

LORDS GROUP TRADING PLC
QCA CODE WEBSITE DISCLOSURES

Corporate Governance Statement

The Company sets out below how it complies with the ten key principles of the QCA Corporate Governance Code. A checklist of QCA website compliance disclosures is set out in the Appendix.

This document was last updated on 20 July 2021.

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

Lords Group Trading plc's strategy and business model is designed to promote long-term value for the Company's shareholders through the organic growth of its existing businesses and through inorganic strategies to continue to build upon the Company's strong track record of acquisitions. The Company's strategy and business model, as well as the key challenges faced by the business, are explained in detail in the Company's AIM admission document, which can be found on this website.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company is committed to listening and communicating openly with its shareholders and in doing so ensuring that the Company's strategy, business model and performance are clearly understood. In doing so the Company will actively engage in dialogue with shareholders.

The Directors will meet regularly with institutional shareholders, including after the announcement of full-year and half-year results, and are responsible for ensuring that their expectations are understood by the Board. The Company's annual general meetings will also provide opportunities for dialogue between the Board, who will routinely attend annual general meetings, and the Company's shareholders.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. Engaging with the Company's stakeholders is core to the Company's strategy and is considered to be a driver of long-term shareholder value.

The Board regularly engages with its workforce, suppliers, customers and other stakeholders to stay abreast of stakeholder insights and to enable the Board to understand and consider these issues in decision-making.

Details of how we seek to understand and meet shareholder needs and expectations are set out at Principle 2, above.

Board members regularly meet employees across the businesses and locations within the Lords Group's and all employees are encouraged to raise and discuss any areas of interest or concern they may have.

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

The Board is responsible for establishing and maintaining the Company's system of internal financial controls and the Audit Committee assists the Board in discharging its duties relating to internal financial controls. Internal financial control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. Such internal financial controls include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure and ensuring proper accounting records are maintained.

The Directors, together with the Company's advisers, have reviewed the effectiveness of the procedures in place and consider that they are appropriate to the nature and scale of the operations of the Group. The Directors will continue to reassess internal financial controls as the Company expands, both organically and through acquisition, further. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group

Details as to the identified principal risks and uncertainties to the Group can be found in the Company's AIM admission document.

Principle 5: Maintaining the Board as a well functioning, balanced team led by the Chair

The Board consists of the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and two additional Non-Executive Directors. The biographical details of the Board members can be found both on the Company's AIM Rule 26 website and in the Company's AIM admission document.

The Board has determined that each of the non-executive directors of the Company, namely Gary O'Brien, Dawn Moore and Andrew Harrison, are independent in character and judgment and satisfy the independence criteria under the QCA Corporate Governance Code – being the recognised corporate governance code adopted by the Company.

The Board meets formally at least eight times throughout the year in order to, amongst other things, review performance, approve financial statements, dividends and significant changes in accounting practices and key commercial matters, such as decisions to be taken on whether to take forward or to cancel a material project. There is a formal schedule of matters reserved for decision by the Board in place.

The Directors commit the requisite amount of time to their respective roles to ensure that they discharge their individual and collective responsibilities in an effective manner. The Company has effective procedures in place to monitor and deal with conflicts of interest and the Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

The Board is supported by an Audit Committee, Remuneration Committee and Disclosure Committee, further details of which are set out on the Company's website, including the terms of reference for these committees.

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

The Board considers its overall size and current composition to be suitable and have an appropriate balance of sector, financial and public markets skills and experience as well as an appropriate balance of personal qualities and capabilities.

Given the size of the Board, a separate nominations committee has not been established and it is for the Board as a whole to review the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively.

In order to continue to develop their skills and keep up to date with market developments and corporate governance matters, the Board receives training from the Company's Nominated Adviser and all directors are also able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board's effectiveness and the individual performance of Directors will be considered periodically by the Board on an informal basis, via feedback to the Chairman. Directors are encouraged to provide feedback on all areas of the Board efficacy, having due regard to the balance of skills, experience, independence and knowledge contributed by members of the Board, as well as the successful operation of the Board as a unit, its diversity and other factors relevant to its effectiveness.

As the Board has just recently been established, there is presently no formal process for independent review of directors' performance. This will be kept under review going forward with the view to establishing formal review protocol.

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

Lords Group's values and culture are the foundation of our strategy, are adopted by all members of our Group and are core to promoting long-term shareholder value.

The Group has implemented, inter alia, the following policies to help ensure appropriate values and behaviours:

- an Anti-Bribery and Corruption Policy
- a Whistleblowing Policy
- an Anti-Money Laundering Policy
- a share dealing policy
- various HR policies including anti-discrimination and anti-bullying policies.

The Group has focused on establishing a strong company culture, which in turn has led to high levels of employee engagement, which the Directors believe contributes towards the impressive levels of customer satisfaction. The Company's strong culture and engagement is demonstrated by high employee retention levels, the average employee length of service and by all five divisional managing directors having been promoted from within the business, including two of which who commenced their employment with the Company working on the shop floor. The Group aims to further increase employee engagement, having refreshed and enhanced the structure of the Group's employee share schemes in connection with admission to trading on AIM. The Directors believe in democratised ownership of the business which is intended to remove business dependence on existing management and to focus on the next generation of management leading the Group.

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

Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures within the Company have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company and, furthermore, that the QCA Corporate Governance Code is the appropriate recognised UK corporate governance code for the Company to adopt. This will be reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time.

The Board meets formally at least eight times throughout the year and the Board and its sub-committees receive appropriate and timely information prior to each meeting. Any director may challenge Company proposals and decisions are taken democratically after discussion.

Any specific actions arising from such meetings are agreed by the Board or relevant sub-committee and then followed up by the Company's management. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs.

The Chairman, Chief Executive, Chief Financial Officer and Non-Executive Directors have clearly defined roles and responsibilities, with the role of the Chairman being to lead the Board and ensure it is operating effectively in approving and monitoring the strategic direction of the Company.

The role of the Chief Executive is to propose strategic direction to the Board and to execute the approved strategy by leading the executive team in managing the Company's business. The role of the Non-Executive Directors is to act as a sounding board for the Chairman and a source of reciprocal feedback for other members of the Board and shareholders, where required. The Board is supported by an Audit Committee, Remuneration Committee and Disclosure Committee, further details of which are set out on the Company's website.

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

As stated above, the Company is committed to open communications with all its shareholders and communication will be primarily through the Company's regulatory announcements, website disclosures, the annual report and accounts, the annual general meeting and one-to-one meetings with large existing shareholders and potential new institutional investors.

The Company will report on the responsibilities and activities of each of the Board sub-committees in its annual reports going forward.

APPENDIX

QCA CORPORATE GOVERNANCE CODE – WEBSITE DISCLOSURES

In confirming the Company's disclosures against the requirements of the QCA Corporate Governance Code recommendations, the Company provides the following checklist of disclosure compliance:

1. Chairman's Corporate Governance Statement.

The Company intends to publish its first Chairman's Corporate Governance Statement with its Annual Report for the year ended 31 December 2021. In the interim, the Company has set out how it seeks to comply with and implement the ten key principles of the QCA Code in the Corporate Governance Statement which can be accessed through the Corporate Governance page.

2. Explain the ways in which the Company seeks to engage with shareholders and how successful this has been.

Please refer to the Corporate Governance Statement Principles 2 and 10.

For Shareholder queries, details of our Investor Relations adviser are set out on the Advisers page of the website.

Our registrar details are set out on the Registrar page.

3. Explain how the business model identifies the key resources and relationships on which the business relies.

Please refer to Part 1 of the Company's Admission Document available through the Company Information page.

4. Explain how the Company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).

Please refer to the Corporate Governance Statement Principle 3.

5. Include a detailed description of the board performance evaluation process of/cycle adopted by the Company.

Please refer to the Corporate Governance Statement Principle 7.

6. Explain how the Company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.

Please refer to Corporate Governance Statement Principle 8.

7. Explain how the Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.

Please refer to Corporate Governance Statement Principle 8.

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

- 8. Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups).**

Please see the Corporate Governance page.

- 9. Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration.**

Please see the Corporate Governance page.

- 10. Describe which matters are reserved for the board.**

Please see the Corporate Governance page.

- 11. Describe any plans for evolution of the governance framework in line with a company's plans for growth.**

Please refer to Corporate Governance Statement Principles 7 and 9.

- 12. Disclose the outcomes of all votes in a clear and transparent manner.**

The Company intends to release the full proxy/poll votes (for/against/withheld) after shareholder meetings and post the same on its website.

- 13. Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.**

Should this situation arise, the Company intends to comply with the above requirement.

- 14. Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.**

The Company will post these on its website as and when they are published.