

Colefax Group Plc

Chairman's Corporate Governance Statement

Colefax Group Plc ("Colefax" or "the Group") was originally listed on the main market of the London Stock Exchange in July 1988 and moved from the Official List to AIM in August 2004. As a result the Combined Code (now known as the UK Corporate Governance Code) ceased to apply to the Group. However, since that time the Group has remained committed to applying the principles of good corporate governance as far as it is practical to do so within the confines of a small quoted company.

In March 2018 the Stock Exchange introduced a new rule for AIM companies requiring them to adopt a recognised corporate governance code and from 28 September 2018 publish details on their website of how they comply with the code and explain why the Group departs from any areas of the code. After consideration the Board of Colefax Group Plc has decided to adopt the QCA Corporate Governance Code (2018 edition) as the code is considered most suited to the size and scope of the Group's activities. The QCA code was formally adopted by the Board following our AGM on 13 September 2018. The QCA code is based on ten corporate governance principles and the table below sets out how the Group applies these ten principles and explains any instances where the Group does not currently comply with recommended best practice.

The Group Board comprises one independent non executive director and four executive directors each with specific skills and experience relevant to the needs of the Group. Currently I act as Chairman and Chief Executive. The decision not to split these two roles at the present time and the fact that we have only one independent non executive director is due to the fact that we are a relatively small Group with a business strategy focussed on one primary activity, namely the design and distribution of luxury fabrics and wallpapers. The Board has an Audit Committee and a Remuneration Committee but does not have a Nomination Committee and this function is fulfilled by the whole board. The composition and functioning of the Board is regularly discussed and will evolve according to the strategy, size and complexity of the business

As Chairman it is my responsibility to ensure that the highest possible standards of corporate governance are embraced throughout the Group and embedded in our culture, values and behaviour. As well as protecting the interests of our shareholders this commitment extends to all our stakeholders including our customers, suppliers and staff. At all times we seek to run the business in an open, honest and fair way with the highest standards of integrity in our decision making. We have a relatively cautious approach to risk with a particular focus on cash generation and have put in place controls to monitor and manage the most significant business and operational risks. Our view is that good governance reduces risk and adds value to our business.

David Green

Chairman

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