

## STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

### Chairman's Corporate Governance Statement

As Chairman of CPPGroup Plc ("the Company", "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 the Quoted Companies Alliance Corporate Governance Code (the QCA Code) which remains well suited to the Group. 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 (principle 9).

<b>Principle 1 Establish a strategy and business model which promote long-term value for shareholders</b>
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A full description of our business model and strategy are given on pages 12 to 17 of our Annual Report and Accounts. 2023 has seen the Group continue to progress the CMP which is substantial and will not be fully complete until 2025. Key challenges to their execution are detailed under 'Risk management and principal risks' on pages 34 to 37 of our Annual Report and Accounts.
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<b>Principle 2 Seek to understand and meet shareholder needs and expectations</b>
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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.
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The Annual General Meeting (AGM) provides the Board with an opportunity to meet and communicate directly with private investors.
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<b>Principle 3 Take into account wider stakeholder and social responsibilities and their implications for longer term success</b>
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Our business model seeks to add value to the wider community, with particular reference to:
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| <ul style="list-style-type: none"><li>• our business partners;</li><li>• our shareholders;</li><li>• our customers;</li><li>• our colleagues; and</li><li>• our communities.</li></ul> |
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Details of how we seek to create value for each of these stakeholders are given in the business model on page 13 of our Annual Report and Accounts.
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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 38 and 39 of our Annual Report and Accounts.
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<b>Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>
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The Group's risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively, with regular risk updates provided to the Board for consideration.
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A full description of the Group's Risk Management Framework and principal risks is given on pages 4 to 37 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 ratio of Executive to Non-Executive Directors is appropriate, allowing the Board to exercise objectivity of decision making and proper control of the Group's business. In October 2023, the Chairman resigned as the nominee for Hamish Ogston, a shareholder in the Company. As a result, the Board now considers, following consultation with its nominated adviser, that the Chairman is independent, meaning that the Board currently has a ratio of two Independent Non-Executive Directors to one Non-Independent Non-Executive Director.

The Group had intended to appoint an additional Independent Non-Executive Director during the course of 2023. Following the change in the status of the Chairman, the Board now comprises a majority of Independent Non-Executive Directors. As a result, further consideration is being given to the position with regard to Board composition and requirement for any additional appointment.

Non-Executive Director Jeremy Miller holds a total of 40,000 shares in the Company (representing 0.45% of issued share capital). The Board is satisfied that Jeremy remains independent notwithstanding this.

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 2023 is given on page 45 of our Annual Report and Accounts.

**Principle 6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The members bring a diverse range of skills and experience to the Board, but it is recognised that a larger Board would, at a cost, be able to deliver greater diversity and broaden the skills present in the Board. As noted above, it continues to be an issue under constant review.

Details of the experience and skills of each of the Directors are given on page 41 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.

**Principle 7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Board undertook an internal evaluation of its performance and effectiveness during the first quarter of 2023. Whilst this review was not externally invigilated, it was based on an externally facilitated questionnaire and took into account the views of both Board members and other members of the Company's senior management team.

**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. The Board continues to support an open, honest and authentic culture that extends consistently throughout the Group.

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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, along with external advice at the expense of the Group, should they need it.

Details of our governance framework are given on page 44 of our Annual Report and Accounts.

The following departures from the QCA Code should be noted. The Remuneration Committee has a Non-Independent Non-Executive Chairman and until 5 October 2023, membership included an additional Non-Independent Non-Executive Director. The Audit Committee's membership also includes a Non-Independent Non-Executive Director, and until 5 October 2023, included two Non-Independent Non-Executive Directors. Given the small size of the Board, the Directors consider these departures to be necessary. The changes with effect from 5 October 2023 are a result of the Chairman's resignation as a nominee for Hamish Ogston, following which the Board has determined, after consultation with its nominated adviser, that he should be considered as independent.

**Principle 10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company maintains a corporate website at [corporate.cppgroup.com](http://corporate.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) with a copy of the announcement posted on the Company's website at [corporate.cppgroup.com/investors/company-announcements/](http://corporate.cppgroup.com/investors/company-announcements/).

All historical Annual Reports are available on the Company's website at [corporate.cppgroup.com/investors/results-reporting/](http://corporate.cppgroup.com/investors/results-reporting/), and Company circulars and notices of general meetings are available at [corporate.cppgroup.com/investors/company-announcements/](http://corporate.cppgroup.com/investors/company-announcements/).