

## AIM RULE 26 DISCLOSURE (CORPORATE GOVERNANCE)

### Chairman's statement

The board of directors (the "Board") of Redcentric plc (the "Company") recognises the importance of high standards of corporate governance and integrity. It is committed to effective corporate governance as the basis for delivering long-term value growth and for meeting shareholder expectations for proper oversight and leadership of the business. I am responsible, as Chairman of the Board, for corporate governance within Redcentric and the Board is committed to maintaining a strong governance and ethical structure that supports and sustains its decision making. We believe that having good corporate governance is fundamental to pursue success for the Group and its stakeholders. As such, the Company has adopted the Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018 (the "Code") as its benchmark for governance matters. At the date of this report, we believe that we *are* in full compliance with the QCA Code.

This report sets out how the Redcentric plc group of companies (the "Group") has applied and complies with the principles of the QCA Code. We will continue to review and update our approach and will update our this report as we do.

Additional information in respect of section 172 of the Companies Act 2006 is contained in the strategic report of the Annual Report and Accounts of the Company for the financial year ending 31 March 2020 ("FY20") ("Annual Report")



**Ian Johnson**

Chairman

15 July 2021

<b>Governance Principle</b>	<b>Application</b>
<b>Principle 1</b> Establish a strategy and business model which promotes long-term value for shareholders	<p>The Group's business model and strategy is discussed within the Chief Executive's Review on pages 4 to 7 and also on page 17 of the Annual Report.</p> <p>Details of the key risks and challenges facing the Group and the high-level management of such are outlined on pages 20 to 21 of the Annual Report. Following the overhaul of the Group's risk register last year, this year a new senior owner has been assigned to manage the register. As a result there is now regular group wide engagement with and review of the register by all senior managers, with individual departmental registers being maintained and feeding into a master register and corporate register. The corporate risk register is shared and refined with the Audit Committee and Board at key intervals in the year.</p>
<b>Principle 2</b> Seek to understand and meet shareholder needs and expectation	<p>The Group is committed to engaging with its shareholders to ensure that the strategy and business model are clearly shared and understood. The Board believes that the disclosures of the Annual Report provide information necessary for shareholders to assess the Group's performance, business model and strategy. Hard copies of the Annual Report are issued to all shareholders that have requested them and copies are also available on the Group's website. The Group's half year report is also available on the Group's website and the Group makes full use of the website to provide information to the shareholders and other interested parties.</p> <p>The Executive Directors are in regular contact with the Company's shareholders and brief the Board on feedback and any shareholder issues. In FY21, remote investor briefings and roadshows were held at regular intervals, including following announcement of the preliminary and interim results, and other ad-hoc one-to-one meetings with key investors and potential investors were also held through the year to discuss the Group's strategy and shareholder expectations, amongst other things.</p> <p>There is also regular dialogue with shareholders through the Company's corporate brokers, finnCap Limited, who keep the Board abreast of shareholder expectations and reactions. Any reports from analysts that refer to the Company or cover the sector are</p>

	<p>circulated to the Board to support their understanding of the views of the investment community. finnCap, as broker, provides feedback directly to the Board from shareholder meetings and events such as the investor day. An update on key shareholding changes and any relevant investor sentiment is also provided in each Board report and Board meeting.</p> <p>There is an increasingly well-utilised dedicated investor relations contact email address by which shareholders or investors may contact the Company (<a href="mailto:investorrelations@redcentricplc.com">investorrelations@redcentricplc.com</a>) and the Company Secretary also deals with a number of written queries throughout the year along with the Company's registrar, Link Asset Services.</p> <p>The Chairman and other non-executive directors will always make themselves available to shareholders. The annual general meeting of the Company ("AGM") is a key opportunity for this, with shareholders being given the opportunity to raise questions during the AGM and the Board being available both prior to and after the meeting for further discussion with shareholders. Shareholders were also given the opportunity to raise any questions relating to the business being dealt with at the AGM by email in advance to the Company at <a href="mailto:investorrelations@redcentricplc.com">investorrelations@redcentricplc.com</a>.</p> <p>The voting record at the Company's general meetings is monitored and we are pleased that all resolutions were passed by shareholders at the 2021 AGM.</p>
<p><b>Principle 3</b></p> <p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>The Board recognises that the long-term success of the business relies on its customers and colleagues as described on pages 4 to 7 and pages 22 to 25 of the Annual Report and that engagement with these key stakeholders is fundamental to helping the Board make the best business decisions.</p> <p><b>COLLEAGUES</b></p> <p>The dedication and skill of the colleagues is fundamental to the Group's operation and success and, as such, we are committed to colleague engagement and listening to and acting on feedback from colleagues. Following on from the appointment of a new HR Director in FY20 the Group has taken strides to ensure it is a great place to work. Further to the launch of the first colleague engagement survey for many years in FY20, a number of key initiatives were launched in the year including new Group vision, mission and values, a new online learning management system, a new online performance and development system, a more flexible working week (with an early Friday finish) and a new colleague recognition scheme.</p> <p>A new internal communication strategy has also been launched, with monthly all colleague calls, a new colleague newsletter, weekly colleague "Shout Outs" and a new Colleague Communication Forum.</p> <p>Colleague wellbeing has been placed at the forefront of the Group in FY21 with a commitment to the provision of support for colleagues in a variety of ways, including the training of a number of colleagues to become qualified Mental Health First Aiders, weekly yoga and mindfulness workshops led by qualified instructors, regular check-in surveys, weekly quizzes and remote "coffee shops" and Tea and Talk and Sleep awareness days.</p> <p>As detailed on page 24 of the Annual Report the Group also has in place a Save As You Earn Option Plan to enable colleagues to become personally invested as shareholders of the Company. In FY21, the Company granted options over a total 521,782 ordinary shares under this scheme.</p> <p><b>CUSTOMERS</b></p> <p>The Group's extensive customer services, which are detailed on the Group's website at <a href="https://www.redcentricplc.com/services/">https://www.redcentricplc.com/services/</a>, are core to the Group's customer proposition and the Group is in regular dialogue with its existing and potential customers in order that it may understand and respond to their ongoing and future requirements. The Group also keeps abreast of customer needs and communicates its proposition to customers through monthly newsletters, regular customer surveys, monthly and quarterly service reviews and through its social media channels.</p> <p>The Board also considers it shareholders, suppliers and the environment to be key stakeholders and details of how the Group fosters relationships with these</p>

	<p>stakeholders and considers their needs are set out in the Section 172 statement on page 18 of the Annual Report.</p>
<p><b>Principle 4</b></p> <p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>As set out in the Audit Committee Report on page 35 of the Annual Report, the Board is committed to ensuring that risk management forms part of the way the Group works and is embedded in the business. The risk register of the Group has been assigned to a new internal owner in the year and new departmental registers are now fed into a master register which is regularly reviewed by senior managers and feeds into a corporate risk register before reporting to and review by the Board.</p> <p>The Board has overall responsibility for the Group’s system of internal control and for reviewing its effectiveness. The implementation and maintenance of the risk management and internal control systems are the responsibility of the Operating Board. However, the internal control system is designed to manage rather than eliminate risk and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group and have been improved in the year with the implementation of the finance and operations module of the new ERP system, D365. The principal elements of the Group’s internal control system cover financial, operational and compliance controls and include:</p> <p>close management of the day-to-day activities of the Group by the executive directors;</p> <p>an established budgetary system with the preparation and approval of an annual budget by the Board and regular monitoring and review of performance against budget, forecasts and prior year;</p> <p>detailed monthly reporting to the Board (including financial information, performance against budget and key performance and risk indicators) whereby the Executive Directors report on significant changes to the business and external marketplace to the extent they represent significant risk;</p> <p>an organisational structure that has clear reporting lines and delegated authorities;</p> <p>management and monitoring of risk and performance at multiple levels throughout the Group;</p> <p>strengthened finance and legal functions that maintain processes and systems to enhance the control environment, including the control of expenditure, authorisation limits, purchase ordering, sales order intake, contract review and approval; and</p> <p>the principle treasury related risks are documented and approved by the Board.</p> <p>The Group has also worked hard over some time to attain a number of ISO accreditations, detailed at <a href="https://www.redcentricplc.com/about-us/accreditations-frameworks/">https://www.redcentricplc.com/about-us/accreditations-frameworks/</a>, and has a number of policies and procedures in place in order to fulfil the requirements of and maintain these accreditations.</p>
<p><b>Principle 5</b></p> <p>Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The composition of the Board is detailed on page 34 of the Annual Report.</p> <p>The Board delegates specific responsibilities to the Board committees. The composition of the committees and how they discharge their responsibilities can be found on page 32 of the Annual Report.</p> <p>Part of the role of the Board’s Nomination Committee is to keep the composition of the Board under review as the Group’s business evolves. The Board is delighted to have diversified its composition following the appointment of Helena Feltham as a new Non-Executive Director and Chair of the Remuneration Committee. Helena brings with her considerable HR and people experience and significantly strengthens the Company’s Remuneration Committee. With the publication of this Report, Ian Johnson, Non-Executive Chairman announces his intention to step down on the appointment of a suitable successor. Recruitment of a successor is under way and will be announced in due course. At the start of the year, the Company announced the replacement of Dean Barber by David Senior as an Executive Director on the Board and Chief Financial Officer. David has had a very successful first year as CFO and has made a significant contribution to the success of the Company in FY21.</p>

	<p>The Board is satisfied that it has an appropriate balance between independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged and expected to use their independent judgement and to challenge matters where required, both strategic and operational.</p> <p>The Executive Directors of the Company are employed on a full-time basis. Non-Executive Directors are required to devote such time to the Group's affairs as necessary to discharge their duties and this may change from time to time. In addition to scheduled Board meetings, members are required to attend other ad hoc Board meetings, committee meetings, the AGM and any other business or general meetings as required. Board members are also required to consider all relevant papers before each meeting and to devote additional time in respect of preparation and ad hoc matters which may arise. Non-Executive Directors are required to obtain the agreement of the Chairman before accepting additional commitments that may affect the time that they are able to devote to their role as a non-executive director. Further details of external appointments of the Board are included in their biographies on page 34. In addition to being Non-Executive Chairman of the Company, Ian Johnson is Executive Chairman of Circassia plc and Non-Executive Director of Ergomed plc. Ian has, nonetheless, been able to devote sufficient time to the Group to date and the Board will continue to monitor this until his retirement from the Board.</p> <p>Details of the number of regular scheduled meetings of the Board and committees, together with the attendance record for each Board member, are set out on page 33.</p> <p>The Board recently concluded an assessment of its performance and more detail is provided below against Principle 7.</p>
<p><b>Principle 6</b></p> <p>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>Directors' details and biographies are on page 34 of the Annual Report. The Board considers that it has sufficient skills and experience to enable it to execute its duties and responsibilities effectively given the nature and size of the Group. As mentioned above, the appointment of Helena Feltham and David Senior to the Board has extended the breadth of experience on the Board and enhanced its capabilities and the Board will be mindful of appointing a new Non-Executive Chairman whose skills and knowledge complement those of the current Directors. Directors are responsible for ensuring their continuing professional development to maintain their effective skills and knowledge.</p> <p>As part of the Board performance assessment recently concluded, details of which are set out below, each Board member provided information on their individual skills and experience in areas relevant to the Group. This exercise indicated a high level of capability and also provided insight on additional areas that could potentially form part of the specification for any future Board appointments.</p> <p>The Board receives monthly reports on the Group's operational and financial performance as mentioned above, and formal agendas and reports are also circulated to the Board in advance of meetings. The Board has access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are adhered to. Directors are able to obtain further advice or seek clarity on issues raised in reports or at meetings from within the Group or from external sources. The Board also has a procedure whereby any director may seek, through the Company Secretary, independent professional advice in furtherance of their duties, if necessary, at the Group's expense. Jon Kempster is the Company's Senior Independent Director and provides a sounding board for the Chairman and also serves as an intermediary for the other directors where required.</p> <p>External advisers or consultants have been engaged by the Board in respect of the FCA Investigation and the implementation of the Restitution Scheme, and in relation to the formal sales process which took place in the year, all being significant matters. Since the year end, the Nomination Committee has engaged consultants in relation to the appointment of a new Non-Executive Chairman and the Board has also appointed Oakley Advisory as financial adviser to assist with the implementation of the acquisition strategy of the Company.</p>

	<p>On appointment to the Board, new directors receive a tailored induction pack and introductions to relevant personnel within the Group.</p>
<p><b>Principle 7</b></p> <p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board recently carried out its annual evaluation. The assessment was internally facilitated and comprised the following elements:</p> <ul style="list-style-type: none"> <li>- a questionnaire completed by every Board member covering Board and Committee structure, processes, agendas and priorities. Each Board member's assessment of their individual performance and feedback on each other was also sought. The questionnaire was based on one designed by external consultants with considerable experience of Board reviews, but tailored to meet the specific circumstances of the Group;</li> <li>- completion of a skills matrix by each Board member, as referred to under Principle 6 above, to identify areas of expertise on the Board and additional areas that the Board could consider in relation to future appointments;</li> <li>- a Board discussion facilitated by the Company Secretary on the outputs of the questionnaire and skills matrix.</li> </ul> <p>In addition to the appointment of Helena Feltham and recruitment of a new non-executive chairman, the processes identified a number of other actions which the Board believes will assist in improving Board performance and these will be implemented during the year, including:</p> <ul style="list-style-type: none"> <li>- new processes for monitoring and reporting on the Board's communications with investors;</li> <li>- an increase in the number of regular, scheduled Board meetings to eight per calendar year, supplemented by ad hoc additional meetings as necessary and monthly written Board reports;</li> <li>- a review of executive remuneration to be led by Helena Feltham with the assistance of remuneration advisors; and</li> <li>- a refreshed approach to board succession planning.</li> </ul>
<p><b>Principle 8</b></p> <p>Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The Board aims to lead by example with respect to promoting a healthy corporate culture and ensuring that ethical values and behaviours are embedded in the business. The processes in place for decision making which are documented in its Committee terms of reference, the Company's share dealing code and the requirement for regular disclosure of interests are all examples of processes which require high standards of behaviour from the Board.</p> <p>Employment policies adopted by the Group, such as its whistleblowing and anti-bribery policies, assist in embedding a culture of ethical behaviour and the values set out in its corporate social responsibility statement and Modern Slavery Act statement also reinforce this culture.</p> <p>The Group is proud that in FY21, despite the restrictions caused by the COVID-19 pandemic, it has worked with a number of local and national charities including Macmillan Cancer Support, Yorkshire Children's Trust, the NHS, Sue Ryder, Action for Children and Children in Need. Further details of the Group's charitable activity is set out on page 25 of the Annual Report.</p>
<p><b>Principle 9</b></p> <p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>The business and management of the Group are the collective responsibility of the Board. The Board meets at least six times a year in accordance with its scheduled meeting calendar and this schedule is supplemented with additional meetings as and when required. The attendance by each Board member at meetings held in the year is shown in the table below.</p> <p>At each scheduled meeting, the Board considers and reviews the trading performance of the Group. The Board and its Committees receive appropriate and timely information prior to each meeting in accordance with a reporting timetable agreed with the Board and Operating Board. A formal agenda is agreed with the Chairman for each meeting and papers are distributed several days ahead of meetings taking place.</p> <p>The Board has a formal written schedule of matters reserved for its review and approval including approval of the annual budget, major capital expenditure and interim and annual results. All specific actions arising are documented following each</p>

	<p>Board and Committee meeting, followed up by the Executive Directors and Company Secretary and then reviewed at the next meeting.</p> <p><b>BOARD COMMITTEES</b></p> <p>The Board is supported by the Audit, Nomination and Remuneration Committees. A report on the composition, responsibilities and key activities of the Audit Committee are set out in the Audit Committee Report and in the Directors' Remuneration Report for the Remuneration Committee.</p> <p>The Nomination Committee consists of Ian Johnson (Chairman), Jon Kempster and Helena Feltham. The Committee meets at least once a year and as required, particularly as and when necessary to identify and nominate for approval by the Board, candidates for Board appointments. The Committee engages external consultants when appropriate to assist in the search for and selection of new Board members. During the year, the Nomination Committee was involved in the appointment of David Senior as a Director and Chief Financial Officer as detailed above and following the year end, it has been involved in identifying the need for a new NED and Chairman and the appointment of Helena Feltham to the Board.</p> <p>The Committee has terms of reference in place which have been formally approved by the Board and once a year it reviews the structure, size and composition (including diversity) of the Board, considers succession planning and reviews the leadership needs of the organisation.</p> <p><b>OPERATING BOARD</b></p> <p>Authority for execution of approved policies, business plan and daily running of the business is delegated to the Executive Directors together with the Operating Board of the Group, which manages and monitors operational performance across the business and ensures effective decision-making. The Operating Board meets on a weekly basis and provides written reports to the Executive Directors on a monthly basis shortly before each Board meeting to ensure that the Board has the most up to date information possible.</p>
<p><b>Principle 10</b></p> <p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>The Board communicates with its shareholders in a range of ways including through the Annual Report and Accounts, interim and full-year results announcements, further trading updates where required and appropriate, the AGM, investor roadshows and one-to-one meetings with major existing shareholders or potential new shareholders. The Group's website (<a href="http://www.redcentricplc.com">www.redcentricplc.com</a>), particularly the investor section of the site, also provides a range of corporate information for shareholders, investors and the public, including all Company announcements and presentations.</p> <p>Group performance information is communicated to colleagues, within the limitations imposed by the Company's public company disclosure obligations, in a number of ways, including regular colleague-wide email communications from the Executive Directors and Operating Board and the quarterly colleague briefing sessions referred to above.</p>

The following table details the attendance of the Board members at regular scheduled Board and Committee meetings held during FY21.

Name	Position (at 31 March 2021)	Main Board		Audit Committee		Remuneration Committee		Nomination Committee	
		Total	Attended	Total	Attended	Total	Attended	Total	Attended
<b>Ian Johnson</b>	Chairman	6	6	-	-	2	2	1	1
<b>Stephen Vaughan</b>	NED	6	6	3	3	2	2	1	1
<b>Jon Kempster</b>	NED	6	6	3	3	2	2	1	1
<b>Peter Brotherton</b>	CEO	6	6	-	-	-	-	-	-
<b>Dean Barber<sup>1</sup></b>	-	0	0	-	-	-	-	-	-
<b>David Senior<sup>2</sup></b>	CFO	6	6	-	-	-	-	-	-

<sup>1</sup>Resigned with effect from 3 April 2020

<sup>2</sup>Appointed with effect from 3 April 2020