5	7/9	4/4	3/4
Richard Cherry	5/5	7/9	4/4	4/4
Caleb Kramer	1/5	2/9	-	-

All Directors are expected to attend all meetings of the Board, and of those Committees on which they serve, and the Company's AGM.

Dates for the regularly scheduled Board meetings are set for the year in advance. The nature of the ad-hoc meetings convened to consider acquisition proposals is such that these may be called at relatively short notice and, for this reason, Directors on occasion have been unable to attend due to prior engagements.

Meeting agendas are set by collaboration between the Chairman and the Company Secretary, with full Board packs circulated to Directors for review and consideration in advance of all meetings. The Company Secretary is responsible for the co-ordination and organisation of Board meetings and is available to provide advice and support to all Directors as required.

Supplementary to its formal meetings, the Board encourages its NEDs to communicate directly with both the Executive Directors and the senior management team. During the year certain NEDs met regularly with members of senior management and visited certain sites where construction was ongoing.

## Board Effectiveness

The performance and effectiveness of the Board and its Committees is monitored on an ongoing basis and is subject to formal review through the annual evaluation process. In December 2018 the Board undertook an internally led effectiveness review. This is ahead of the three yearly external evaluation which will take place in 2020.

The 2018 review process was led by the Chairman with the support of the Company Secretary and was carried out by means of an online questionnaire which was carefully structured and designed to enable the Directors to identify any areas for potential improvement in the processes of the Board and its Committees.

All Directors were also asked to complete the self-evaluation questionnaire which asked each individual Board member to assess their own skills and expertise. The Chairman and Company Secretary then met to discuss the results of the evaluation process and a report was submitted to the Board setting out the principal issues raised and proposing appropriate actions for 2019.

## The performance and effectiveness of the Board and its Committees is monitored on an ongoing basis and is subject to formal review through the annual evaluation process. In December 2018 the Board undertook an internally led effectiveness review.

Having reviewed the results of the evaluation process, the Directors were satisfied that the Board operated effectively in 2018 and that there were no significant areas of concern.

Following the 2018 Board evaluation process, the independent NEDs met with Lady Barbara Judge as Senior Independent Director to review the performance of the Chairman during the year. Lady Judge later met with the Chairman to communicate the feedback from that meeting and she formally reported to the Board on the outcome of the Chairman's performance evaluation.

## Division of Responsibilities

The roles of the Chairman and the CEO are clearly segregated and the division of responsibilities between them is set out in writing and reviewed by the Board on an annual basis. The Chairman is responsible for the leadership of the Board and is tasked with ensuring its effectiveness, while the CEO is responsible for leading the business of the Group and for implementing the business strategy agreed by the Board.

To ensure that the Board operates efficiently and effectively, certain key roles have been clearly defined and communicated to all Board members, as summarised on the opposite page.

Role	Responsibility
<b>Executive Chairman – John Mulcahy</b>	The Chairman is responsible for leadership of the Board, promoting its effectiveness in all aspects of its role and ensuring its key duties are discharged to an acceptable degree. The Chairman ensures that the Board members receive accurate and timely information, enabling them to play a full and constructive role in the development and determination of the Group's strategy. He is responsible for creating an environment which encourages open dialogue and constructive challenge. He ensures that there is effective communication with the shareholders.
<b>CEO – Justin Bickle</b>	The CEO is accountable to, and reports to, the Board and is charged with the responsibility for running the Group's business. He is responsible for the execution of agreed strategy and implementation of the decisions of the Board with a view to creating value for shareholders and the wider stakeholder base. He is ultimately responsible for all day-to-day management decisions and actions following this. The CEO acts as a direct liaison between the Board and management and communicates to the Board on behalf of management. He also communicates on behalf of the organisation to external stakeholders.
<b>Senior Independent Director – Lady Barbara Judge</b>	The Senior Independent Director of the Group is available to shareholders who have concerns that cannot be addressed through the Chairman or Chief Executive and will attend meetings with major shareholders as necessary. She acts as a sounding board for the Chairman and serves as an intermediary for the other Directors as necessary. The Senior Independent Director also leads an annual meeting with the NEDs to appraise the Chairman's performance.
<b>Company Secretary – Chloe McCarthy</b>	The Company Secretary supports the Chairman and the CEO in fulfilling their duties. She is responsible for the Group's compliance with Board procedures and for the commitment to best practice in corporate governance. The Company Secretary is available to all Directors for advice and support and she ensures that the Board has high quality information, adequate time and appropriate resources in order to function effectively. In addition, the Company Secretary facilitates the induction of new Directors, assists with the ongoing training and development of the Board and with the annual evaluation process.

## Directors' Terms of Appointment

The NEDs have three-year appointments from 13 October 2017, with no right to re-nomination by the Board either annually or after the conclusion of the three-year period. The terms of their engagement with the Group as Directors are set out in formal letters of appointment.

The Executive Directors have service agreements with the Group, which provide for notice periods of six months. Full details of the remuneration of the Directors can be found at page 88 of the Remuneration Report.

All Directors are subject to annual re-election at the AGM of the Group and if they are not re-elected by the shareholders or are retired from office under the Constitution of the Group, their appointment will terminate with immediate effect and without compensation.

## Directors' Induction, Training and Development

The Group is committed to providing newly appointed NEDs with a formal induction process which provides them with a comprehensive understanding of their role and responsibilities as Directors, the business of the Group and the operations of the Board and which allows for the efficient and effective integration of new Board members.

The induction of NEDs is overseen by the Chairman with the assistance of the Company Secretary and includes visits to respective management teams in each of the Group's business units and site tours of live construction projects. Newly appointed Directors have access to the Company Secretary's assistance and guidance around the workings of the Board, in addition to the experience gained with attendance at regular meetings.

All Directors receive ongoing updates on the Group's projects and activities and are encouraged to attend site tours facilitated by the Executive Directors. Directors also receive updates from the Company Secretary on legal and regulatory changes. In 2018 this included briefings on the EU Market Abuse Regulation and the General Data Protection Regulation.

## Internal Control and Risk Management

The Board has in place an ongoing process for identifying, evaluating and managing significant risks that the Group may face. This process has been in place for the financial year and up to the date of approval of the financial statements and it is regularly reviewed by the Board.

Oversight of the Group's system of internal controls, risk management and governance frameworks are a key priority of the Board and has been delegated to the Audit and Risk Committee. The Audit and

Risk Committee monitors and reviews the Group's risk management and internal control processes including the financial, operational and compliance controls. There are a number of actions taken by the Audit and Risk Committee that are designed to highlight any areas of weakness in the control framework such as:

- on-going detailed discussions with management and the Executive Committee;
- its oversight and review of the internal audit function;
- the external audit reports as part of the half year review and year end audit process; and
- review of the Group's risk register.

Further details of the work undertaken by the Audit and Risk Committee in relation to internal control and risk management is detailed in the report of the Audit and Risk Committee set out on pages 70 to 77. The Board, through the Audit and Risk Committee, will continue to monitor and improve its risk management framework throughout 2019.

The principal risks and uncertainties that face the Group are outlined as part of the risk management report on pages 46 to 53 of this report and includes those risks that could threaten the Group's business model, future performance and operations. The Directors confirm they have carried out a robust assessment of these risks and the controls that are in place to mitigate them.

The Group has documented its financial policies, processes and controls for the Group as a whole, which will be subject to a regular review to ensure the systems remain fit for purpose. The key elements of the system of internal controls related to the financial reporting process include:

- The Board review and approve a detailed annual budget and forecast and monitor performance against the budget and forecast through monthly Board Reporting;
- Prior to submission to the board with a recommendation to approve, the Audit and Risk Committee review the half year consolidated financial statements, the annual consolidated financial statements and all formal announcements relating to these statements;
- Adherence to the Group Code of Conduct and Group policies;
- Monthly reporting and financial review meetings are held to review performance ensuring that significant variances between budget and



Marina Village, Greystones, Wicklow

- detailed management accounts are investigated and that remedial action is taken;
- A well-resourced and appropriately skilled Finance function is in place;
- The Board, through the Audit and Risk Committee, completes an annual assessment of risks and mitigating controls;
- The Group has a formal Finance Manual in place which clearly sets out the Group accounting policies;
- The Internal Audit function continually reviews the internal controls and systems and makes recommendations for improvement which are reported to the Audit and Risk Committee;
- Monthly, interim and annual financial performance and position are reviewed by the CFO; and
- Interim consolidated financial statements are reviewed by the Group's external auditor and the annual financial statements are subject to audit.

## Engagement with Shareholders

The Group is committed to maintaining open and transparent communications with its shareholders. During 2018, the Group established a comprehensive investor relations program through which the CEO, COO, CFO and the Director of Investor Relations & Strategy regularly meet with the Group's institutional shareholders to present results and to discuss strategic issues. Throughout 2018 members of the Group's IR team attended a wide variety of industry conferences and road shows and institutional investors were invited by the Group to join site tours to a number of active developments.

The Board recognises the importance of communication with shareholders and receives regular reports from the IR team with updates on institutional shareholder meetings, broker reporting and general market commentary. This assists the Board in understanding and taking account of the views of shareholders.

In addition, the Chairman and Senior Independent Director are also available to shareholders throughout the year should they have issues or concerns that cannot be resolved through the usual IR channels.

## Annual General Meeting ("AGM")

The Company's AGM provides an opportunity for all shareholders to hear a presentation on the Group's activities and performance during the year, and to vote on each resolution put to the meeting.

The AGM also provides the Board with a valuable opportunity to communicate with private investors and the Group encourages all shareholders to attend the meeting each year and to put forward any questions that they may have to the Directors at the conclusion of the formal business of the meeting.

The 2019 AGM will be held on 7 June 2019 at the InterContinental, Simonscourt Rd, Ballsbridge, Dublin 4.