

AIM Rule 26 Disclosure (Corporate Governance)

Chairman’s statement

The board of directors (the “Board”) of Redcentric plc (the “Company” or “Redcentric”) 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 matter. At the date of this Report we believe that we are fully in compliance with the Code.

This statement 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 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 2022 (“FY22”) (“Annual Report”).



Nick Bate
Chairman
21 July 2022

Governance Principle	Application
<p>Principle 1 Establish a strategy and business model which promotes long-term value for shareholders</p>	<p>The Group’s business model and strategy is discussed within the Chief Executive’s Review on pages 9 to 11 and also on page 27 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 31 to 32 of the Annual Report. Following the assignment of a new senior owner to manage the Group’s risk register in FY21, the Group’s risk management framework has evolved somewhat in FY22. There is now a tiered management of risk, with functional towers owning and managing their direct risks, and a consistent and scientific measurement of risks across all functions in order that the highest risks can be escalated to the operating board of the Company (the “Operating Board”) and fed through 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>
<p>Principle 2 Seek to understand and meet shareholder needs and expectation</p>	<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 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 announcement 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>

Corporate Governance

Governance Principle	Application
	<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 FY22, 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, finnCap Limited ("finnCap"), who keep the Board abreast of shareholder expectations and reactions and assist in setting up meetings with potential investors. 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. 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 (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 Asset Services.</p> <p>The Chair and other Non-Executive Directors will always make themselves available to shareholders. The Company's annual general meeting ("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 were pleased to once again be able to welcome shareholders in person to our AGM this year, particularly following the constraints faced in recent years due to the COVID-19 pandemic. Shareholders were also given the opportunity to submit any questions relating to the business being dealt with at the AGM by email in advance at investorrelations@redcentricplc.com.</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 2022 AGM.</p>
<p>Principle 3 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 to 30 of the Annual 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>The dedication and skill of 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. This year, having continued to step up to demands post-pandemic, and with the addition of new colleagues through the acquisitions of Pikel and 7 Elements, this has been especially important.</p> <p>The Group has continued to work on its employment proposition during the year and implemented an end to end HR system, Peoplecentric, which allows colleagues to take control of their working experience. We have also continued to listen carefully to colleague voices and as a result implemented a permanent hybrid working pattern, which has increased flexibility for colleagues and also enabled the Group to expand its talent pool.</p> <p>Recognising the need, however, for modern, attractive and collaborative environments for colleagues where they are office based and to attract the highest calibre candidates, investments have been made in new offices in both the UK and India.</p> <p>The Group's vision, mission and values, which were launched in FY21, have been embedded and the hard work on colleague wellbeing has been continued, supported by the Group's qualified Mental Health First Aiders.</p>

Corporate Governance (continued)

Governance Principle	Application
	<p>There has been a continued focus on the Group’s apprenticeship programme in the year across a number of areas of the business and strong partnerships have been formed with local schools and apprentice providers.</p> <p>As detailed on page 35 of the Annual Report, the Group also has in place a SAYE option plan to enable colleagues to become personally invested as shareholders of the Company. In FY22, the Group invited colleagues to join the plan at two intervals, to ensure that colleagues joining by acquisition had the opportunity to invest, and as a result the Company granted options over a total of 881,622 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 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 monthly newsletters, regular customer surveys, monthly and quarterly service reviews and through its social media channels. In FY22 the Group has worked hard to make its communications with customers more meaningful and targeted and the launch of phase 1 of its new customer service management solution has been a key step in enhancing customers’ experiences with the Group.</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 pages 28 to 30 of the Annual Report.</p>
<p>Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>As set out in the Audit Committee Report on page 52 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. Following the assignment of a new senior owner to manage the Group’s risk register in FY21, the Group’s risk management framework has evolved somewhat in FY22. There is now a tiered management of risk, with functional towers owning and managing their direct risks, and a consistent and scientific measurement of risks across all functions in order that the highest risks can be escalated to the Operating Board and fed through 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 as well as the risks.</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 further enhancements have been made to D365, the Group’s ERP system, the finance and operations module of which was implemented in FY21, which are expected to strengthen the control environment. The Board acknowledges that there is a requirement for continuous improvement to the control environment particularly as the Group continues on its acquisition strategy, improvement plans are being developed documenting short and longer term 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;

Corporate Governance (continued)

Governance Principle	Application
	<p>3. detailed monthly reporting to the Board, both at Group and now in FY23 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;</p> <p>4. an organisational structure that has clear reporting lines and delegated authorities, particularly with the new divisional structure that was put in place at the start of FY23;</p> <p>5. management and monitoring of risk and performance at multiple levels throughout the Group; and</p> <p>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> <p>The Group also works hard to maintain a number of ISO accreditations it has achieved over a number of years, detailed at 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 Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The composition of the Board is detailed on pages 50 and 51 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 pages 45 to 55 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. Following Ian Johnson's resignation, Nick Bate joined the Board as the Company's Non-Executive Chair and Chair of the Nomination Committee. With the publication of this Report, Jon Kempster steps down from the Board as Chair of the Audit Committee and Non-Executive Director and the Board is delighted to welcome Alan Aubrey as a new Non-Executive Director and Chair of the Audit Committee. Alan brings with him considerable market knowledge and breadth and depth of skills and experience.</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 36 of the Annual Report of the Annual 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 below.</p> <p>The Board recently concluded an external assessment of its performance, and more detail is provided below against Principle 7.</p>

Corporate Governance (continued)

Governance Principle	Application
<p>Principle 6 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 36 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 Nick Bate has extended the breadth of experience on the Board and the appointment of Alan Aubrey further enhances its capabilities and complements the skills and experience 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 in most areas but highlighted some skill sets which could form part of the specification for any future Board appointments, some of which are already enhanced by the appointment of Alan Aubrey.</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 was the Company’s Senior Independent Director during FY22 and provided a sounding board for the Chairman and also served as an intermediary for the other directors where required. Alan Aubrey will take over the role of Senior Independent Director.</p> <p>External advisers or consultants have been engaged by the Board in respect of a review of its remuneration policies, in relation to implementation of the Company’s acquisition strategy and in relation to the appointment of both Nick Bate and Alan Aubrey to the Board, all being significant matters.</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 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board recently carried out its first externally facilitated evaluation in a number of years. The assessment was conducted by EquityCulture Ltd and comprised the following elements:</p> <ul style="list-style-type: none"> - completion of a questionnaire specifically drafted for the Company based on discussions with the Chairman and Company Secretary. The questionnaire covered areas including investor relations, Board meetings and administration, Board composition, structure and relationships, corporate strategy, operation of Board committees, risk and succession planning; - 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; - production of a report by EquityCulture Ltd, summarising the key outputs from the evaluation and suggesting a number of action points for the Board to consider; - a Board discussion facilitated by the Chairman on the outputs of the questionnaire and skills matrix and potential resulting actions for the coming year. <p>A number of specific actions were agreed by the Board which the Board believes will assist in improving Board performance and these will be implemented during the year. The actions relate to the following areas:</p> <ul style="list-style-type: none"> - timings, location and format of Board meetings and reports;

Corporate Governance (continued)

Governance Principle	Application
	<ul style="list-style-type: none"> - review of Board composition; - ongoing review of the Group's strategy; - review and update of the Company's investor relations and communications policy; - ongoing review of the Group's risk register, risk appetite and effectiveness of controls; - detailed review of succession planning.
<p>Principle 8 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. During the year, a refreshed compliance and anti-bribery policy was launched across the Group and also a new Modern Slavery Act policy to sit alongside the Group's Modern Slavery statement – the continued work on such policies also reinforces the culture of ethical values and behaviours.</p> <p>The Group is pleased that in FY22, despite COVID-19-related restrictions continuing to be imposed at several points, it has been able to support a number of virtual and face to face volunteering and fundraising events, including litter picking in conjunction with Harrogate Council, maintenance of its Trees for Life partnership and the Mission Christmas volunteering campaign. Several local and national charities have been supported through the year by colleague fundraising, including Macmillan Cancer Support, Action for India, Red Nose Day and Children in Need.</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.</p> <p>Further details of the Group's charitable activity is set out on pages 35 and 36 of the Annual Report.</p>
<p>Principle 9 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 eight times a year 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 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. 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> <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>

Corporate Governance (continued)

Governance Principle	Application
	<p>The Nomination Committee consists of Nick Bate (Chair) (having replaced Ian Johnson during the year), Jon Kempster and Helena Feltham. 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 Nick Bate as Non-Executive Chair as detailed above and also in the appointment of Alan Aubrey as Non-Executive Director and Chair of the Audit Committee which was announced following the year end.</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 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, monthly colleague briefing sessions and the Peoplecentric newsletter, all as referred to above.</p>

The following table details the attendance of the Board members at regular scheduled Board meetings and at all Committee meetings held during FY22 which they were eligible to attend.

Name	Position (at 31 March 2022)	Board		Audit Committee		Remuneration Committee		Nomination Committee	
		Total	Attended	Total	Attended	Total	Attended	Total	Attended
Ian Johnson	(Outgoing Chair)	5	5	-	-	2	1	3	3
Jon Kempster	NED	8	8	6	6	4	4	5	4
Peter Brotherton	CEO	8	8	-	-	-	-	-	-
David Senior	CFO	8	8	-	-	-	-	-	-
Helena Feltham	NED	7	7	6	6	4	4	3	3
Nick Bate	Chairman	3	3	-	-	2	2	2	2