

# STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

## Chairman's Corporate Governance Statement

As Chairman of CPPGroup Plc ("CPP" or "the Group"), I am responsible for ensuring that the Board operates within a sound governance framework that underpins the Group's ability to achieve its strategic goals.

The Board has adopted and complies with the Quoted Companies Alliance Corporate Governance Code (the QCA Code), which remains well suited to the Group at its current stage of development. The ten principles of the QCA Code are addressed below with an outline of how the Group complies with each principle, and any departures from the Code. Further details may be found in our Annual Report and Accounts, copies of which are available on the Group's website.

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### Principle 1

#### **Establish a strategy and business model which promote long-term value for shareholders**

A full description of our strategy and business model is given on pages 9 and 11 of our Annual Report and Accounts and key challenges to their execution are detailed under 'Principal risks and uncertainties', on pages 21 to 23.

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### Principle 2

#### **Seek to understand and meet shareholder needs and expectations-**

The Board is committed to maintaining good relationships with shareholders. The Chairman is responsible for ensuring that appropriate channels of communication are established between the Executive Directors and shareholders, ensuring that the views of shareholders are made known to the Board.

The Annual General Meeting (AGM) provides the Board with an opportunity to meet and communicate directly with private investors.

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### Principle 3

#### **Take into account wider stakeholder and social responsibilities and their implications for longer term success**

Our business model seeks to add value to the wider community, with particular reference to:

- our business partners;
- our shareholders;
- our customers; and
- our colleagues.

Details of how we seek to create value for each of these stakeholders are given in the business model on page 9 of our Annual Report and Accounts.

An outline of how the Directors have discharged their duties in accordance with section 172(1) of the Companies Act 2006 can be found on pages 24 and 25 of our Annual Report and Accounts.

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Principle 4

**Embed effective risk management, considering both opportunities and threats, throughout the organisation**

Until March 2021 CPP had a dedicated Risk & Compliance Committee responsible for identifying and overseeing key risks and the resources available to manage them. Those matters previously considered by the Risk & Compliance Committee are now dealt with directly by the Board.

The Group's risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively. A full description of the Group's risk management framework and principal risks is given on pages 21 to 23 of our Annual Report and Accounts.

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Principle 5

**Maintain the board as a well-functioning, balanced team led by the chair**

The Board believes that the balance between Non-Executive Directors and Executive Directors reflects the changing needs of the business and allows the Board to exercise objectivity of decision making and proper control of the Group's business. Within that the Board maintains a balance of independent and non-independent Non-Executive Directors. It is the Group's intention to appoint an additional independent Non-Executive Director in 2022. On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the estimated time commitment expected of them. The average anticipated time commitment is two days per month, although the nature of the role makes it impossible to be specific. Directors understand that they may be required to devote additional time in respect of preparation time and ad hoc matters that may arise from time to time. A potential Director candidate is required to disclose all significant outside commitments prior to appointment and any future external appointments must be approved in advance by the Chairman. The number of meetings attended by each Director during 2021 is given on page 31 of our Annual Report and Accounts.

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Principle 6

**Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Board considers itself diverse in terms of the background, experience and personal qualities each individual member brings to the Board, and recognises the benefits that greater diversity at the most senior levels of the Group may bring.

Details of the experience and skills of each of the Directors are given on pages 26 and 27 of our Annual Report and Accounts.

The Board receives at its meetings detailed reports from senior management on the performance of the Group and other information as necessary. Regular updates are provided on relevant legal and regulatory, corporate governance and financial reporting developments.

All Directors have access to the advice and services of the Company Secretary and the Board also obtains advice from professional advisers as and when required.

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Principle 7

**Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

In 2018, the Board undertook an externally facilitated questionnaire based Board evaluation, conducted by BP&E Global, following which certain changes were implemented. Given the stability of the Board and the relatively small number of recommendations arising from that review, the Board has not carried out a further formal effectiveness review since. It was the Board's intention to undertake one in 2021, however this was postponed as a result of Board changes. A new Nomination Committee was established in December 2021 which will consider this as part of its remit.

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Principle 8

**Promote a corporate culture that is based on ethical values and behaviours**

Our business distributes products through long term partnership arrangements. Quality of approach and a high level of integrity are essential for sustainable success and, having made good progress in fundamentally changing the organisation, we recognise the need to ensure we have the right people in the right place and in the right roles.

Having an Executive Director specifically responsible for people and culture has enabled the Board to monitor and promote a healthy corporate culture.

The Board continues to invest in a dedicated programme to address, formulate and implement an open, honest and authentic culture that extends consistently throughout the Group. Further information may be found on page 19 of our Annual Report and Accounts.

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Principle 9

**Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

Papers for Board and Committee meetings are circulated in advance of meetings, including to any Director who is unable to attend. Each member of the Board has access to all information relating to the Group and to the advice and services of the Company Secretary (who is responsible for ensuring that Board procedures are followed). All Board members also have access to external advice at the expense of the Group, should they need it.

Details of our governance framework are given on page 30 of our Annual Report and Accounts.

The following departures from the QCA Code should be noted. Membership of the Remuneration Committee includes a non-independent Non-Executive Director, and currently has a non-independent Non-Executive Chair. The Audit Committee's membership also includes an additional non-independent Non-Executive Director. Given the relatively small size of the Board, and recent Board changes, the Directors consider this necessary.

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Principle 10

**Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Group maintains a corporate website (<https://international.cppgroup.com>) which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors, including the Group's annual and half yearly reports, trading statements and all regulatory announcements relating to the Group.

As soon as practicable after the conclusion of any general meeting, the voting results are released through a regulatory information service (RIS) and a copy of the announcement is posted on the Group's website at <https://international.cppgroup.com/investors/stock-info/>.

All historical annual reports, Company circulars and notices of general meetings are available on the Company's website at <https://international.cppgroup.com/investors/shareholder-info/>

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30 August 2022