



## CORPORATE GOVERNANCE

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, it is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and will continue to comply with the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company will comply with the QCA Code with effect from Admission, as detailed below.

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

The Group's business model and strategy is set out in its Admission Document. The Directors believe that the Group's model and growth strategy, which increases the size of the Group through consolidation of the market via driving organic growth and selective acquisitions, helps to promote long-term value for Shareholders. The Directors intend to subject this strategy to ongoing review and will provide an update on it from time to time in their strategic report that will be included in the annual report and accounts of the Group.

The principal risks facing the Group are set out in its Admission Document. The Directors will take the appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission.

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

Prior to Admission, Tony Brewer undertook an investor roadshow to help educate the market on the Likewise investment proposition and to update shareholder expectations. Historically whilst listed on TISE, the Board and/or members of the Board have maintained regular meetings and dialogue with shareholders, which they intend to continue post Admission. The Company has been informed of its existing Shareholders' expectations through regular meetings and dialogue with those Shareholders while it has been listed on TISE.

In addition to maintain an active dialogue with Shareholders and other market participants, the Company will also provide updates via announcements made via a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced via a Regulatory Information Service.

The Company's AGM, expected to be in June of each year, will provide an opportunity for Shareholders to meet with the Chairman and other members of the Board. The meeting will be open to all Shareholders, giving them the opportunity to ask questions and raise issues during the formal business or, more informally, following the meeting. The Board values the opportunity to meet Shareholders very highly. The results of the AGM will be announced via a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and the Company intends to engage with Shareholders who do not vote in favour of resolutions at AGMs to understand their motivation.

There is also an email address for investor relations, [info@likewise.co.uk](mailto:info@likewise.co.uk) and all contact details are included on the Group's website [www.likewiseplc.com](http://www.likewiseplc.com).

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

The Group takes its corporate social responsibilities very seriously and is committed to operating as a responsible, sustainable business.

The Group will maintain effective working relationships across a wide range of stakeholders including Shareholders, employees, customers, suppliers and the communities in which the Group operates, in order to achieve long term success.

The Directors will maintain an open and ongoing dialogue with its stakeholders to help promote the long-term sustainable success of the Group.

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

The principal risks facing the Group are set out the Admission Document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission through its already established Audit Committee, which is now comprised of Mike Steventon (chair), Paul Bassi and Andrew Simpson.

The risks involved and the specific uncertainties for the Group will be regularly monitored and the Board will formally and regularly review such risks at Board meetings. All proposals reviewed by the Board will include a consideration of the issues and risks of the proposal. Where necessary, the Board will draw on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risk.

**Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair**

On Admission the Board will comprise the following persons:

- the independent non-executive chairman;
- one non-executive director; and
- two executive directors.

The Board has also committed to appoint another independent non-executive director within six months of Admission.

The biographies of the Directors are set out in the Admission Document. Paul Bassi is considered to be independent and was selected with the objective of bringing additional experience and independent judgement to the Board.

Two separate boards have been established to deliver the Group's long term strategy:

***The PLC Board***

The PLC Board are responsible for the execution of the strategy and ensuring the Group meets with the requirements expected of a listed business. The PLC Board consists of Paul Bassi (independent non-executive Chairman), Tony Brewer (Chief Executive Officer), Roy Povey (Chief Financial Officer) and Andrew Simpson (non-executive director), each of whom have previous listed company experience and have a wealth of experience in the UK floor coverings industry.

The PLC Board is also supported by the Audit Committee and the Remuneration Committee, further details of which are set out below. The PLC Board also intends to establish a Nomination Committee and AIM Rules Compliance Committee on Admission. The Directors will be subject to retirement by rotation at every third AGM of the Company.

***Executive Board***

The Executive Board will report to the PLC Board and are responsible for operational delivery of the business. They are in control of the day to day trading, sourcing and integration of new acquisitions and management

of head office operations. This board consists of Adrian Laffey, Tony Judge and James Kellett who have a wealth of experience in the UK floor coverings market.

#### **Audit Committee**

The Audit Committee is responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Group's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Audit Committee consists of Mike Steventon (chair), Paul Bassi and Andrew Simpson.

#### **Remuneration Committee**

The Remuneration Committee is responsible for, *inter alia*, the Group's remuneration policy and for reviewing and recommending all Directors' and senior executives' remuneration, bonuses and incentives. The Remuneration Committee consists of Andrew Simpson (chair), Mike Steventon and Paul Bassi.

#### **Nomination Committee**

A Nominations Committee will be in place on Admission, and will be responsible for identifying suitable candidates to be appointed as Directors as and when a vacancy may arise. This committee will only meet as required.

#### **AIM Rules Compliance Committee**

The Board intends to establish an AIM Rules Compliance Committee, responsible for managing the Company's compliance with the AIM Rules. This committee will meet, at a minimum, once per year.

The PLC board and Executive board will meet regularly and will hold at least [ten] board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

On Admission, the Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Executive and Non-Executive Directors as the Company fulfils its growth objectives.

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

The skills and experience of the Directors are summarised in their biographies set out in the Admission Document

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Director's experiences are varied and complementary, and they each contribute to maintaining a balanced board that has the appropriate level and range of skill to push the Group forward as it executes on its business strategy.

The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward at each meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules, and the Company's solicitors in respect of continued compliance with, *inter alia*, MAR.

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

The Directors will consider the effectiveness of the Board, the Audit Committee, the Remuneration Committee and the individual performance of each Director on an ongoing basis. The Company intends to establish a Nomination Committee on Admission which will conduct a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. The outcomes of each performance review will be described in the annual report and accounts of the Group to

ensure that Shareholders are kept well-informed. The Company also intends to establish an AIM Rules Compliance Committee on Admission to manage the Company's ongoing compliance with the AIM Rules.

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

The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

The culture is set by the Board and will be regularly considered and discussed at Board meetings.

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

The Group maintains two boards to deliver the Group's long term strategy, the PLC Board and the Executive Board.

The Chairman leads the PLC Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The PLC Board is supported by the Audit Committee and Remuneration Committee, further details of which are set out in the Admission Document. The PLC Board also intends to set up a Nomination Committee and AIM Rules Compliance Committee on Admission. There are certain material matters which are reserved for consideration by the full PLC Board, further details of which are set out in the Admission Document.

To support the PLC Board, an Executive Board has been established which reports into the PLC Board and is responsible for operational delivery and is in control of the day to day trading, sourcing and integration of new acquisitions and management of head office operations.

The PLC Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

**Principle 10: Communicate how the Company is governed and is performing by maintaining an open dialogue with Shareholders and other relevant stakeholders**

In terms of its governance, the Company shall, following Admission, disclose on its website and within its annual report and accounts how the Company is governed and compliance with the QCA Code. The Company will review this information at least annually in accordance with the requirements of AIM Rule 26.

The Board views the annual report and accounts as well as its half year report as key communication channels through which progress in meetings the Group's objectives and updating its strategic targets can be given the Shareholders following Admission.

Additionally, the Board will use the Company's AGMs as a primary mechanism to engage directly with Shareholders, to provide information and receive feedback about the Group and its progress.

The Company's website will be updated on a regular basis with information regarding the Group's activities and performance, including financial information in accordance with AIM Rule 26.

There is also an email address for investor relations, [info@likewise.co.uk](mailto:info@likewise.co.uk) and all contact details are included on the Group's website [www.likewiseplc.com](http://www.likewiseplc.com).