



OPTIMUM ASSET GROWTH INVESTMENTS

**OAGI GROUP
CORPORATE GOVERNANCE
FRAMEWORK**

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FOREWORD

The following document contains the Corporate Governance Framework for the OAGI Group of Companies. The OAGI Group Corporate Governance is based upon the April 2016 UK Corporate Governance Code as issued by the Financial Reporting Council (FRC). The FRC sets the UK Corporate Governance and Stewardship Codes, along with UK standards for accounting, auditing and actuarial work. They also monitor and act to promote the quality of corporate reporting and auditing.

Governance and the Code

1. David Brown the Chairman of the OAGI Group supported by the Strategic Board decided that the OAGI Group of Companies, their Subsidiaries and Sub-Subsidiaries should operate at the highest standards by adopting the best practice as defined by the FRC under the UK Corporate Governance Code.
2. The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the success of the company.
3. It is worth noting that the first version of the UK Corporate Governance Code (the Code) was produced in 1992 by the Cadbury Committee. Paragraph 2.5 within that Code is still the classic definition of the context of the code:

Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to the shareholders on their stewardship. The board's actions are to laws, regulations and the shareholders in the general meeting.

4. Corporate governance is therefore about what the board of a company does and how it sets the values of the company.
5. The Code is a guide to a number of key components of effective board practice. It is based on the underlying principles of all good governance being accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

PREFACE

- The Code is part of a framework of legislation, regulation and best practice standards which aims to deliver high quality corporate governance with built in flexibility for companies to adapt their practices to consider their particular circumstances. There is always scope for improvement, both in terms of making sure that the Code remains relevant and improving the quality of reporting. In terms of the OAGI Group it is recognised that in adopting the Code it will require adaptability and flexibility.
1. Boards must continue to think comprehensively about their overall tasks and the implications of these for the roles of their individual members. In application to the OAGI Group, will be the endeavours and leadership of the Chairman of the Board, with the support given by the executive directors, along with the frankness and openness of mind with which issues are discussed and tackled by all directors.
 2. Essential under the Code to the effective functioning of any board is dialogue which is both constructive and challenging.
 3. One key role for the board is the establishment of the culture, values and ethics of the company. It is important to set the correct 'tone from the top'. The directors should lead by example, and this is important in OAGI in the way that acquired businesses are treated.
 4. To run a corporate board successfully should not be underrated. Constraints on time and knowledge combine with the need to maintain mutual respect and openness between strong, able and busy directors dealing with each other across the different demands of managing a business. For OAGI achieving good governance requires continuing and high quality effort.

COMPLY OR EXPLAIN

1. The Financial Reporting Council (FRC) approach of one of 'Comply or Explain' to corporate governance in the UK, and is the foundation of its flexibility.
2. The Code is not a rigid set of rules. It consists of principles (main and supporting) and provisions. The Listing rules require companies to apply the Main Principles and report to shareholders on how they have done so. The principles are the core of the Code and the way in which they are applied should be the central question for a board as it determines how it is to operate according to the Code.
3. The FRC recognise that an alternative to following a provision may be justified in particular circumstances if good governance can be achieved by other means. OAGI is not currently a listed business and whilst the aim is to follow the Code, this needs to be tempered by practical considerations, with an explanation as to why a different path may have had to be followed. However, the aim will always be to move towards compliance with the Code, in an effective manner.

THE MAIN PRINCIPLES OF THE CODE

Summary

Below is the Summary of the main Principles as defined by the FRC.

Section A: Leadership

Every company should be headed by an effective board which is collectively responsible for the success of the company.

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business.

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.

As part of their role as members of a unitary board, all directors should constructively challenge and help develop proposals on strategy.

Section B: Effectiveness

The board and its committees should have the appropriate balance of skills, experience independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

There should be a formal, rigorous and transparent procedure for the appointment of new directors.

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

All directors should receive training on joining the board and should regularly update and refresh their skills and knowledge.

The board should be supplied in a timely manner with information on a form and of a quality appropriate to enable it to discharge its duties

The board should undertake a continuous formal and rigorous evaluation of its own performance and that of its committees and individual directors.

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Section C: Accountability

The board present a fair, balanced and understandable assessment of the company's position and prospects.

The board is responsible for determining the nature and extent of the principle risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Group's auditors.

Section D: Remuneration

Executive director's remuneration should be designed to promote the long-term success of the company. Performance related elements should be transparent, stretching and rigorously applied.

Section E: Relations with Shareholders

There should be accountability and dialogue with shareholders based on a mutual understanding of objectives. The board has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

The board should use general meetings to communicate with investors and to encourage their participation.

THE OAGI GROUP OF COMPANIES CORPORATE GOVERNANCE FRAMEWORK

The following sections describe the OAGI Group's Corporate Governance Framework, these are referenced to the provisions of the FRC Governance Framework. OAGI adopts best practice, and therefore Corporate Governance will be rolled out over businesses acquired by the group, subsidiaries and sub-subsidiaries.

SECTION A: LEADERSHIP

A.1: The role of the Board

Main Principle

Each company in the OAGI Group of companies (Subsidiaries and Sub-Subsidiaries) is to be headed by an effective board which is collectively responsible for the long-term success of that company.

Supporting Principles

Each OAGI Group company board provides entrepreneurial leadership at every level of the group from the ultimate holding company through to each of the subsidiaries and sub-subsidiaries. This is done within a framework of prudent and effective controls which enables risk to be assessed and managed. The strategic aim of each of the group companies are set to ensure that the necessary financial and human resources are in place for each company to meet its objectives and review management performance; that values and standards are set to ensure obligations to shareholders and other stakeholders are understood and met.

All directors must act in what they consider to be the best interests of each OAGI group company upon whose board they serve, consistent with their statutory duties as set out in Sections 170-177 of the Companies Act 2006.

Code Provisions

A.1.1. The board of each OAGI group company should meet sufficiently regularly to discharge its duties effectively; there should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.

A.1.2. The annual report should identify the chairman, the deputy Chairman (where there is one), the chief executive, the senior independent director (non-executive), and the members of any board committees, including the individual attendance by directors.

A.1.3. The company should arrange appropriate insurance cover in respect of legal action against its directors.

Application to the OAGI Group

OAGI Group activities focus on the acquisition and development of (SME's) small to medium size businesses; supporting employees, providing fair management principles, creating sustainability, loyalty, cooperation and team spirit; acting responsibly towards business partners, stakeholders and society as a whole.

The current statutory structure is as follows:

The ultimate holding company is;

(i) **Optimum Asset Growth Investments Ltd**

which owns;

(ii) **OAG Investments Ltd**

which owns;

(iii) **OAGI Ltd**

(OAGI is also the group trading style).

Acquired businesses will be held in appropriate OAGI industry sector holding companies.

The executive board of Optimum Asset Growth Investments Ltd, are responsible for setting the strategic aims of the OAGI Group, including setting the company's values and standards to ensure that its obligations to shareholders, stakeholders and others are met and understood; this board delegated to the board of OAG Investments Ltd, responsibility for Group operations, including post-acquisition operations of acquired businesses, and investment decisions in respect of acquiring businesses.

The board of OAG Investments Ltd delegated the overall day to day investment and operational processes and procedures to the two main committees of the Group, being the Investment Committee and the Operational Committee.

Application to the Code Provisions

The OAGI Group of Companies meets the code provisions A.1.1 to A.1.3 which are detailed in appendix 1. A.1.1.

A.2 Division of Responsibilities

Main Principle

There are clear responsibilities in the functions of the board and the executive responsibility for the running the Groups business.

Application to OAGI

The day to day responsibilities of the Directors are set down in their Service Agreements

A.3 The Chairman

Main Principle

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.

Supporting Principles

The chairman is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues; promoting a culture of openness and debate by facilitating the directors.

The chairman is responsible for ensuring that the directors receive accurate, timely, clear information and the effective communication with shareholders.

Application to OAGI

The Chairman of the OAGI Group of companies takes an active role in the management of the overall business.

A.4: Non-Executive Directors

Main Principle

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.

Supporting Principle

Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Code Provisions

A.4.1 to A.4.3. These cover the relationship between the non-executive directors and the chairman, and the shareholders. They are also a channel for when the shareholders may have concerns with the chairman and/or other executive directors. The chairman should hold meetings with the non-executive directors without the executive directors, and the non-executive directors should meet without the chairman being present. Where directors have concerns about the running of the company, or a proposed action they should ensure this is recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman for circulation to the board should they have any concerns.

SECTION B: EFFECTIVENESS

B.1: The Composition of the Board

Main Principle

The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

Supporting Principles

The board should be of sufficient size that the requirements of the business can be met and that changes to the boards composition and that of its committees can be managed without undue disruption, and should not be so large as to be unwieldy.

The board should include an appropriate combination of executive and non-executive directors (and independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking.

The value of ensuring that committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account in deciding chairmanship and membership of committees.

Code Provisions

B.1.1 The board should identify in the annual report each non-executive director it considers to be independent.

Application to OAGI

All appointments to the main operational OAG Investments Ltd board have been through an application and appointment process with the chairman and shareholders. This process includes a second meeting with the COO and Development Director who confirm to the chairman agreement or otherwise with the appointment.

All Directors have Service Agreements confirming their duties and obligations to the Group Company its Subsidiaries and Sub-Subsidiaries. Collectively the directors have a wide range of differing skills and experience, the combination of which gives all the boards within OAGI a significant ability to be effective in discharging their respective duties and responsibilities.

To ensure the group operates effectively, the board of the OAG Investments Ltd has delegated the day to day management of the Group to two main committees both chaired by the COO. These are:

Investment Committee – whose overall responsibility covers the strategy and process of acquiring businesses; relationships with preferred lenders, banks and others for acquisition funding requirements; relationships with preferred law firms.

Operations Committee – whose overall responsibility is the operational management of the Group, its Subsidiaries, Sub-Subsidiaries and acquired companies.

As appropriate sub-committees, will be put in place, reporting into the two main committees.

B.2: Appointments to the Board

Main Principle

There is a transparent procedure for the appointment of new directors to the board.

Supporting Principles

Board candidates should be conducted and appointments on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender.

The board should satisfy itself that plans are in place for orderly succession of appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board and to ensure progressive refreshing of the board.

Application to OAGI

All appointments are made on merit. In terms of companies acquired by OAGI, appointments to the sub-subsidiary boards will include at least one director of OAG Investments Ltd, who will already have gone through the appointment procedure for the OAG Investments Ltd board; the other appointment to the acquired company's board will be the relevant OAGI Investment Consultant, who has also gone through a similar appointment procedure.

B.3: Commitment

Main Principle & Application to OAGI

All directors have confirmed they shall allocate sufficient time in order to discharge their duties responsibilities and obligations effectively, as set down in their Service Agreements with OAG Investments Ltd, (the Company).

B.4: Development

Main Principle & Application to OAGI

Directors receive training upon being appointed to the board. OAGI supports its directors with further training and development as appropriate to their roles. All Directors are required to attend the 'Informative workshops' held by OAG Investments Ltd in order to update on procedural knowledge and refresh their skills.

Supporting Principles

The chairman, strategic directors are continually updating their knowledge, skills in order to fulfil their responsibilities, duties, obligations to the highest standard, continuing on a daily basis to maintain and sustain a clear understanding of the functional requirements of the Group.

OAGI (the Company) should provide the necessary resources and support for developing and updating its director's procedural knowledge and capabilities in order to maximise on the objectives of acquiring and developing businesses.

B.5: Information and Support

Main Principle

The board will be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties from the two main committees, and both the COO and Development Director.

Application to OAGI

The chairman with the assistance of the COO and Development Director is responsible for ensuring that the other board directors receive accurate, timely and clear information; as required and where necessary all directors should seek clarification or amplification relating to any matter.

B.6: Evaluation

Main Principle

The board should undertake a formal and rigorous ongoing evaluation of its own performance and that of its committees and individual directors.

Supporting Principles

Evaluation of the board should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness.

The chairman should act on the results of performance evaluation by recognising the strengths and addressing the weaknesses of the board, and where appropriate, proposing new members be appointed to the board or seeking the resignation of directors.

Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for attending board, committee meetings and attending workshop training programmes, including any duties).

Application to OAGI

There will be a quarterly evaluation of the board and committee's performance.

SECTION C: ACCOUNTABILITY

C.1: Financial and Business Reporting

Main Principle

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

Supporting Principles

The board's responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports as well as information required to be presented by statutory requirements.

The board should establish arrangements that will enable it to ensure that the information presented is fair, balanced and understandable.

Code Provisions

C.1.1. The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

C.1.2. The directors should include in the annual report an explanation of the basis on which the company generates and preserves value over the longer term (the business model) and the strategy for delivering the objectives of the company.

C.1.3. In annual and half-yearly financial statements, the directors should state whether they considered it appropriate to adopt going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Application to OAGI

The OAG Investment Ltd board will produce financial reporting that does accord with presenting a fair, balanced and understandable assessment of group's position at both annual and interim reporting points to all shareholders and stakeholders.

The board will also present a fair and balanced view of the longer-term value of the acquired business as the number of (acquired) businesses increases on a regular basis.

The board will ensure that each acquired business implements the groups reporting processes, through their Group holding companies up through the group, ensuring that the requirement present a fair, balanced and understandable assessment of the Group's position is met on a regular basis.

C.2: Risk Management and Internal Control

Main Principle

The board is responsible for determining the nature, extent and principle of the calculated risks it is willing to take in achieving its strategic objectives. The board should maintain sound, considered and purposeful risk management with internal control systems.

Code Provisions

C.2.1. The directors should confirm in the annual report that they have carried out a robust assessment of the principle risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe those as calculated risks and explain how they are being managed or mitigated.

C.2.2. Taking account of the company's current position and principle risks, the directors should explain in the annual report how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate. The directors should state whether they have a reasonable expectation that the company will be able to continue in operation and meets its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

C.2.3. The board should monitor the company's risk management and internal control systems and at least annually, carry out a review of their effectiveness, and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

Application to OAGI

The board acknowledges its responsibility to put in place appropriate risk management processes and internal control systems.

The board intends to adopt the code provisions as described above and will report as part of its annual reporting, along with management reporting throughout each period under review.

SECTION D: REMUNERATION

Main Principle

Executive director's remuneration should be designed to promote the long-term success of the company. Performance related elements should be transparent, stretching and rigorously applied.

Application to OAGI

OAGI directors are engaged under a performance driven approach to remuneration.

SECTION E: RELATIONS WITH SHAREHOLDERS

E.1: Dialogue with Shareholders

Main Principle

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

Application to OAGI

Shareholders are active directors (team players) in OAG Group of companies and therefore directly involved.

APPENDIX 1

Details of FRC provisions referenced in main OAGI Group of Companies Corporate Governance Framework:

A.1.1. The board should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.

A.1.2. The annual report should identify the chairman, the chief executive, the senior independent director (non-executive), and the chairman and members of board committees and individual attendance by directors.

Prepared by Angus Smith Chief Operations Officer OAGI/ 4.4.17 as amended