



## **LORDS GROUP TRADING PLC QCA CODE WEBSITE DISCLOSURES**

### **Corporate Governance Statement**

Lords Group Trading plc ("Company" or "Group") sets out below how it complies with the ten key principles of the Quoted Companies Alliance ("QCA") Corporate Governance Code ("QCA Code").

In November 2023, the QCA released an updated version of the Code, which has more emphasis on areas such as risk, internal controls, ESG and remuneration. The updated version of the QCA Code applies to the Company from the start of the financial year ending 31 December 2025 ("FY25"). The Group has been developing its corporate governance framework since before the IPO in 2021, and sees the updated QCA Code as a continuation of their work to further develop the Company's governance. The Company has been a member of the QCA since January 2024 which has supported their efforts to develop the corporate governance framework.

The Chairman's Corporate Governance Statement can be found on page 67 of the Company's Annual Report and Financial Statements for the year ended 31 December 2024 ("2024 ARA") available on the Company's website ([www.lordsgrouptradingplc.co.uk/financials/annual-interim-reports](http://www.lordsgrouptradingplc.co.uk/financials/annual-interim-reports)).

The Company's purpose is to be a key partner to our trade and retail customers, helping them to deliver their projects on time and on budget. The business model and strategy both reflect this purpose, since they are fundamentally focused on delivering for the customers now and ensuring the Group continues to do so in future. Therefore, there are strong governance structures and oversight in place around all the key aspects of the business model and strategy – in particular the Company's approach to strategic planning, annual budgeting and performance monitoring – ensuring alignment of governance with the Company's purpose.

During the year, the Company continued to refine its approach to corporate governance. Priorities in the financial year 2024 ("FY24") included further development and refinement of the Company's risk management framework. More generally, one of the Company's priorities for FY24 was to ensure there were plans in place to develop managers throughout the Group, so the Group has the leadership it needs to support our strategy. The Nomination Committee focused on succession planning and talent in FY24.

A key governance-related matter to highlight is the appointment of Stuart Kilpatrick as the new Chief Financial Officer ("CFO") following the announcement at the beginning of FY24 that Chris Day would be leaving the Group in the second quarter of 2024. The Nomination Committee report included in the 2024 ARA provides more information on director recruitment and succession planning.

This document was last updated on 20 June 2025.

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

The Company's strategy and business model are 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 organic growth is driven by investing in what the Company calls 'Our three Ps' – people, planet and premises – to give customers the best experience when buying from the Group. The Company looks for acquisitions that can help expand its geographical footprint, broaden its product range or grow its digital sales while only acquiring businesses that can be scaled up or where growth can be accelerated.

A more detailed description of the Group's strategy and business model and key strengths and challenges is set out in the Strategic Report in the Company's 2024 ARA.

***Principle 2: Promote a culture that is based on ethical values and behaviours***

The Group's values and culture are the foundation of the Company's strategy, and are integral to promoting long-term value for shareholders. It is the Company's policy to conduct all 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. The Board works to ensure that all members of the Group have adopted the values and culture of the Company.

The Group has implemented the following policies to help ensure appropriate values and behaviors:

- an Anti-Bribery and Corruption Policy;
- a Whistleblowing Policy;
- an Anti-Money Laundering Policy;
- a Share Dealing Policy; and
- various HR policies, including anti-discrimination and anti-bullying policies.

The Company's people and culture are among the Group's key strengths. Regular engagement surveys show that employee engagement remains strong, and this is a testament to the Company's people-oriented culture and the feeling that the Company is, at heart, a family business.

In FY24, the Board continued to engage with employees in order to drive engagement and retention. The Board receives monthly reports regarding their people which include key performance indicators providing insight into culture, health and safety and employee churn rates. The Board acknowledges that staff enjoy how they are both empowered to deliver and accountable for doing so.

The Company has a formalised cultural blueprint which can be viewed in the 2024 ARA. The blueprint includes the values of the Company, and these values are key to how the Group manages its people. In FY24, the Board has worked on embedding the Group's values, which has included defining the management grading structure and reviewing all people-related policies.

The Company's strong culture and engagement are demonstrated by high employee retention levels, as reflected in the average length of service of six years. Further initiatives launched to help further increase employee engagement include:

- Directors and executive Board members visit stores and sites regularly;
- Regular communications on business performance, market conditions and financial performance, including CEO updates and newsletters;
- Surveys to understand employee engagement and where the Company can improve;

- Commitment to training and development, with a target of 16 hours per year;
- Introducing Workvivo app to enhance internal communications;
- Health, wellbeing and fun initiatives for colleagues and families; and
- attending industry forums and initiatives, such as the BMF's HR Forum and the Industry Coalition on Apprenticeships.

The CEO, Shanker Patel, plays a vital role in setting the tone from the top of the Company. Shanker spends time in the business across various sites which contributes to the family feel of the Company.

***Principle 3: 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. When making decisions, the Board considers the interests of the stakeholders affected and the impact the decision may have in the long term.

The Board is committed to maintaining open channels of communication and to engaging with shareholders in a meaningful way, in order to understand their views. The Board proactively engages with shareholders regarding governance matters. The Directors 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 Chair regularly engages with representatives of major institutional shareholders and extends invitations to meet as part of the Company's ongoing shareholder engagement and governance practices.

The Company's annual general meetings also provide opportunities for dialogue between the Board, who routinely attend annual general meetings, and the Company's shareholders. A detailed description of the Company's engagement with key stakeholders, being customers, employees, suppliers, communities and shareholders, is set out in the Strategic Report in the Company's 2024 ARA.

The CEO of the Company, Shanker Patel, holds over 30% of the shares of the Company. The Company, its Nominated Adviser and Shanker Patel entered a relationship agreement on 14 July 2021. Under this agreement Shanker Patel has undertaken that the Group and the business shall be managed for the benefit of the shareholders as a whole. The full details of the relationship agreement can be found in the 2024 ARA.

The Board is always happy to respond to shareholder enquiries and to receive feedback from key stakeholders. For shareholder queries, details of the Investor Relations adviser are set out on the Advisers page of the Company's website together with the Registrar details.

***Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success***

The Board as a whole is responsible for stakeholder engagement. 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 engages with suppliers, customers and shareholders, and works to identify the key resources and relationships upon which it relies. 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 the Company seeks to understand and meet shareholder needs and expectations are set out in Principle 3 above. Board members regularly meet employees across the businesses and locations within the Lords Group and all employees are encouraged to raise and discuss any areas of interest or concern they may have. For more information on employee engagement, please see Principle 2 above.

A more detailed description of the Company's engagement with key stakeholders is included in the section 172 statement, and how the business model identifies the key resources and relationships on which the business relies, including engagement outcomes, is set out in the Strategic Report in the Company's 2024 ARA.

***Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation***

The Board is responsible for establishing and maintaining the Company's system of internal financial controls. The Audit and Risk Committee assists the Board in discharging its duties relating to internal financial controls and reviewing the Group's system of internal controls and risk management framework.

The Board takes a balanced approach to risk management, and acknowledges that risk provides opportunities for value creation, as well as downside. As articulated in the 2024 ARA, the Board has determined its risk appetite which assists with risk management decisions, strategic decision making and creating effective risk governance and internal control measures.

Effective risk management is key to delivering the Company's strategy. The Company has implemented a robust framework for identifying, managing and mitigating the principal risks the Company faces, which ensures the Company identifies emerging risks on a timely basis. 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 continue to reassess internal financial controls as the Company expands, both organically and through acquisition.

Internal financial control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. The internal financial controls of the Group include the strategic planning process, approval of annual budgets, regular monitoring of performance against budget (including a full investigation of significant variances), control of capital expenditure and ensuring proper accounting records are maintained.

BDO have provided internal audit services to the Group from FY24. BDO have produced an internal audit roadmap to assess the major areas of risk faced by the Company over several years. In FY24, BDO conducted reviews of financial controls and inventory management. A full report regarding the BDO internal audit team's work can be found in the Strategic Report in the 2024 ARA.

In FY22 and FY23, the Company worked with KPMG to ensure the Group had an effective risk management structure in place. At the start of FY24, a full review of this framework was carried out to make sure it was operating effectively and that it was embedded in the divisions, as well as at Group level. As part of the ongoing oversight of risk, the Audit & Risk Committee receives a detailed risk management report at the start of each year, which summarises the controls the divisions are applying. Details of the identified principal risks and uncertainties can be found in the Strategic Report

in the Company's 2024 ARA.

***Principle 6: Maintaining the Board as a well-functioning, balanced team led by the Chair***

The Board consists of the Non-Executive Chairman, CEO, CFO 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 ([www.lordsgrouptradingplc.co.uk/investors/aim-rule-26](http://www.lordsgrouptradingplc.co.uk/investors/aim-rule-26)) and in the Governance section of the Company's 2024 ARA.

The Board has determined that each of the Non-Executive Directors of the Company, namely Gary O'Brien, Andrew Harrison and Sheena Mackay, is independent in character and judgment and therefore the Board meets the QCA Code recommendation of having at least half of the board comprised of independent Non-Executive Directors. The Board holds at least six formal meetings throughout the year and also meets on an ad hoc basis where necessary 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 which is available from the Corporate Governance section of the Company's website.

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. 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 very aware of the importance of diversity and the benefits of differing experiences and perspectives. The Directors fully consider diversity as part of appointments to the Board. The Board also receives reports on diversity in the organisation and reviews this as a matter of course, being particularly mindful of diversity in management positions.

The Board is supported by an Audit and Risk Committee, Remuneration Committee and Nomination Committee, with only the independent Non-Executive Directors being the members. Further details on the Committees are set out on the Company's website, including their terms of reference ([www.lordsgrouptradingplc.co.uk/investors/corporate-governance](http://www.lordsgrouptradingplc.co.uk/investors/corporate-governance)).

***Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities***

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 Code is the appropriate recognised UK corporate governance code for the Company to follow. This is reviewed by the Board regularly to ensure governance arrangements continue to be appropriate as the Company changes over time.

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

Directors are also able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. The summary of each individual Director's skills and experience can be found both on the Company's AIM Rule 26 website and in the Governance section of the Company's 2024 ARA.

The Board meets formally at least six times throughout the year and the Board and its sub-committees receive appropriate and timely information prior to each meeting. Any Director may challenge the 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. A full schedule of matters reserved for the Board's decision is available from the Corporate Governance section of the Company's website ([www.lordsgrouptradingplc.co.uk/investors/corporate-governance](http://www.lordsgrouptradingplc.co.uk/investors/corporate-governance)).

The Chairman, CEO, CFO 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 CEO 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 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 has established Audit and Risk, Remuneration and Nomination Committees with formally delegated duties and responsibilities. The Board also delegates specific responsibilities to senior management. This is governed by a formal policy and a delegated authority matrix. The Board is also supported by members of the senior management team including the Chief Operating Officer and the Group Human Resources Director.

### **Audit and Risk Committee**

The Audit and Risk Committee has responsibility for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Group's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing the relationship with the external auditor (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Audit and Risk Committee comprises Gary O'Brien, Andrew Harrison, and Sheena Mackay and is chaired by Gary O'Brien. The Audit and Risk Committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

In addition to the Committee members, the CFO and Group Financial Controller attend meetings at the Committee's invitation. The Committee also meets with the lead audit partner, without management being present. BDO, in their capacity as the Company's internal auditor, are expected to attend the Committee meetings in FY25.

The Audit and Risk Committee also has unrestricted access to the Group's external auditor.

### **Remuneration Committee**

The Remuneration Committee has responsibility for determining and agreeing with the Board the framework for the remuneration of the Executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration

packages of the Executive Directors including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Board. No Director is involved in any decision as to his or her own remuneration.

The Remuneration Committee comprises Gary O'Brien, Andrew Harrison, and Sheena Mackay and is chaired by Sheena Mackay.

The Committee meets formally at least twice a year and also has ad hoc meetings where necessary. The CEO, CFO and the Group HR Director attend meetings by invitation. The Executive Directors are not involved in any discussion regarding their own pay.

### **Nomination Committee**

The Nomination Committee has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. The Nomination Committee also has responsibility for recommending new appointments to the Board and to the other Board committees. It is responsible for identifying suitable candidates for board membership and monitors the performance and suitability of the current Board on an ongoing basis.

The Nomination Committee comprises Gary O'Brien, Andrew Harrison, and Sheena Mackay and is chaired by Sheena Mackay. The Nomination Committee meets at least once a year and otherwise as necessary.

### ***Principle 8: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement***

In FY23 and FY22 the Company carried out internally facilitated evaluations of the Board and Committees using questionnaires provided by the Company Secretary. The responses identified continuous professional development as an area for improvement. As noted above, in FY24, the Group became a member of the QCA which has afforded access to seminars regarding corporate governance, and the Board also received training regarding remuneration in the period. There is more detail regarding the continuous professional development activities of directors in the 2024 ARA.

Reflecting on the strong results from the FY23 Board evaluation, the Board agreed that it did not need to conduct a formal evaluation of the Board and its committees during FY24. The Board is planning to undertake an externally facilitated Board evaluation in FY25 which will independently evaluate the performance of the Board, its committees and the individual directors.

The Nomination Committee is responsible for succession planning for Board and senior management positions, and regularly reviews the succession plans for the Group. The Nomination Committee has set out a clear management succession plan and regularly reviews the development and growth opportunities for members of the senior leadership team. Full details of the Nomination Committee's work on succession planning can be found in the 2024 ARA.

### ***Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture***

In FY24, the Remuneration Committee reviewed the remuneration policy of the Group to ensure that the Group's strategy and values are reflected in the remuneration policy. Full details of the remuneration policy are set out in the 2024 ARA.

The remuneration policy is intended to motivate management and promote the long-term growth of

shareholder value, while at the same time reinforcing the strong corporate culture of the Company and promoting good behaviours and decisions. The Remuneration Committee has endeavoured to ensure that all participants are able to understand the pay structures set out in the remuneration policy. Executive Directors are expected to build a shareholding equivalent to their salary over a period of time.

For FY25, the Remuneration Committee's priority is to review long-term incentive arrangements for the Executive Directors and senior management, to support the retention of the Company's key colleagues.

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

As stated above, the Company is committed to open communications with all its shareholders and communication is conducted primarily through the Company's regulatory announcements, website disclosures, the annual report and accounts, the annual general meetings and one-to-one meetings with large existing shareholders and potential new institutional investors. The Group's website is updated on a regular basis.

The Board maintains that, if there is a resolution passed at a general meeting with 20% votes cast against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. Notices of general meetings can be found on the Company's website ([www.lordsgrouptradingplc.co.uk/investors/shareholder-information](http://www.lordsgrouptradingplc.co.uk/investors/shareholder-information)). All 2025 AGM resolutions were passed comfortably. The votes on all resolutions were taken on a poll to ensure that full shareholder representation was reflected.

The Company's annual and interim reports are available on the Company's website.