

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 is responsible to shareholders for the strategic direction, management and control of the Group's activities and has always been committed to high standards of corporate governance.

Following a change to the AIM Rules, the Board took the opportunity to re-consider which recognised corporate governance code was most appropriate for the Group. After full consideration, the Board agreed to adopt the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). We believe that the QCA Code provides a flexible but rigorous outcome-orientated framework that is well suited to the Group, given its nature and current stage of development.

The following gives an overview of how the Group currently complies with each of the ten principles of the code. Further details may be found in our Annual Report & Accounts, copies of which are available on the Group's website.

Principle 1 Establish a strategy and business model which promote long-term value for shareholders.

Our Annual Report & Accounts gives full description of our business model and strategy, the principal pillars of which are:

- Focus on our partner relationships
- Cultural and organisational change
- Investment in growth markets
- Realignment of mature markets
- International Expansion
- Driving innovation

Principle 2 Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good relationships with shareholders and 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.

Members of the Board maintain regular dialogue with the Company's largest shareholders.

All shareholders have the opportunity to convey their views and make enquiries by email or telephone.

The Group maintains a corporate website (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-year reports, trading statements and all regulatory announcements relating to the Group.

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

Principle 3 Take into account wider stakeholder and social responsibilities and their implications for longer term success.

A full description of our strategy and business model is given on pages 6 – 9 of our Annual Report & Accounts. Our business model seeks to add value to the wider community as follows:

For business partners:

- Ongoing revenue streams through products and services that are relevant and that partners want to provide to their customers
- Delivering market leading, innovative products and services in ways customers want to engage with them
- Enhance our partners’ brands through service excellence.

For customers:

- Products and services that provide convenience and control which are relevant to customers’ everyday lives. Our mission is to help people keep going with minimum worry and upheaval when things go wrong.
- We provide peace of mind so that customers know if something does go wrong we are there to help.
- We provide a high quality of service which creates value and longevity of product holding

For shareholders:

- Strong balance sheet to deliver our growth strategy
- Investment in future growth opportunities and regional expansion
- Increased value through organisational focus and clear strategy

For colleagues:

- Personal growth and development opportunities
- Support and investment in values that enable learning and deliver change to help our partners and customers.
- Global experience and impact

Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group’s risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively. To support the risk framework CPP operates a ‘three lines of defence’ model across the group. A full description of the Group’s risk management and principal risks is given on pages 28-31 of the [Annual Report & Accounts](#).

The Group has a dedicated Risk & Compliance Committee responsible for identifying and overseeing key risks and the resources available to manage them.

Principle 5 Maintain the board as a well- functioning, balanced team led by the chair

The Board aims to ensure that the balance between non-executive directors and executive directors reflect the changing needs of the business and allows the Board to exercise objectivity of decision-making and proper control of the Group’s business. The Board judges all the current non-executive directors to be independent.

Due to the Company’s current stage of development, the non-executive directors have expended significantly more time than would ordinarily be required of them – for example in frequent visits to overseas operations.

Papers for Board and Committee meetings are circulated in advance of the relevant meeting.

All meetings of the Board and its committees are attended and minuted by the company secretary.

The number of meetings attended by each director during 2017 is given on page 37 of the [Annual Report & Accounts](#).

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

Details of the experience and skills of each of the directors are given on page 33 of the [Annual Report & Accounts](#).

All directors are offered appropriate coaching and training to develop their knowledge and ensure they remain up to date in matters for which they have responsibility as a member of the board. Board members receive regular updates from the Board's advisers.

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

During 2018, for the first time in a number of years, the Board has taken part in an externally facilitated Board Evaluation, conducted by BP&E Global. The evaluation was questionnaire-based and the criteria against which the board effectiveness was considered were:

- Board Dynamics
- Board Processes
- Delegation to and oversight of Management
- Culture, Ethics and Clarity of Purpose
- Strategic Direction
- Stakeholder Engagement and Reporting
- Committees

The following recommendations of the report issued by BP&E on completion of the evaluation were accepted by the Board:

- Review of Director induction plan (when applicable)
- Improved focus on Director training/development
- Audit Committee – consideration to be given to an additional Committee meeting for approval of the Annual Report & Accounts
- Additional Remuneration Committee meetings to be agreed between the Remuneration Committee Chair and the People & Culture Director

Principle 8 Promote a corporate culture that is based on ethical values and behaviours

Our business distributes products through long term partnership arrangements, B2B2C. Quality of approach and high 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 in the right roles.

The appointment of a director specifically responsible for people and culture enables the Board to monitor and promote a healthy corporate culture.

The Board has approved significant investment in developing a dedicated programme to address, formulate and implement an open, honest and authentic culture that extends consistently throughout the business.

Principle 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The Board comprises the Chairman, Sir Richard Laphorne, three independent non-executive directors, Mark Hamlin, Nick Cooper and Tim Elliott, and three executive directors, Jason Walsh (CEO), Oliver Laird (CFO) and Justine Shaw (People & Culture Director).

The Chairman is responsible for:

- leadership of the Board and setting its agenda;
- ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives;
- acting as guardian of the Board's decision-making processes.

The Chief Executive is responsible for:

- the day-to-day running of the Group's business;
- proposing and developing the Group's strategy and overall commercial objectives in close consultation with the Chairman and the Board;
- implementing, with the support of the executive team, the decisions of the Board and its Committees.

Details of the Group's governance framework are given on page 35 of the [Annual Report & Accounts](#).

The schedule of matters reserved for the board can be found on the Group's website, along with the terms of reference for each of the Board's committees. <https://international.cppgroup.com/investors/corporate-governance/>

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

As soon as practicable after the conclusion of any general meeting, the voting results are released through a regulatory news service and a copy of the announcement is posted on the company's website.

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/>

11 October 2018