

AIM Rule 26 Disclosure (Corporate Governance)

The board of directors (the "Board") of Redcentric plc (the "Company" or "Redcentric") recognises the importance of high standards of corporate governance as the basis for delivering long-term value growth and for meeting shareholder expectations for proper oversight and leadership of the business. The Chairman of the Board is responsible for corporate governance within the Group 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 statement, we believe that we are fully in compliance with the Code and were also fully compliant for the comparative period.

This statement sets out how the Group has applied and complies with the principles of the Code. We will continue to review and update our approach and will update this statement 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 2024 ("FY24") ("Report").

The information in this statement was reviewed on 15 August 2024 and published in the Report

| Governance Principle | Application |
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| Principle 1 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 9-11 of the Report.</p> <p>Details of the key risks and challenges facing the Group and the high-level management of such are outlined on pages 32-33 of the Report. The Group continues to operate a tiered hierarchy for risk management, with functional management of direct risks and consistent measures across all functions, and escalation of significant value risks, along with principal corporate risks, to the Group's corporate risk register. The corporate risk register is shared and refined with the Audit Committee and Board at key intervals in the year.</p> |
| Principle 2 Seek to understand and meet shareholder needs and expectation | <p>The Group continues to be committed to engaging with its shareholders to ensure that the strategy and business model and key events of the Company are clearly shared and understood. The Group also took the decision to appoint Oliver Scott, partner at Kestrel which is the Company's largest shareholder, as a Non-Executive Director (non-independent) of the Company in December 2023. The Board believes that the disclosures of this Report provide information necessary for shareholders to assess the Group's performance, business model and strategy. Hard copies of the 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 Company uses regulatory announcements through RNS to ensure that important news is shared with all shareholder and potential shareholders in a clear and uniform way and often issues announcements beyond those it is obliged to make.</p> <p>The Executive Directors are also in regular contact with the Company's shareholders and brief the Board on feedback and any shareholder issues. In FY24, 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 broker, Cavendish Capital Markets Limited ("Cavendish"), who keep the Board abreast of shareholder expectations and reactions and assist in setting up meetings with potential investors.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <p>Any reports from analysts that refer to the Company or cover the sector are circulated to the Board to support their understanding of the views of the investment community. Cavendish, as broker, provides feedback directly to the Board from shareholder meetings and events such as the investor days. 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 a dedicated investor relations contact email address by which shareholders or investors may contact the Company (investorrelations@redcentricplc.com) and the Company Secretary also deals with a number of written queries throughout the year along with the Company's registrar, Link Group.</p> <p>The Chair and other Non-Executive Directors will always make themselves available to shareholders. The 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. We are pleased to once again be able to welcome shareholders in person to our AGM this year. To ensure that shareholders who are unable or would rather not attend the AGM have the ability to ask questions of the Board, the Board shall accept any questions relating to the business being dealt with at the AGM which are submitted by shareholders in advance to the Company. Any such questions should be sent to investorrelations@redcentricplc.com so as to be received by no later than 5 p.m. on Friday 20 September 2024 and the Company will publish questions and responses on the Group's website in advance of the AGM.</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 2023 AGM.</p> |
| <p>Principle 3</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 a number of key stakeholders, as described on pages 28-30 and pages 34-37 of the Report, including colleagues and customers and that engagement with these key stakeholders is fundamental to helping the Board make the best business decisions.</p> <p>Colleagues</p> <p>Having the right colleagues in the right places continues to be critical to the success of the wider business. Our commitment to ensuring we maintain a high-performance culture driven by the engagement of our colleagues continued through FY24.</p> <p>We ran our first combined Group engagement survey in June 2023, with an incredibly strong engagement index of 73%, outperforming the general workforce engagement index of 65%. Whilst this is clearly something to celebrate, we are also committed to a continued focus on the engagement of our colleagues and improvement in their working environment and we are now delivering against both Group and local action plans to maintain and improve our engagement levels.</p> <p>FY23 was focused on the initial integration of our new colleagues, FY24 has been focused on the creation of a "one Redcentric" team and culture.</p> <p>In FY24 the Group has invested in improvements in our sites and physical working environment, creating spaces which enhance and support our colleagues' productivity. We have maintained our approach to hybrid working which has given access to a broader and better national talent pool.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <p>Our colleagues have embraced the access to LinkedIn Learning launched in FY23, and the Group believes this solution is critical to both enabling our colleagues to improve their ways of working as well as to develop wider skills for the future.</p> <p>The physical, emotional and financial well-being of colleagues continued to be a key focus for the Group in FY24 and we expect this to continue into FY25. We have developed and enhanced our well-being strategy, maintaining multiple areas of support for colleagues, including access to an EAP scheme, mental health support, access to health schemes and discounts, shopping discounts and support and an ongoing programme of webinars across a variety of subjects.</p> <p>We have continued to invest in the future of the business and ensure we support young people into work through additional apprenticeship programmes, there are currently eighteen apprentices in the Group.</p> <p>In addition, we have seen a further increase in the volunteering days taken by our colleagues over the last 12 months as we continue with our commitment to giving back to our communities.</p> <p>As outlined on page 37 of the Report, the Group has continued with its SAYE scheme, giving colleagues the opportunity to become personally invested in the Company. In FY24, the Company granted options over a total of 352,068 ordinary shares under this scheme.</p> <p>Customers</p> <p>The Group's extensive customer services, which are detailed on the Group's website at https://www.redcentricplc.com/services/, 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 regular customer surveys, monthly and quarterly service reviews and through its social media channels. In FY24 the Group introduced monthly customer newsletters to keep customers abreast of new services from the Group, general industry trends and to update on other areas of interest.</p> <p>The Board also considers its shareholders, suppliers and the environment to be key stakeholders and details of how the Group fosters relationships with these stakeholders and considers their needs are set out in the Section 172 statement on page 28-30 of the Report.</p> |
| <p>Principle 4</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 62 of the Report, the Board is committed to ensuring that risk management forms part of the way the Group works and is embedded in the business, coordinated by the Chief Financial Officer, and with reporting on mitigating actions as well as the risks.</p> <p>The key risks and challenges facing the Group and the high-level management of such are outlined on pages 32-33 of the Report. The Group continues to operate a tiered hierarchy for risk management, with functional management of direct risks and consistent measures across all functions, and escalation of significant value risks, along with principal corporate risks, to the Group's corporate risk register. The corporate risk register is shared and refined with the Audit Committee and Board at key intervals in the year, coordinated by the Chief Financial Officer and with reporting on mitigating actions for each risk.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <p>There continues to be close focus on emerging climate change related risks with the TCFD recommendations being integrated into the Group's risk management framework. These risks are managed by the Group's Sustainability Committee, which provides regular reports to 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. Enhancements continue to be made to D365, the Group's ERP system, overseen by the Group's Chief Technology Officer, which shall further strengthen the control environment. Work has continued throughout the year to improve the control environment, both through the integration of the acquisitions completed in FY23 and continuous development and implementation of plans to address risks and control weaknesses. The principal elements of the Group's internal control system cover financial, operational and compliance controls and include:</p> <ol style="list-style-type: none"> 1. Close management of the day-to-day activities of the Group by the Executive Directors; 2. 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; 3. Detailed monthly reporting to the Board, both at Group and at divisional level (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; 4. An organisational structure that has clear reporting lines and delegated authorities, and which aligns with the divisional structure implemented at the start of FY23; 5. Management and monitoring of risk and performance at multiple levels throughout the Group; and 6. Continually improving finance, legal and assurance and compliance 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. <p>The Group also works hard to maintain a number of ISO accreditations it has achieved over a number of years, detailed at https://www.redcentricplc.com/about-us/accreditations-frameworks/, and has a number of policies and procedures in place in order to fulfil the requirements of and maintain these accreditations.</p> |
| <p>Principle 5</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 60-61 of the 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 60-61 of the Report.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <p>Part of the role of the Board's Nomination Committee, chaired by Nick Bate, is to keep the composition of the Board under review as the Group's business evolves. Following Helena Feltham's resignation part way through FY24, the Company commenced a recruitment process for a new Non-Executive Director and chair of the Remuneration Committee, which was led by Nick Bate, and culminated in Michelle Senecal De Fonseca joining the Board as Non-Executive Director and Chair of the Company's Remuneration Committee. Michelle brought with her considerable knowledge of the technology, telecoms, and cloud industries, as well as significant expertise in company remuneration policies and processes. The appointment of Oliver Scott as a Non-Executive Director (non-independent) during the year also further enhances the Group's knowledge of the technology investment space and public markets.</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 and has the appropriate frameworks in place to ensure that this is the case. All Directors are encouraged and expected to use their independent judgement and to challenge matters where required, both strategic and operational. Whilst Oliver Scott is not considered independent as a result of being a partner of Kestrel, one of Redcentric's largest shareholders, the Board is satisfied that it has a suitable Board composition and governing principals to ensure appropriate levels of independence.</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 60-61 of the Report.</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 59 of the Report.</p> <p>The Board recently concluded an assessment of its performance, and more detail is provided below against Principle 7.</p> |
| <p>Principle 6</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 60-61 of the Report. The Board considers that, with the appointment of two new Non-Executive Directors during FY24, it has further developed its skills and experience, enabling it to execute its duties and responsibilities effectively and appropriately given the nature and size of the Group. 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 concluded in FY23, 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 in most areas.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <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. Alan Aubrey was the Company's Senior Independent Director during FY24 and provided a sounding board for the Chairman and also served as an intermediary for the other Directors where required.</p> <p>External advisers or consultants have been engaged by the Board in respect of its remuneration policies and in relation to the appointment of Michelle Senecal De Fonseca to the Board.</p> <p>On appointment to the Board, new Directors receive a tailored induction pack and introductions to relevant personnel within the Group.</p> |
| <p>Principle 7</p> <p>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p> | <p>The Board last carried out its periodic evaluation in FY23. This assessment was internally facilitated and comprised the following elements:</p> <ul style="list-style-type: none"> • 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 ones designed by external consultants with considerable experience of Board reviews, but tailored to meet the specific circumstances of the Group; • 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; • Review by the Board of the consolidated outputs of the questionnaire and skills matrix, facilitated by the Company Secretary and Chairman. <p>In addition to the appointment of a new Non-Executive Director and Chair of the Remuneration Committee, 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"> • Timings of Board reports prior to meetings; • Ongoing review of Board composition; • Ongoing review and update of the Company's investor relations and communications policy; • Review of the Group's ESG strategy and priorities; • Ongoing review of succession planning. <p>The next evaluation will be completed during the course of FY25.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| <p>Principle 8</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 ongoing 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 assist in embedding a culture of ethical behaviour and the values set out in its corporate social responsibility statement. Ongoing training on the Group's compliance and anti-bribery policy and the Group's Modern Slavery Act policy continue to reinforce the culture of ethical values and behaviours.</p> <p>The Group is pleased that in FY24 there has been an increase in charitable activity across the Group, with a number of volunteering challenges and fundraising events. This activity includes maintenance of the Trees For Life partnership, a partnership with Generation (which supports underprivileged young adults into the workplace), the Mission Christmas volunteering campaign, Easter Egg appeal and charity walks. Several local and national charities have been supported through the year by colleague fundraising, including Macmillan Cancer Support and The Children's Heart Surgery Fund.</p> <p>All colleagues are granted a day's paid volunteering, and the Group encourages colleagues to use this day to take part in local volunteering activity. We are delighted that FY24 has continued to see a strong take up of the Company volunteering day as our colleagues support their chosen causes.</p> <p>Further details of the Group's charitable activity is set out on page 37 of the Report.</p> |
| <p>Principle 9</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 eleven times a year at various Company locations in accordance with its scheduled meeting calendar and this schedule is supplemented with additional meetings as and when required and monthly Board reports circulated in respect of the previous month. The annual calendar includes presentations from all members of the Operating Board through the course of the year. 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 for the previous month together with additional topics based on the annual Board calendar. 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 Chair 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 Board and Committee meeting, followed up by the Executive Directors and Company Secretary and then reviewed at the next meeting.</p> |

Corporate Governance (continued)

| Governance Principle | Application |
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| | <p>Board Committees</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 Nick Bate (Chair), Alan Aubrey, Oliver Scott and Michelle Senecal De Fonseca (both of whom joined during the year). The Committee meets at least once a year and further 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 Michelle Senecal De Fonseca as Non-Executive Director and Chair of the Remuneration Committee.</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>Operating Board</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, 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>Principle 10</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 (www.redcentricplc.com), 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 monthly colleague briefing sessions. The Company also ran its latest colleague survey in FY24, the results and proposed outputs of which were reported to colleagues through the all colleague briefing sessions.</p> <p>Further details of how the Company maintains a dialogue with customers and suppliers, both being key stakeholders, are set out in the section 172 statement at pages 28-30 of the Report.</p> |