
Chairman's introduction

The Board of Directors ('the Board') is committed to effective corporate governance and all Directors are fully aware of their duties and responsibilities. In accordance with Rule 26 of the AIM Rules for Companies, Company confirms that it has adopted and observes the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "QCA Code"). The Board believes that adherence to the QCA Code provides a strong foundation for delivering shareholder value.

It is the role of the Board, led by the Chairman, to ensure that the Company and its subsidiary undertakings (the 'Group') are managed in a way that nurtures and protects the medium to long-term benefit of all shareholders, supported by effective and efficient decision-making. Applying the QCA Code forms an important part of this process, which serves to mitigate and minimise risk and add value to our business.

Set out below is a description of each of the principles of the QCA Code, together with an explanation of how these are applied by the Company, or how the Company intends to apply from the date of admission to trading on AIM ("Admission"), and of any departures from the QCA Code.

Following Admission in December 2019, a number of key corporate governance changes have taken place, including the review and publication of the Company's strategic pillars in the Admission document and which will in due course be included in its first annual report, and an assessment of the risk management framework.

This statement was issued on 4 December 2019 and will be reviewed and updated at least annually.

Richard Law, Chairman

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

The Board has a clear strategy for delivering long-term shareholder value.

The Admission Document, dated 29 November 2019, sets out the Company's business model and strategy and also includes the principal risks facing the business.

The Group's vision is to become the partner of choice for both global brands that use promotional products as a key stakeholder engagement tool and SME distributors that seek to professionalise and grow their promotional products business in North America. The Group has a proven track record of delivering strong organic growth, as well as growth through acquisition.

The Group's strategy is to continue its profitable growth in the following ways:

- Attract additional clients,
- Increase spend from existing clients by extending existing relationships into new geographies as well as increasing market share in Europe, the US and Asia,
- Attracting additional partners using the Facilisgroup software,
- Increasing the number of services offered to Facilisgroup partners.

The Board holds at least one strategy session each year. An update on strategy will be given in the Strategic Report that is included each year in the Annual Report and Accounts. There is a risk

management framework in place through which the risk of any adverse effects in the implementation of the strategy are monitored.

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

Prior to Admission, the Company's executive management undertook a roadshow which has informed the Company as to its shareholders' expectations following Admission. There will be an active dialogue maintained with shareholders through a planned programme of investor relations. This activity is a keystone of the Company's corporate communications programme and is headed by the Chief Executive Officer supported by members of the Group Finance team.

The Company has engaged advisers to support the Group Finance team with both presentation of key information to the market and to provide feedback directly to the Board from investor meetings, webinars and events. An update on investor sentiment and or shareholding changes is provided at every Board meeting.

There is also a designated email address for Investor Relations, investors@thepebblegroup.com, and all contact details are included on the Group's website.

The Board will attend the Company's AGM and will be available to answer questions posed by shareholders, both during the meeting and following the AGM.

The CEO and CFO will regularly meet with shareholders and analysts following the release of key information (including financial information) to the market and the Chairman is also available to meet with major shareholders if required.

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

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate.

The Company is committed to the highest standards of corporate social responsibility in its activities and intends to outline these in more detail in the annual report and accounts.

The Company's key stakeholder groups are:

- *Employees*
- *Shareholders (both institutional and private)*
- *Customers and partners*
- *Suppliers*

Employees

Employees are consulted throughout the organisation and are given many opportunities to provide feedback during regular meetings and annual appraisals. Recruitment and retention have also been supported by this regular communication. There is a comprehensive Code of Conduct in place setting out the ethical expectations of all employees.

Shareholders

An active dialogue is maintained with shareholders by the Group Finance team supported by the Chairman, CFO and CEO.

Customers and partners

Customer requests and queries are handled courteously and promptly by the customer services team. Product ranges are refreshed and updated by our design teams to meet the changing needs of our new and recurring customer base.

Suppliers

We build long-standing relationships with our suppliers who therefore understand our values and expectation of business behaviour. There is a comprehensive Code of Practice that is issued to all UK, Turkish, USA and Far East suppliers enforcing the importance of control and supervision in their work environments.

Relationships with customers and suppliers alike are maintained throughout the organisation, providing a strong engagement and feedback loop.

Social responsibility

The Group is committed to sourcing, designing and offering products which support social responsibility and environmental sustainability. The Group collaborates with all stakeholders including its clients and suppliers to ensure the integrity and reputation of the brands it works with. Through its audit processes, continuous supplier review and formal contracting, The Group manages and supports its clients with a socially responsible supply chain including safe working conditions and best practice employment terms.

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

The Board uses a considered approach to risk management with the need to accept a certain level of strategic risk to achieve its objectives of capital growth for shareholders. The risks facing the business are set out in the Admission Document and will be presented in the first Annual Report post listing along with the monitoring processes and mitigating actions in place.

The Company has in place a risk management framework and risk register which assist the Board in identifying, assessing, and mitigating the risks faced by the Company to an acceptable level. This covers:

- The Board's appetite to risk,
- The responsibility for internal control,
- The Board process for the review of processes and controls, including independent checking by other departments or a formal internal audit function,
- Risk responsibility, mitigating actions and monitoring processes in place.

The risk management framework is reviewed at Audit Committee meetings and reported to the Board on a bi-annual basis.

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

The Directors acknowledge the importance of high standards of corporate governance and believe the QCA Code provides the best fit for the Group by setting out a standard best practice for small and mid-sized quoted companies, particularly those on AIM.

The Board includes a balance of Executive and Non-Executive Directors, with three Non-Executive Directors and two Executive Directors. The Board is managed by the Chairman who has the overall responsibility for strategy, risk and corporate governance.

The Board's activities are supported by Nomination, Audit and Remuneration Committees. The terms of reference of these committees are set out on the corporate governance pages of this website.

The board and its committees receive high quality accurate and timely information on a regular basis (daily, weekly or monthly as appropriate). The board meets at least 10 times per year.

All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees. They are subject to re-election at least every three years.

The Company 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 Non-Executive Directors as the Company fulfils its growth objectives.

The Board believes that the three Non-Executive directors are independent, with Yvonne Monaghan fulfilling the role of Senior Independent Director.

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

The Board is represented by an appropriately diverse mix of individuals, given its size. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to push the Company forward. Details of the skills and experience of the Directors are provided in the Admission Document and will be included in the Annual Report and Accounts as well as the website.

The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward to the meeting and decisions are reached democratically. The Board and Committees receive training as appropriate, including technical updates on the latest accounting, auditing, tax and reporting developments. The balance of skills of the board is reviewed at least on an annual basis. The board has access to professional advisers at the Company's expense if necessary.

The Directors also receive regular briefings and updates from the Company's Nominated adviser in respect of continued compliance with, inter alia, the AIM Rules.

The Company's statement on its Audit, Remuneration and Nomination Committees can be found in the Admission Document and on the website.

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

The Board has committed to performing a formal evaluation of performance in its first year of existence. The outcomes of this will be described in the Company's Annual Report and Accounts for the year ended 31 December 2020. The Company is currently formalising this process.

The key assessments that will be made in relation to the effectiveness of the Directors are:

- Contributions are relevant and effective;
- Skills remain current and relevant for their role on the Board;
- They are committed and able to devote a suitable amount of time to undertaking their duties as a Director; and
- If their role is as an independent Director, that they remain independent

The Nomination Committee may use the results of the evaluation process when reviewing the composition of the Board for selecting any new Board members, and in succession planning for the Directors of the Board as well as key executive team members. The Board considers succession planning to be a matter of high priority and this is reviewed annually by the Nomination Committee where recommendations are then presented to the Board for consideration. Succession planning requirements relating to all members of the executive management team are considered by the CEO on a quarterly basis.

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

The Company has a responsibility towards its employees and other stakeholders. The Board promotes an ethical corporate culture by having a documented Code of Ethics which is followed in each territory in which it operates, with any areas of non-compliance reported to the Board.

At Board level, there are terms of reference for each of its committees, requiring regular disclosure of Directors' other interests, and following a share dealing code, all of which require high standards of behaviour.

The Company's employment policies, such as those applying to Whistleblowing and Anti-bribery also assist in embedding a culture of ethical behaviour for all employees and the Company's commitment to upholding human rights of all individuals is clearly documented in its Modern Slavery Act 2015 Statement.

The Company's policies set out its zero-tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption or business conduct in all territories in which it operates.

This culture is set by the Board and 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 Board has a formal schedule of matters reserved for its attention, including approval of strategic plans and acquisitions and meets at least 10 times per year.

The role of each member of the Board is clearly defined. The Chairman is responsible for the operation of the Board. The Chief Executive Officer is responsible for proposing the strategic direction of the board and implementing the strategy once approved. The Chief Financial Officer is responsible for all financial matters and engagement with shareholders. Board roles can be found on the Corporate Governance section of this website.

The Board is supported by the Audit, Remuneration and Nomination Committees in discharging its responsibilities. Each of the Committees has access information and external advice, as necessary, to enable the Committee to fulfil its duties.

The Audit Committee has primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on.

The Remuneration Committee will review the performance of the executive directors, chairman of the Board and senior management of the Group and make recommendations to the Board on matters relating to their remuneration and terms of service.

The Nomination Committee will lead the process for Board appointments and make recommendations to the Board.

The terms of reference of these committees are summarised in the Admission Document and can be found on the Corporate Governance section of this website.

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

These responses to the principles of the QCA Code and the information that will be contained in the Company's Annual Report and Accounts provide details to all stakeholders on how the Company is governed.

The Company will communicate with its shareholders through:

- the Annual Report and Accounts
- half-year report announcements
- Regulatory Information Service ('RIS') announcements
- the Annual General Meeting ('AGM')
- one-to-one meetings with large existing or potential new shareholders

As outlined at principle 2, the company maintains an active dialogue with its shareholders through a planned programme of investor relations.

A range of Company information is included on the website (www.thepebblegroup.com) and further information can be requested to investors@thepebblegroup.com.