
Corporate Governance

Staffline Group plc (the “Company”) is an AIM listed company and is committed to maintaining the highest standards of corporate governance throughout its operations and ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value.

In compliance with the AIM Rules for Companies, the Company has chosen to comply with the UK’s Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the “QCA Code”). Staffline Group plc, being a UK registered and listed company, is subject to the City Code on Takeovers and Mergers.

Details of the QCA Code and how the Company complies with it is detailed below:

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

Our Vision

To be a world class recruitment and training Group, the clear market leader and trusted partner known for excellent service and integrity, driven forward by digital innovation.

The Group’s strategy is to drive the long-term growth of the business. The Group’s business model is set out on page 8 and the strategic priorities for the Group are set out on page 9 of the Annual Report and Accounts 2020.

The Group is split into three divisions: Recruitment GB; Recruitment Ireland; and PeoplePlus.

The Recruitment GB division is a provider of flexible blue-collar workers across a wide range of industries. The Recruitment Ireland division is a generalist recruitment solutions provider, operating in a branch network covering all major cities across the island of Ireland. The PeoplePlus division is a training provider, delivering adult education, prison education and skills-based employability programmes across the UK.

During 2020, PeoplePlus sold its Apprenticeships business for a nominal sum (the “Transaction”). The Transaction formed part of PeoplePlus’ strategic re-focus on its core employability and adult skills capabilities as it seeks to leverage the Division’s leading position within these markets to capitalise on the significant increases in funding for central and devolved government contracts that were announced in the latter part of 2020.

The principal risks faced by the Group in achieving this strategy are detailed on pages 33 to 36 of the Annual Report and Accounts 2020.

2. Seek to understand and meet shareholder needs and expectations

The Board is responsible for representing and promoting the interests of the Group’s shareholders and is accountable to them for the long-term success of the Group.

All shareholders are encouraged to attend the Annual General Meeting, although restrictions due to Covid-19 meant that, due to UK Government guidelines, attendance was not permitted at the 2020 AGM. Shareholders will not be able to attend the 2021 AGM meeting in person due to continuing Covid-19 related restrictions. Consequently arrangements will be made to enable shareholders to submit questions to the Board in advance of the meeting. Shareholders will be invited to vote by proxy, the results of will be published on the website at www.stafflinegroupplc.co.uk/investor-relations/shareholder-information/ following the meeting.

In addition to the formal institutional meetings held at the interim and year end, the Executive Directors meet existing and prospective investors throughout the year as part of the ongoing investor relations engagement strategy. The Company also held a Capital Markets Day in November 2020, following the appointment of Albert Ellis as Chief Executive Officer in October 2020, at which both existing and potential Shareholders were present. A copy of the Capital Markets Day presentation is available on the Company’s website at www.stafflinegroupplc.co.uk/investor-relations/

The Chair also meets key shareholders during the year to discuss corporate governance issues and to listen to any concerns that are raised. The Company’s Senior Independent Director is also available to meet with Shareholders and provides an independent point of contact on Board matters. During the year, the Chairman consulted with certain of the Company’s major shareholders who were opposed to certain resolutions proposed at the Company’s 2020 Annual General Meeting regarding the authority to issue Ordinary Shares of the Company. Following this consultation process, the Board withdrew three Resolutions. Further information on this matter is provided on page 46 of this Annual Report and Accounts 2020. In his capacity as Remuneration Committee Chair, Richard Thomson consulted with a number of the Company’s major shareholders on certain remuneration issues, including on the design of a new long-term incentive plan for Executive Directors and senior executives. The Committee is still progressing this matter. In addition, the Board consulted certain major shareholders regarding a proposed increase in the fees paid to the Independent Non-Executive Directors prior to Directors, who had no interest in this matter, considering and approving this increase.

A dedicated email address, investors@staffline.co.uk, exists to enable all current and prospective shareholders to contact the Group directly. The Board recognises that, whilst the majority of the shareholders are large institutions, the Company’s private shareholders are important and the Board welcomes dialogue with them.

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

The Board recognises its social, economic and environmental responsibilities to wider stakeholders and is committed to act in a way which it considers to be most likely to promote the success of the Group for the benefit of its members as a whole, having particular regard to:

1. The likely consequences of any decision on the long term;
2. The interests of the Group's employees and flexible workers;
3. Fostering business relationships with customers, suppliers, regulators and investors;
4. Reducing the risk of modern slavery in our supply chains;
5. The impact of operations on the community and the environment;
6. Maintaining a reputation for high standards of business conduct; and
7. The need to act fairly between members of the Company.

This underpins the Board's ability to set the overall strategic direction of the Group and support its core values, policies and procedures, which in turn, creates an environment in which the business and its employees can act with integrity and effectiveness, whilst driving profitable growth. We aim to demonstrate this through our decisions and within our corporate policies. Information on how the Board considered its stakeholders when making principal decisions is provided in the Section 172 Statement on pages 28 to 29 of the Annual Report and Accounts 2020.

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

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' interests, the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Whilst a Group-level risk register was maintained in the past, this was not integrated with Divisional-level risk management processes. Following the appointment of a Group Head of Internal Audit in September 2020, a comprehensive review of risk management processes and risk registers at both Divisional and Group level was undertaken as a priority.

A Group Risk Management Policy and robust, standardised approach to risk management was defined and, following approval by the Audit Committee is being implemented across the businesses, with regular updates provided to the Audit Committee and the Board. The approach is based on assessing threats to the Group's financial performance, liquidity, reporting, regulatory compliance and reputation, all of which are considered by the Board to be key to the ongoing success of the business.

The Head of Internal Audit also led a review of key compliance policies in the Group, assisted by external legal counsel. Following completion of this review Group-level policies have been defined to establish a standard approach across the business in relation to matter such as fraud, bribery, competition, whistle-blowing and conflicts of interest. Employees will receive training relevant to their specific roles as part of the Group's ongoing compliance programme.

The PeoplePlus Governance Director has been seconded to Staffline Recruitment since January 2021 and tasked with implementing a more formalised governance infrastructure drawing, where appropriate, on existing arrangements in PeoplePlus.

The Group has an independent compliance audit team responsible for checking legality to work and compliance with industry body standards (e.g. GLAA and REC). The Payroll team receive ongoing training to ensure compliance with relevant legislation and procedures.

From a financial control point of view, clear authority levels for a range of transactions are in place and there is regular review of financial information at all management levels and up to the Board. To strengthen these arrangements the Board approved a Group Delegation of Authority Policy and matrix in late 2020 for implementation from 1 January 2021. In line with best governance practice, the Board also approved a formalised Schedule of Matters Reserved for the Board.

The framework provided by these documents provides clarity around the extent to which the Board, as the body that has ultimate responsibility for managing the Group's business and safeguarding the interest of its stakeholders, has chosen to delegate its authority in specific areas. Our Principal Risks and Uncertainties report can be found on pages 33 to 36 of the Annual Report and Accounts 2020.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. It has a formal schedule of matters reserved for its decision. The Board delegates certain functions to its three principal committees: the Audit Committee; the Remuneration Committee; and the Nominations Committee.

Audit Committee

Responsible for the integrity of the Company's financial statements and performance, ensuring the necessary internal controls and risk management systems are in place and effective. The Audit Committee meets at least four times a year.

Remuneration Committee

Responsible for the review, recommendation and implementation of the Group's remuneration strategy, its framework and costs. The Remuneration Committee meets twice a year and on an ad hoc basis.

Nominations Committee

Responsible for ensuring that the Company has the executive and non-executive Board leadership it requires. The Nominations Committee meets as and when required.

Details of the members of the Board are set out on pages 38 to 39 of the Annual Report and Accounts 2020.

There is an appropriate combination of Executive and Non-Executive Directors, with two Executive and three Independent Non-Executive Directors, excluding the Chairman. Ian Lawson, Non-Executive Chair leads the Board and is responsible for promoting the strategic success of the Company and creating value for Shareholders in the long-term, whilst ensuring that sound, effective corporate governance practices are embedded in the Group and in its decision-making processes. Albert Ellis, Chief Executive Officer is responsible for developing and delivering the Group's strategy within the policies and values established by the Board.

Daniel Quint, Chief Financial Officer is responsible for managing the financial risks, reporting and planning of the Group.

Richard Thomson, Ian Starkey and Catherine Lynch, the Independent Non-Executive Directors, bring independent and objective analysis to all matters before the Board and its Committees using their substantial and wide-ranging experience. They monitor the executives' delivery of strategy within the risk and governance structure agreed by the Board. Richard Thomson is the Senior Independent Director. In this role he supports the Chairman and provides an independent point of contact to shareholders on Board matters. Non-Executive Directors are expected to commit two days per month to the Company. This includes attendance at Board and Committee meetings, strategy sessions, the Annual General meeting and meetings with shareholders and employees.

The Board meets at least six times each year. During 2020, the Board held 20 formal Board meetings. The additional number of meetings principally related to the Group's refinancing requirements, its liquidity position and the Covid-19 pandemic, with a focus on the health and safety of the Group's employees and customers. In addition, the Board focused on strengthening the Company's corporate governance processes, including its financial controls. Given the Covid-19 pandemic, the majority of meetings were remote. In addition to the standard agenda items, the Board considered the following matters during the year:

- A revised financing structure with the Group's lenders, announced on 29 June 2020, which included a revised covenant package more appropriate for the Group's trading levels. The refinancing provided the Group with the platform to focus on its turnaround plan, including margin improvement measures, cost reduction initiatives and working capital improvements;
- The impact of the Covid-19 pandemic on the Group's operations and mitigating actions to protect the business, with a particular focus on ensuring the health and safety of the Group's employees and customers;
- The disposal of the Apprenticeships business of the Group's PeoplePlus division, which formed part of PeoplePlus' strategic re-focus on its core employability and adult skills capabilities; and

- The restructuring of the Board which included the appointments of Ian Lawson as Chair in April 2020, Daniel Quint, Interim Chief Financial Officer to the Board, in May 2020 and Albert Ellis as Chief Executive Officer in October 2020, having acted as an Independent Non-Executive Director from March 2020. This extensive period of Board restructuring concluded with the appointment of Ian Starkey and Catherine Lynch as Independent Non-Executive Directors on 1 January 2021 and Daniel Quint as Chief Financial Officer on 1 February 2021. In addition, Richard Thomson was appointed as Senior Independent Director on 24 April 2020.

The Board meeting attendance for the 20 Board meetings held in 2020 is below:

Director	Number of meetings attended	Maximum number of meetings possible
Tracy Lewis ¹	8	8
Ian Lawson ² (Chair from 25 April 2020)	12	12
Ed Barker ³	1	1
Albert Ellis ⁴	15	15
Chris Pullen ⁵	9	9
Daniel Quint ⁶	9	9
Richard Thomson	20	20
Dawn Ward ⁷	8	8

¹ Tracy Lewis resigned as Chairman on 24 April 2020.

² Ian Lawson was appointed as Executive Chairman on 25 April 2020 and moved to Non-Executive Chair on 31 December 2020.

³ Ed Barker resigned on 31 January 2020.

⁴ Albert Ellis was appointed as an Independent Non-Executive Director on 17 March 2020 and as Chief Executive Officer on 1 October 2020.

⁵ Chris Pullen resigned on 26 April 2020.

⁶ Daniel Quint was appointed as a Director on 18 May 2020, having joined the Group as Interim Chief Financial Officer on 18 December 2019. In addition, following his appointment as Interim Chief Financial Officer, and prior to his appointment as a Director, Mr Quint attended Board meetings by invitation of the Chairman. This attendance by invitation is not included in the above table.

⁷ Dawn Ward resigned from the Board on 23 April 2020.

Directors are given timely and relevant management information before each Board meeting. Directors are able to obtain independent professional advice in the course of their duties, at the Group's expense. All Directors submit themselves for re-election annually.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises the Non-Executive Chairman, three independent Non-Executive Directors and two Executive Directors, with a range of different experience and backgrounds.

During 2020 the Board made significant progress with its strategic priority of improving the Group's corporate governance structure. This included an extensive period of Board restructuring which concluded with the appointment of Ian Starkey and Catherine Lynch as Independent Non-Executive Directors on 1 January 2021.

Ian, a qualified chartered accountant, has significant financial expertise, specifically in financial management, control and reporting. Ian had a 35 year career at KPMG, including 23 years as a lead audit engagement partner in the UK and Switzerland, and as a member of the UK Board. Ian chairs the Group's Audit Committee.

Catherine is a highly experienced HR director, with over 20 years' experience, and is currently Chief People Officer UK & Ireland at Flutter Entertainment plc, the FTSE 100-listed global sports betting, gaming and entertainment company. She is also a member of the Advisory Board of Dial Global, a community focused on inclusion. Catherine chairs the Group's Remuneration Committee.

Other Board appointments during the year were:

- Ian Lawson as Executive Chairman in April 2020. Ian has over 16 years' public company board-level experience. Ian moved to Non-Executive Chairman of the Board on 31 December 2020, following a period of operational handover and transition to Albert Ellis, who was appointed as Chief Executive Officer in October 2020;
- Daniel Quint as a Director in May 2020, continuing as Interim Chief Financial Officer, after joining the Group on 18 December 2019. Daniel was appointed as Chief Financial Officer on 1 February 2021. Daniel has over 11 years' experience at board level at both private and public companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales;
- Albert Ellis as Chief Executive Officer in October 2020, prior to which, and from 17 March 2020, Albert had acted as an Independent Non-Executive Director of the Company. Albert has extensive executive level experience in the recruitment and human capital sectors; and
- Richard Thomson, Independent Non-Executive Director, as Senior Independent Director on 24 April 2020. Richard has a wealth of commercial and financial experience.

The Nominations Committee is responsible for the appointment of Directors but ensures that the whole Board is involved in the process.

Following the above appointments, the Board believes that the Company has a strong, independent, highly qualified and diverse Board with the right people in place to lead the business. Biographical details of the Directors are set out on pages 38 and 39 of the Annual Report and Accounts 2020.

Directors are encouraged to keep their skills up to date by attending appropriate courses. A number of Directors are either currently, or have previously been, members of other Boards where new skills can be learned.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

2020 was a year of transformation for the Board, which culminated with the appointment of Catherine Lynch and Ian Starkey as independent Non-Executive Directors on 1 January 2021. Consequently, given the changes to the Board during the year, with five Directors departing and three Directors appointed to the Board, the Board did not consider it appropriate to evaluate its performance during 2020. The Board intends to conduct a Board evaluation in the latter part of this year, once the newly constituted Board is fully established.

During 2021, the Board proposes to conduct the Board evaluation internally, with the use of a questionnaire, which will focus on the remit and key issues facing the Board. In particular, the Board will consider how it discharges its strategic remit and reviews key issues facing the Group. If required, Directors will discuss any matters with the Chairman or Senior Independent Director as appropriate. The Chairman will discuss the outcome of the evaluation, including any recommendations and actions, with the Board. Details of this evaluation, including details of the outcome and actions will be included in the 2021 Annual Report.

Thereafter the Board evaluation will be on an annual basis. The Board intends to carry out an external evaluation in the latter part of 2022.

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

Our corporate values are:

- Teamwork: working together across the business to achieve more for our customers;
- Respect: taking time to understand, trust and support each other to achieve shared success;
- Commitment: demonstrating a relentless and driven ambition to exceed expectations;
- Reliability: fulfilling all our customer requirements, getting the job done;
- Creativity: solving problems and suggesting new ideas and insights; and
- Integrity: doing things the right way, for the right reason, ethically, honestly, every time.

These values are driven by the Board and are at the heart of all our processes and decisions.

We take compliance with legislation and industry standards extremely seriously. A review of certain of the Group's compliance policies including bribery, fraud and whistle-blowing led by the Group's Head of Internal Audit is being undertaken together with the Group's external legal counsel. In addition the Group's Compliance Manager presented to the Board in February 2021. Further details are provided on page 45 of the Annual Report and Accounts 2020.

We are committed to reducing the threat of modern slavery and human trafficking and work with likeminded organisations to try to achieve this. This is described in the Corporate and Social Responsibility section, along with our commitment to health and safety and our approach to General Data Protection Regulations.

Key items considered by the Committee during 2020

- Consideration of remuneration arrangements to be offered to:
 - Ian Lawson in respect of his appointment as Executive Chair;
 - Albert Ellis in respect of his appointment as Chief Executive Officer;
 - Daniel Quint in respect of his appointment as Chief Financial Officer; and
 - Other senior management appointments within the Group
- Bonus objectives for 2021 annual bonuses for the Chief Executive Officer, Chief Financial Officer, Divisional Managing Directors and Divisional Finance Directors;
- Discussion on Executive remuneration and Non-Executive fees;
- Proposed increase in Non-Executive Directors fees, including additional fee for Committee Chair;
- Compensation to be offered to departing Executive Director;
- Approval to offer remuneration packages to proposed senior appointments;
- Current share option schemes;
- A new Long-Term Incentive Plan for Executive Directors and senior executives; and
- Standardisation of contracts for the Group's senior executive management.

Nominations Committee

The Nominations Committee reviews the structure and composition of the Board and its Committees, particularly the skills, knowledge and experience of Directors. Succession planning and approval of Board appointments form an important part of the Committee's responsibilities.

The Nominations Committee meets as and when required. The meeting attendance for the eight meetings held in 2020 is below, along with the key agenda items:

Director	Number of meetings attended	Maximum number of meetings possible
Dawn Ward (Chair) ¹	4	4
Richard Thomson (Chair) ²	8	8
Ian Lawson (Chair) ³	3	3
Ed Barker ⁴	1	1
Albert Ellis ⁵	4	4
Tracy Lewis ⁶	4	4
Chris Pullen ⁷	5	5

¹ Dawn Ward was appointed Chair of Nominations Committee on 18 October 2019 and resigned on 23 April 2020.

² Richard Thomson was appointed as Chair on 24 April 2020.

³ Ian Lawson was appointed as a Director and as Committee Chair on 25 April 2020.

⁴ Ed Barker resigned as a Director and as a member of the Committee on 31 January 2020.

⁵ Albert Ellis was appointed as a Director and as a Committee Member on 17 March 2020.

⁶ Tracy Lewis resigned as a Director and as a member of the Committee on 24 April 2020.

⁷ Chris Pullen resigned on 26 April 2020. He recused himself from the part of certain meetings that discussed his successor.

Key items considered by the Committee

- Approval of the appointment of Albert Ellis as a Non-Executive Director on 17 March 2020 and as Chief Executive Officer on 1 October 2020;
- Approval of the appointment of Ian Lawson as Executive Chairman;
- Approval of the appointment of Daniel Quint, Interim Chief Financial Officer as a Director on 18 May 2020 and appointment as Chief Financial Officer on 1 February 2021; and
- Approval of appointment of Catherine Lynch and Ian Starkey as Independent Non-Executive Directors on 1 January 2021.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is responsible for representing and promoting the interests of the Group's shareholders and is accountable to them for the long-term success of the Group.

The Executive Directors endeavour to hold regular meetings with institutional shareholders. They also update on the performance of the Group to shareholders and wider stakeholders at the interim and annual results presentations.

On 11 August 2020, the Company announced the withdrawal of the following three Resolutions to be proposed at the Company's Annual General Meeting to be held on 12 August 2020 (the "2020 AGM"):

- Resolution 9: General authority to allot shares
- Resolution 10: Disapplication of pre-emption rights (General)
- Resolution 11: Disapplication of pre-emption rights (Acquisition or Capital Investment)

Resolutions 10 and 11 were Special Resolutions, requiring at least 75% of shareholders voting to vote in favour of the resolution. The Board decided to withdraw these resolutions following shareholder consultation. The Board has maintained a dialogue with these shareholders to ensure that it fully understands the concerns that they have raised. The Company proposes to seek authority for similar resolutions at the 2021 Annual General Meeting and understands that, following further consultation, these shareholders will be supportive. The Board welcomes dialogue with all shareholders.

All other Resolutions proposed at the 2020 AGM were passed on a poll, with more than 99% of shareholders voting, voting in favour of the resolution. Votes were cast in respect of approximately 49% of the issued share capital.

The Executive Directors also hold regular meetings and maintain an ongoing dialogue with the Group's lenders.

Details of the governance structure and work of the Board committees are included in the Annual Report and Accounts 2020.

Ian, a qualified chartered accountant, has significant financial expertise, specifically in financial management, control and reporting. Ian had a 35 year career at KPMG, including 23 years as a lead audit engagement partner in the UK and Switzerland, and as a member of the UK Board. Ian chairs the Group's Audit Committee.

Catherine is a highly experienced HR director, with over 20 years' experience, and is currently Chief People Officer UK & Ireland at Flutter Entertainment plc, the FTSE 100-listed global sports betting, gaming and entertainment company. She is also a member of the Advisory Board of Dial Global, a community focused on inclusion. Catherine chairs the Group's Remuneration Committee.

Other Board appointments during the year were:

- Ian Lawson as Executive Chairman in April 2020. Ian has over 16 years' public company board-level experience. Ian moved to Non-Executive Chairman of the Board on 31 December 2020, following a period of operational handover and transition to Albert Ellis, who was appointed as Chief Executive Officer in October 2020;
- Daniel Quint as a Director in May 2020, continuing as Interim Chief Financial Officer, after joining the Group on 18 December 2019. Daniel was appointed as Chief Financial Officer on 1 February 2021. Daniel has over 11 years' experience at board level at both private and public companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales;
- Albert Ellis as Chief Executive Officer in October 2020, prior to which, and from 17 March 2020, Albert had acted as an Independent Non-Executive Director of the Company. Albert has extensive executive level experience in the recruitment and human capital sectors; and
- Richard Thomson, Independent Non-Executive Director, as Senior Independent Director on 24 April 2020. Richard has a wealth of commercial and financial experience.

The Nominations Committee is responsible for the appointment of Directors but ensures that the whole Board is involved in the process.

Following the above appointments, the Board believes that the Company has a strong, independent, highly qualified and diverse Board with the right people in place to lead the business. Biographical details of the Directors are set out on pages 38 and 39 of the Annual Report and Accounts 2020.

Directors are encouraged to keep their skills up to date by attending appropriate courses. A number of Directors are either currently, or have previously been, members of other Boards where new skills can be learned.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

2020 was a year of transformation for the Board, which culminated with the appointment of Catherine Lynch and Ian Starkey as independent Non-Executive Directors on 1 January 2021. Consequently, given the changes to the Board during the year, with five Directors departing and three Directors appointed to the Board, the Board did not consider it appropriate to evaluate its performance during 2020. The Board intends to conduct a Board evaluation in the latter part of this year, once the newly constituted Board is fully established.

During 2021, the Board proposes to conduct the Board evaluation internally, with the use of a questionnaire, which will focus on the remit and key issues facing the Board. In particular, the Board will consider how it discharges its strategic remit and reviews key issues facing the Group. If required, Directors will discuss any matters with the Chairman or Senior Independent Director as appropriate. The Chairman will discuss the outcome of the evaluation, including any recommendations and actions, with the Board. Details of this evaluation, including details of the outcome and actions will be included in the 2021 Annual Report.

Thereafter the Board evaluation will be on an annual basis. The Board intends to carry out an external evaluation in the latter part of 2022.

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

Our corporate values are:

- Teamwork: working together across the business to achieve more for our customers;
- Respect: taking time to understand, trust and support each other to achieve shared success;
- Commitment: demonstrating a relentless and driven ambition to exceed expectations;
- Reliability: fulfilling all our customer requirements, getting the job done;
- Creativity: solving problems and suggesting new ideas and insights; and
- Integrity: doing things the right way, for the right reason, ethically, honestly, every time.

These values are driven by the Board and are at the heart of all our processes and decisions.

We take compliance with legislation and industry standards extremely seriously. A review of certain of the Group's compliance policies including bribery, fraud and whistle-blowing led by the Group's Head of Internal Audit is being undertaken together with the Group's external legal counsel. In addition the Group's Compliance Manager presented to the Board in February 2021. Further details are provided on page 45 of the Annual Report and Accounts 2020.

We are committed to reducing the threat of modern slavery and human trafficking and work with likeminded organisations to try to achieve this. This is described in the Corporate and Social Responsibility section, along with our commitment to health and safety and our approach to General Data Protection Regulations.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

During the year, and in accordance with best governance practice, the Board approved a Schedule of Matters Reserved for the Board. These matters include:

- Setting the Group's strategy, including the values and standards;
- Approving any changes to the Company's structure and capital;
- Approval of (i) Annual Report and Accounts (ii) half-yearly reports (iii) dividend policy and (iv) approval of any significant changes in accounting policies or practices;
- Ensuring maintenance of a sound system of internal controls and risk management;
- Approval and oversight of major capital projects;
- Approval of contracts of the Group or proposed by any subsidiary not in the ordinary course of business;
- Major investments;
- Communications with shareholders;
- Board and Committee membership;
- Remuneration of Directors, Company Secretary and other senior executives;
- Prescribing a matrix of authority limits for delegation to the various tiers of management and oversight bodies; and
- Approval of key policies including, Code of Conduct, Share Dealing Code, Bribery Prevention Policy and Whistleblowing Policy.

The Chair is responsible for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders.

As noted under Principle 5, the Board delegates certain functions to its three committees: the Audit Committee; the Remuneration Committee; and the Nominations Committee.

Audit Committee

The Audit Committee has responsibility for:

1. Oversight of the effectiveness, integrity and quality of the Company's financial reporting;
2. Reviewing the effectiveness of whistleblowing arrangements
3. Oversight of the design, implementation and effectiveness of internal financial controls - identifying and commissioning specific internal control reviews;
4. Overseeing the independence and effectiveness of the internal audit function;
5. Appointment of external auditors, their independence and performance;
6. The external audit process - meeting the external auditors and reviewing any reports from them regarding financial reporting and internal control systems;
7. Oversight of the Group's Risk Register (see pages 33 to 36 of the Annual Report and Accounts 2020), risk appetite and tolerance; and
8. Oversight of developments in relevant financial reporting legislation and regulation.

In accordance with its terms of reference, the Audit Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committee met eight times during 2020. 2020 meeting attendance is provided below, along with the key agenda items:

Director	Number of meetings attended	Maximum number of meetings possible
Ed Barker ¹	1	1
Albert Ellis ²	5	5
Ian Lawson ³	4	4
Tracy Lewis ⁴	2	2
Richard Thomson ⁵	8	8
Dawn Ward ⁶	3	3

1 Ed Barker resigned as a Director and as Chair of the Committee on 31 January 2020.

2 Albert Ellis was appointed as Chairman of the Committee on 17 March 2020. He resigned as Committee Chair and as a member of the Committee on 1 October 2020 upon his appointment as Chief Executive Officer.

3 Ian Lawson was appointed as Executive Chairman and as a member of the Committee on 27 April 2020.

4 Tracy Lewis resigned as a Director and member of the Committee on 24 April 2020.

5 Richard Thomson was a member of the Committee during 2020, acting as Committee Chair from 1 February 2020 to 17 March 2020 and from 1 October 2020 to 31 December 2020.

6 Dawn Ward resigned as a Director and as a member of the Committee on 23 April 2020.

Key items considered by the Committee

- Annual external audit plan;
- Year-end external audit findings;
- Fees of the external auditors;
- Results announcement and Annual Report, including form of the external audit opinion;
- Interim results announcement;
- Letters of Representation provided to the external auditors;
- Appropriateness of applying the going concern basis of preparation in the Financial Statements;
- Key accounting judgements and estimates;
- Establishment of a Group internal audit function and appointment of Head of Internal Audit;
- Reviewing and approving the internal audit strategy and work plan for 2021;
- The Group's risk management arrangements, including consideration of a new Risk Management Framework and review of the Risk Register;
- Ongoing project to improve internal controls;
- Review of compliance policies;
- Review of delegation of authority matrix and Matters Reserved for the Board; and
- Prior year adjustments (considered in 2020 as part of the 2019 year-end audit).

Since the year end the Audit Quality Review ("AQR") group of the Financial Reporting Council has completed a review of Grant Thornton's audit of our financial statements for the year ended 31 December 2019. The Audit Committee considered the report from the AQR and discussed the findings with Grant Thornton. There were no key findings arising from the review.

Strengthening of governance arrangements and internal controls

During 2020, the following actions were taken by the Committee as part of the Group's commitment to strengthen its governance arrangements:

1. Internal Audit Function: the Committee approved the establishment of an internal audit function, including the appointment of a Group Head of Internal Audit and approval of an Internal Audit Charter. In accordance with the Charter the internal audit function:
 - Evaluates and reports to the Committee on the adequacy and effectiveness of internal controls and governance arrangements across the Group;
 - Promotes awareness of business risk, supporting management in developing and maintaining appropriate risk management processes;
 - Monitors and reviews the development and implementation of appropriate compliance policies across the Group;
 - Identifies and supports the implementation of business process and control improvements; and
 - Provides expertise in relation to business controls, risk management and governance.
2. Risk Management Framework: the Committee received a report from the Group Head of Internal Audit following his review of the risk management arrangements across the Group. Following consideration by the Committee a number of recommendations were adopted to establish a well-defined and embedded risk management framework within the Group. Management of risk and the continued development of the risk management framework will be a key focus for the Committee during 2021. Further details of the Group's risk management framework and its consideration of risks are provided on pages 33 to 36 of the Annual Report and Accounts 2020.
3. Delegation of Authority Matrix and Matters Reserved for the Board: The Committee reviewed and approved a formal Delegation of Authority Policy and Schedule of Matters Reserved for the Board.
4. Compliance Policies: The Committee commenced a review of the Group's compliance policies including: (i) specific approval procedures for all related party transactions (ii) Whistleblowing Policy (iii) Anti-Bribery Policy; (iv) Risk Management Policy (v) Money Laundering Policy and (vi) Delegation of Authority Policy. The Committee's review of the Group's compliance policies, which is led by the Head of Internal Audit, with the assistance of external legal counsel, is ongoing. Following completion of this review and amendment to any policies, relevant employees will receive training as part of the Group's ongoing compliance programme.
5. Company Secretary: in order to improve governance and regulatory compliance the Committee recommended to the Board the appointment of a qualified Company Secretary. This resulted in the appointment of Prism Cossec Limited as Company Secretary on 1 August 2020 and subsequently the appointment of Louise Barber FCG on 15 March 2021. Non-Executive Directors have access to the Executive Directors, the Company Secretary and the Company's advisors.

The key audit matters considered by the Committee:

- Revenue recognition
- Going concern
- Valuation of goodwill and intangible assets
- Valuation of investments held by the Company
- Non-underlying administrative expenses
- Quality of earnings

Remuneration Committee

The Remuneration Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives in a manner that is aligned to shareholder interests, while also complying with the requirements of regulation. In addition to reviewing and agreeing Directors' remuneration, the Committee also approves proposed remuneration packages for new appointments and remuneration changes for all employees where their basic gross salary is £120,000 or above.

The members of the Committee are all Non-Executive Directors. Except as shareholders and Directors, none of the members has any personal financial interest in the Group.

The Remuneration Committee meets at least twice a year and on an ad hoc basis to agree remuneration of new appointments or deal with exceptional circumstances. The meeting attendance for the nine meetings held in 2020 is below:

Director	Number of meetings attended	Maximum number of meetings possible
Dawn Ward (Chair) ¹	4	4
Richard Thomson (Chair) ²	5	5
Ed Barker ³	1	1
Albert Ellis ⁴	5	5
Ian Lawson ⁵	5	5
Tracy Lewis ⁶	4	4

1 Dawn Ward resigned as a Director and as Chair of the Committee on 24 April 2020.

2 Richard Thomson was appointed as Committee Chair on 24 April 2020. He resigned as Committee Chair on 31 December 2020.

3 Ed Barker resigned as a Director and member of the Committee on 31 January 2020.

4 Albert Ellis was appointed as a member of the Committee on 17 March 2020. He resigned as a member of the Committee on 1 October 2020 upon his appointment as Chief Executive Officer.

5 Ian Lawson was appointed as a Director and as a member of the Committee on 25 April 2020.

6 Tracy Lewis resigned as a Director and as a member of the Committee on 24 April 2020.

Key items considered by the Committee during 2020

- Consideration of remuneration arrangements to be offered to:
 - Ian Lawson in respect of his appointment as Executive Chair;
 - Albert Ellis in respect of his appointment as Chief Executive Officer;
 - Daniel Quint in respect of his appointment as Chief Financial Officer; and
 - Other senior management appointments within the Group
- Bonus objectives for 2021 annual bonuses for the Chief Executive Officer, Chief Financial Officer, Divisional Managing Directors and Divisional Finance Directors;
- Discussion on Executive remuneration and Non-Executive fees;
- Proposed increase in Non-Executive Directors fees, including additional fee for Committee Chair;
- Compensation to be offered to departing Executive Director;
- Approval to offer remuneration packages to proposed senior appointments;
- Current share option schemes;
- A new Long-Term Incentive Plan for Executive Directors and senior executives; and
- Standardisation of contracts for the Group's senior executive management.

Nominations Committee

The Nominations Committee reviews the structure and composition of the Board and its Committees, particularly the skills, knowledge and experience of Directors. Succession planning and approval of Board appointments form an important part of the Committee's responsibilities.

The Nominations Committee meets as and when required. The meeting attendance for the eight meetings held in 2020 is below, along with the key agenda items:

Director	Number of meetings attended	Maximum number of meetings possible
Dawn Ward (Chair) ¹	4	4
Richard Thomson (Chair) ²	8	8
Ian Lawson (Chair) ³	3	3
Ed Barker ⁴	1	1
Albert Ellis ⁵	4	4
Tracy Lewis ⁶	4	4
Chris Pullen ⁷	5	5

¹ Dawn Ward was appointed Chair of Nominations Committee on 18 October 2019 and resigned on 23 April 2020.

² Richard Thomson was appointed as Chair on 24 April 2020.

³ Ian Lawson was appointed as a Director and as Committee Chair on 25 April 2020.

⁴ Ed Barker resigned as a Director and as a member of the Committee on 31 January 2020.

⁵ Albert Ellis was appointed as a Director and as a Committee Member on 17 March 2020.

⁶ Tracy Lewis resigned as a Director and as a member of the Committee on 24 April 2020.

⁷ Chris Pullen resigned on 26 April 2020. He recused himself from the part of certain meetings that discussed his successor.

Key items considered by the Committee

- Approval of the appointment of Albert Ellis as a Non-Executive Director on 17 March 2020 and as Chief Executive Officer on 1 October 2020;
- Approval of the appointment of Ian Lawson as Executive Chairman;
- Approval of the appointment of Daniel Quint, Interim Chief Financial Officer as a Director on 18 May 2020 and appointment as Chief Financial Officer on 1 February 2021; and
- Approval of appointment of Catherine Lynch and Ian Starkey as Independent Non-Executive Directors on 1 January 2021.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is responsible for representing and promoting the interests of the Group's shareholders and is accountable to them for the long-term success of the Group.

The Executive Directors endeavour to hold regular meetings with institutional shareholders. They also update on the performance of the Group to shareholders and wider stakeholders at the interim and annual results presentations.

On 11 August 2020, the Company announced the withdrawal of the following three Resolutions to be proposed at the Company's Annual General Meeting to be held on 12 August 2020 (the "2020 AGM"):

- Resolution 9: General authority to allot shares
- Resolution 10: Disapplication of pre-emption rights (General)
- Resolution 11: Disapplication of pre-emption rights (Acquisition or Capital Investment)

Resolutions 10 and 11 were Special Resolutions, requiring at least 75% of shareholders voting to vote in favour of the resolution. The Board decided to withdraw these resolutions following shareholder consultation. The Board has maintained a dialogue with these shareholders to ensure that it fully understands the concerns that they have raised. The Company proposes to seek authority for similar resolutions at the 2021 Annual General Meeting and understands that, following further consultation, these shareholders will be supportive. The Board welcomes dialogue with all shareholders.

All other Resolutions proposed at the 2020 AGM were passed on a poll, with more than 99% of shareholders voting, voting in favour of the resolution. Votes were cast in respect of approximately 49% of the issued share capital.

The Executive Directors also hold regular meetings and maintain an ongoing dialogue with the Group's lenders.

Details of the governance structure and work of the Board committees are included in the Annual Report and Accounts 2020.

Date on which this information was last reviewed: 21 June 2021