

AIM RULE 26

VICTORIAN PLUMBING GROUP PLC

UK CORPORATE GOVERNANCE CODE 2018 COMPLIANCE STATEMENT

The Board of Victorian Plumbing Group plc (**Group**) has adopted the UK Corporate Governance Code (**Code**) as its chosen framework for corporate governance. Prior to Admission, the Group completed a Code compliance assessment to determine which principles and provisions have been complied with and which are to be explained. The Board will review this statement shortly after the publication of its first Annual Report and update accordingly. Further details of how the Group has complied with the principles set out in the Code and explanations for any non-compliance are set out below.

PART 1 – BOARD LEADERSHIP AND COMPANY PURPOSE	
<p>Principle A <i>“A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.”</i></p>	<p>The Board comprises of five Directors, two of whom who are Executive Directors and three of whom (including the Chair) who are Non-Executive Directors reflecting a blend of different experiences and backgrounds.</p> <p>The composition of the Board will be regularly reviewed by the Nomination Committee to ensure there is a balance of appropriate skills, experience, independence, and knowledge of the Group.</p>
<p>Principle B <i>“The board should establish the company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.”</i></p>	<p>The Group has developed a values-led culture at every level and function of its business activities, alongside a mission statement that reflects its customer-centric approach. The Group’s core values are <i>“Celebrate Success; Respect; Responsibility; Innovation; Development; and Staying Humble”</i>. Its mission statement is <i>“We aim to deliver affordable bathrooms to every door though investing in a broad product range, advanced logistics and the growth of our valued team”</i>.</p> <p>The commitment to these values is underpinned by its approach to people management, with a primary focus on personal development and relationship management. The Group provides training opportunities to all staff, delivered via in house learning tools and external training, with a general ‘Helpdesk’ service available for help with any business-related queries. Operationally, the Group has focused on creating effective channels of communication between staff at all levels of the business to foster a collaborative culture, reinforced by more informal engagement strategies and Group-wide events and a focus on instilling the core values listed above.</p> <p>In terms of ESG issues more broadly, the Group is continuing to develop an ESG strategy that is centred on three core themes:</p>

	<ul style="list-style-type: none"> • <i>Our people and culture:</i> The Group focuses on ensuring it creates a highly collaborative culture where people feel motivated, valued and supported. It supports diversity and inclusion; • <i>Our communities and wider environment:</i> The Group strives to have a positive impact on the communities in which it operates; and • <i>Being a responsible business:</i> The Group focuses on driving quality, transparency and fairness to instil trust between the Group’s stakeholders. It encourages accountability and ensures everyone knows what is expected of them.
<p>Principle C <i>“The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.”</i></p>	<p>Following Admission, the Board will meet regularly and will be responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. Briefing papers will be distributed to all Directors in advance of Board meetings and all Directors will have access to the advice and services of the Chief Financial Officer and Company Secretary, who will be responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with, in accordance with the UK Corporate Governance Code.</p> <p>The Board has delegated specific responsibilities to the following committees which each have written terms of reference and formally delegated duties:</p> <ul style="list-style-type: none"> • Audit Committee (including internal control and risk-management procedures); • Remuneration Committee; and • Nomination Committee.
<p>Principle D <i>“In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.”</i></p>	<p>The Board is committed to providing and maintaining an open and constructive dialogue with shareholders and stakeholders to ensure there is a common understanding of the strategic objectives, governance, and performance of the Group.</p> <p>Further detail regarding the Board’s and the Group’s engagement with shareholders and stakeholders will be set out in the Group’s first Annual Report.</p>

<p>Principle E <i>“The board should ensure that workforce policies and practices are consistent with the company’s values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.”</i></p>	<p>Following Admission, the Board will conduct an annual review of the Group’s policies and codes of conduct to ensure that they remain consistent with the Group’s values and continue to support the Group’s success. The Group’s employees are actively encouraged to report any concerns through the appropriate internal channels and the Group also offers employees an independent, external, and anonymous resource to which they can report concerns.</p>
<p>Other</p>	<p>Provisions 1, 2, 3, 4, 5, 6, 7 and 8 are not applicable to the Group at the time of Admission and will be reviewed and updated as part of the production of the Group’s first Annual Report.</p>
<p>PART 2 – DIVISION OF RESPONSIBILITIES</p>	
<p>Principle F <i>“The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.”</i></p>	<p>The Chair will set the agenda for Board meetings with the Company Secretary, focusing on the Group’s strategic aims and issues. The Chair ensures there is a culture of openness and constructive debate, encouraging contributions from Non-Executive Directors (NEDs), as well as maintaining good working relations between all Directors.</p>
<p>Principle G <i>“The board should include an appropriate combination of executive and nonexecutive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board’s decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company’s business.”</i></p>	<p>On Admission, the Board will consist of two Executive Directors and three NEDs (including the Chair). Each of the NEDs is considered to be independent.</p> <p>The Board will be as follows:</p> <ul style="list-style-type: none"> • Philip Bowcock – Independent Non-Executive Chair; • Mark Radcliffe – Chief Executive Officer; • Paul Meehan – Chief Financial Officer; • Damian Sanders – Senior Independent NED; and • Kath Smith – Independent NED. <p>The Chair will be responsible for the leadership and effectiveness of the Board and the Chief Executive Officer will be responsible for leading the executive management of the Group’s operations based on the strategy set by the Board.</p>
<p>Principle H <i>“Non-executive directors should have sufficient time to meet their board responsibilities. They should</i></p>	<p>The demands on a potential NED’s time were fully considered during the recruitment process and are monitored after appointment to ensure they are able to meet their responsibilities.</p>

<p><i>provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.”</i></p>	<p>All Directors will allocate sufficient time to ensure they discharge their responsibilities to the Group effectively. The NEDs undertake in their contracts that they will have sufficient time to meet what is expected of them.</p> <p>The NEDs will constructively challenge the Executive Directors on the performance of management in achieving the Group’s agreed goals and objectives, as well as monitor the reporting of performance. They will help develop the proposals on strategy, assure themselves on the integrity of financial information and systems of risk management and internal controls.</p>
<p>Principle I <i>“The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.”</i></p>	<p>The Chair and Company Secretary will ensure that Directors are provided with accurate, timely and clear information for Board meetings. Board meetings are scheduled in advance and will take place both physically and virtually based on the situation and needs of the Board at that particular time.</p> <p>The Company Secretary is available to all Directors as a source of advice on governance matters.</p>
<p>Other</p>	<p>Provisions 13, 14, 15 and 16 are not applicable to the Group at the time of Admission and will be reviewed and updated as part of the production of the Group’s first Annual Report.</p>
<p>PART 3 – COMPOSITION, SUCCESSION AND EVALUATION</p>	
<p>Principle J <i>“Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.”</i></p>	<p>The Group has established a Nomination Committee, which will comprise of Philip Bowcock as Chair, Damian Sanders and Kath Smith and will be responsible for reviewing the structure, size, and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.</p>
<p>Principle K <i>“The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.”</i></p>	<p>The Directors are satisfied that the current composition of the Board reflect an appropriate balance of skills, knowledge, experience, and diversity. Details of each Board member’s role and biographies describing their experience, are set out on the Group’s investor website.</p>

<p>Principle L <i>“Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.”</i></p>	<p>As the Group has only recently been admitted to AIM, it does not yet have a formal process for evaluating its performance against objectives or the performance of the Board, of its committees and of the individual Directors, including the Chair, in respect of the Code.</p> <p>Nevertheless, the Board will include on its agenda for the near future to establish a formal system of evaluation to ensure that the members of the Board are committed, independent (where relevant) and provide relevant and effective contribution. In the interim, the Chair is responsible for ensuring an effective Board.</p>
<p>Other</p>	<p>Provisions 19, 21, 22, and 23 are not applicable to the Group at the time of Admission and will be reviewed and updated as part of the production of the Group’s first Annual Report.</p>
<p>PART 4 – AUDIT, RISK AND INTERNAL CONTROL</p>	
<p>Principle M <i>“The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.”</i></p>	<p>The Group has established an Audit Committee, which will comprise Damian Sanders as Chair, Kath Smith and Philip Bowcock. It will meet at least three times each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The Audit Committee is responsible for determining the application of the financial reporting and internal control principles, including regularly reviewing the effectiveness of the Group’s financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.</p> <p>Damian Sanders is an FCA qualified member of the Institute of Chartered Accountants in England and Wales, bringing extensive financial and commercial experience to the Board and committee, including over 20 years of experience as a senior equity audit partner at Deloitte.</p> <p>Philip Bowcock has held several finance related roles including, Chief Financial Officer of William Hill plc, Chief Financial Officer of Cineworld Group plc, finance director at Luminar plc and financial controller and head of corporate development at Barratt Developments plc.</p> <p>Provision 24 of the Code states that the Chair of the Board should not be a member of the Audit Committee. This provision has not been implemented as the Code also states that the Audit Committee should include at least three independent NEDs. It was agreed that it would be more productive to include Philip as part of the committee in his capacity as an independent NED rather than exclude him in his capacity as Chair of the Board.</p>

<p>Principle N <i>“The board should present a fair, balanced and understandable assessment of the company’s position and prospects.”</i></p>	<p>The Board will procure that it will present a fair, balanced and understandable assessment of the Group’s position and prospects by way of the Annual Report and Accounts.</p> <p>The Board also agrees that the Annual Report and Accounts will include a business model, the strategy to deliver it and a statement that it is appropriate to adopt the going concern basis of accounting in preparing them, when necessary.</p>
<p>Principle O <i>“The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.”</i></p>	<p>The principal risks of the Group were reviewed and disclosed in Part II of the Admission Document, which can be found on the Group’s investor website.</p> <p>The Board will annually assess the principal risks and how they would be mitigated and publish in the Group’s Annual Report.</p> <p>Risk management and internal control will be monitored by the Board annually and at each meeting of the Audit Committee.</p>
<p>Other</p>	<p>Provisions 24, 25, 26, 27, 28, 29, 30 and 31 are not applicable to the Group at the time of Admission and will be reviewed and updated as part of the production of the Group’s first Annual Report.</p>
<p>PART 5 – REMUNERATION</p>	
<p>Principle P <i>“Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company’s long-term strategy.”</i></p>	<p>The Remuneration Committee and the Board procures that following Admission, the remuneration policies and practices will be designed to support strategy and promote long-term sustainable success and agree that the executive remuneration will be aligned to the Group’s purpose and values and be clearly linked to the successful delivery of the Group’s long-term strategy.</p>
<p>Principle Q <i>“A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.”</i></p>	<p>The Group has established a Remuneration Committee, which will comprise Kath Smith as Chair, Damian Sanders and Philip Bowcock, which will review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable the Group to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of awards under the Employee Share Plans and for the administration of the Employee Share Plans. No Director is permitted to participate in discussions or decisions concerning their own remuneration.</p>

<p>Principle R “Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.”</p>	<p>The Remuneration Committee will exercise independent judgement and discretion when authorizing remuneration outcomes, taking account of the Group and individual performance, and wider circumstances.</p>
<p>Other</p>	<p>Provisions 35 and 41 are not applicable to the Group at the time of Admission and will be reviewed and updated as part of the production of the Group’s first Annual Report.</p>