

Christie Group plc
Corporate Governance

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees, suppliers, clients and the wider community. The Board recognises the importance of strong corporate governance. The Directors consider that full compliance with the UK Corporate Governance Code is excessive and have instead chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as an alternative which it considers appropriate for AIM companies of its size. The table below sets out how the Company addresses each of the key principles set out in the QCA Code and will provide further details, as appropriate and as required, in its next Annual Report and Accounts.

David Rugg, Chairman & Chief Executive

Last reviewed and updated: 27 September 2018

QCA Code Principle	Application (As set out by the QCA)	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The board last collectively reviewed and formulated a Group strategy in July 2018, the details of which are published on the company website. It plans to meet annually for the specific purpose of reviewing the strategy, thereby always ensuring that it remains appropriate and endorsed by the board as a whole. As stipulated by the QCA code, this strategy encompasses a wider set of considerations than products and corporate structures, capturing the strategic vision and ambition of the company, its core values and attributes and key elements required in implementing the strategy – Growth, Return on Investment, People, Resilience & Sustainability and Technology. The Board seeks to ensure that the strategies of its various subsidiary companies are aligned with this overarching group strategy.

OCA Code Principle	Application (As set out by the QCA)	What We Do and Why
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The Board is committed to a progressive dividend policy and a sustainable level of dividend cover, alongside a belief that delivering profitable growth will translate to a growth in shareholder value. The Board also recognises that corporate governance extends to a wider range of responsibilities than shareholder returns, which it seeks to address through promoting a number of core values and attributes, which can be viewed on the company website. The Board seeks to respond quickly to all queries and enquiries received from shareholders, and the Chairman & Chief Executive welcomes feedback from all shareholders. He is supported on Investor Relations matters by the Chief Operating Officer and Group Finance Director. The Board recognises that the AGM provides an important opportunity to meet private shareholders in a transparent and open forum. The Directors are available to listen to the views of shareholders informally following the AGM. In the event that voting decisions were not in line with the company's expectations, the Board would seek to understand why and address any issues. Notwithstanding the above, the Board conducts all engagement

		with shareholders with a robust regard for ensuring compliance at all times with the AIM rules and the EU Market Abuse Regulations. Details of the approach to investor engagement and the people responsible for shareholder liaison can be found in the Investor Relations – Contacts section of the Company website.
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QCA Code Principle	Application (As set out by the QCA)	What We Do and Why
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	The Board acknowledges a wide range of stakeholders, including but not restricted to, customers, employees, suppliers and shareholders. The Company places compassion, people and communities among its core values and attributes and seeks to foster a strong moral and ethical climate which underpins how it conducts business. Feedback from all employees and stakeholders is encouraged and welcomed, with various processes in place across the group and its trading subsidiaries to capture that feedback and, where appropriate, consider it at Board level.

QCA Code Principle	Application (As set out by the QCA)	What we do and why
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes. Risk reviews carried out by each subsidiary are updated annually as part of an ongoing risk assessment process, along with Business Continuity Plans ("BCPs"). The focus of the risk reviews is to identify the circumstances, both internally & externally, where risks might affect the Group's ability to achieve its business objectives. An overall risk assessment for the Group is prepared. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently. BCPs are maintained across the group to ensure that any potential disruption to trading is minimised in the event of an unscheduled event or occurrence.

		Alongside these controls, the Group maintains its trading subsidiaries as distinct legal entities in order to mitigate against the possibility that a risk in one entity may impact another.
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QCA Code Principle	Application (as set out by the QCA)	What we do and why
5. Maintain the board as a well-functioning, balanced team led by the chair	The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement. The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.	The combined role of Chairman & Chief Executive was instigated in September 2017 by the retiring Chairman & senior non executive Director with the support of the board. While it is recognised that separation of the two roles is commonly perceived as a more desirable Corporate Governance standard, the Board, with the exclusion of the Chairman and Chief Executive, felt that the experience, stability, commitment and enthusiasm he could bring to the role offset this. The Board of Directors meet at least five times a year to review the performance of the Group, led by the Chairman & Chief Executive. In addition, the Board meets annually to thoroughly review trading subsidiaries' business plans and budgets. All Executive Directors work full-time for the Company or its subsidiaries and the non-executive directors are able to devote an appropriate portion of their time to Company matters. The Annual Report and Accounts will, from the 2018 report onwards, include the attendance record of each director at meetings of the Board and its committees. The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company. All Directors receive regular information on the performance of the Group. Relevant information is circulated to Directors in advance of

	Directors must commit the time necessary to fulfill their roles.	meetings. The Board comprises five Executive Directors and three Non-Executive Directors. Two of the Non-Executive directors are fully independent, having been appointed through a process focussed on ensuring neither had any prior connection to the Group or pre-existing relationships with any members of the management. The Board is supported by an Audit Committee, Remuneration Committee and Nominations Committee. All of the Non-Executive Directors sit on all three committees. The Audit Committee meets no less than twice a year with the auditors in attendance. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.
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		and is comprised of the Chairman & Chief Executive, all three Non-Executive Directors and co-opted board members. Appointments are considered by the board as a whole upon the recommendation of the Committee.
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QCA Code Principle	Application (as set out by the QCA)	What we do and why
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.	The Nominations Committee of the Board oversees the process and makes recommendations to the Board on all new Board appointments. Board appointments are considered on merit having due regard to the balance of skills required on the Board and the individual skills and experience of any proposed appointment, as well as the benefits of being able to draw on diverse experiences and backgrounds, including but not restricted to consideration of gender. Professional and industry and sector-specific experience are considered objectively in the context of the requirements of the role.

QCA Code Principle	Application (as set out by the QCA)	What we do and why
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	The Board has initiated an annual mutual review of its own performance to identify areas for improvement. Performance evaluation will consider the Financial Reporting Council's Guidance on Board Effectiveness. Succession plans are required to be in place across trading subsidiaries, and submitted by each Managing Director to the Chairman and Chief Executive. The Chairman and Chief Executive evaluates succession planning at Group Board level, and will discuss with the Non-Executive Directors as appropriate. No Executive Director, nor the Chairman and Chief Executive, is present at any Remuneration Committee meeting when their own remuneration is discussed.

QCA Code Principle	Application (As set out by the QCA)	What we do and why
8. Promote a corporate culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	In formulating the Group strategy, the Board has identified a number of core values and attributes which it considers key to how all companies within the Group and their employees conduct themselves, including all members of the Group Board. These core values have been communicated on the Group website and disseminated among the management teams of the trading subsidiaries of the Group. These core values & attributes comprise the following: • Trustworthiness • Compassion for people & communities • Integrity • Flexibility • Collaboration • Passion • Innovation • Excellence & quality • Client-focus • Knowledgeable A fuller explanation of each is set out within 'What We Believe' on the Company website.

QCA Code Principle	Application (As set out by the QCA)	What we do and why
9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	Our Annual Report and Accounts sets out details of our approach to Corporate Governance, the governance structures in place and why they are appropriate for the company. It also sets out: • Roles and responsibilities of the Chair, the Chief Executive, the other executive directors and the non-executive directors • Roles of the Board Committees setting out any terms of reference and matters reserved by the Board for their consideration • Matters reserved for the Board These will be updated in our 2018 Annual Report & Accounts as appropriate. In addition, our website contains a Corporate Governance page containing further details, including this summary which can be accessed from there.

QCA Code Principle	Application (As set out by the QCA)	What we do and why
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist: - the communication of shareholders' views to the board; and - the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	The Board seeks to respond quickly to all queries and enquiries received from shareholders, and the Chairman & Chief Executive welcomes feedback from all stakeholders. He is supported on Investor Relations matters by the Chief Operating Officer and Group Finance Director. The Board recognises that the AGM provides an important opportunity to meet private shareholders in a transparent and open forum. The Directors are available to listen to the views of shareholders following the AGM. The Company seeks to keep shareholders and potential investors informed of trading performance and outlook, to the best of its ability, through the release of its Annual Report and Accounts, Interim Results and AGM Statement. The Company discloses the outcome of all shareholder votes in a clear and transparent manner by either publishing a market announcement or by reporting it on the Company website. The Company website sets out details of the Investor Relations approach adopted, along with relevant contact information and all other information that the Board consider necessary to ensure shareholders have access to relevant and timely information and an understanding of the Company's strategic aims and objectives.

