

## Chair's Introduction to Governance

# Maintaining credibility and accountability.



**Richard Law**  
Chair and Independent  
Non-executive Director

### Governance Highlights

- Winner of AIM Corporate Governance Award 2022
- TCFD recommendations integrated into ESG strategy
- Group Board attendance at the Facilisgroup Partner Summit and Supplier Showcase 2022
- Adoption of Group Framework on Conduct, Ethics and Compliance
- New Group Policies implemented
- Refresh and update of Share Dealing processes
- Whistleblowing portal update and enhancement



Our Values in action:  
**Always learning  
and growing**

The Group Board places a high priority on effective corporate governance. We see principles of good governance not just as a set of guidelines, but as a way of establishing our credibility and accountability. This makes us a better business with strong internal controls that deliver medium to long-term value, whilst meeting stakeholder expectations around leadership and oversight. As Chair of the Group Board, I am responsible for corporate governance within the Group, and I work with our Board and Group General Counsel and Company Secretary to build upon and enhance our sound corporate governance grounding.

Our Group values reflect our corporate governance strategy by highlighting our culture of integrity, transparency and fairness. Focus in our values on learning and growing applies to our governance approach with our ongoing commitment to review the continued effective operation of the Group Board and its Committees and their oversight; and, updating our governance framework in response to: (i) changes in our businesses as we grow; (ii) changes in official standards; (iii) developments in best practice guidance; and (iv) our stakeholders' expectations. You can find more about our values on page 1.

We are focused on ensuring that the governance we introduce is not only aligned with best practice but reflects feedback from our stakeholders and is designed in a meaningful way to fit with our culture and way of working.

We strategically engage with experts where doing so will enhance our governance approach, for example, through our ongoing appointment of remuneration advisors in relation to Executive remuneration, and the consultancy support sought on DEI policy and approach.

During 2022 time was dedicated to:

- integration of TCFD requirements into our ESG strategy and risk management framework;
- further adoption of new Group policies including our Framework on Conduct, Ethics and Compliance seen as an important tool to cascade the Board's culture and expected standards and to empower employees;
- reviewing the quality of contribution, debate and decision-making at Board and Committee meetings;



Our Values in action:

**Enjoying the journey**

- reviewing and developing specific governance initiatives, for example on share dealing and Market Abuse Regulation (MAR) compliance, access to our whistleblowing portal and further development of succession planning;
- reviewing Board structure, size and composition;
- developing testing of risk management controls; and
- updating Board and Committee terms of reference.

The Pebble Group team was delighted to receive the AIM Corporate Governance Award 2022 which recognised the efforts made by businesses who go beyond minimum requirements and demonstrate effective corporate governance, ensuring engagement with all stakeholders, the maintenance of key governance topics and effective integration of ESG responsibilities.

We are proud of the work we have done and continue to do to enhance our corporate governance to support our business strategy and medium to long-term goals in a meaningful way. Our commitment to continuing to evolve in these matters brings excitement for our future.



*Lucy Penfold (Group General Counsel & Company Secretary - third from right) and Kirsten Motyl (Senior ESG Officer - fourth from right) collecting the AIM Corporate Governance Award 2022 on behalf of the Group*

Our Group Board members have extensive experience and are professionally active in roles other than at The Pebble Group. They are provided with a regular 'Boardroom Briefing' covering a range of corporate governance issues, such as: reports on corporate culture; recent cases on directors and their responsibilities; and updates on executive remuneration, ESG or climate related issues and disclosure requirements. The Group Board is also given the opportunity to keep in touch with relevant developments through appropriate seminars and formal external training courses to ensure the continued development of knowledge, skill and capability.

In 2022, the Group Board attended the Facilisgroup Partner Summit and Supplier Showcase in person in the US, where the Directors spent time over four days with the team, its Partners and Preferred Suppliers. This was an opportunity for the Group Board to develop a deeper knowledge and understanding of the Group's businesses and the industry in which they operate.

As a Board we aim to lead by example, to be authentic, to embrace our values and to create an open and honest environment, because we believe this establishes and evolves effective risk management and decision-making at all levels of our organisation. The Group Board sees this as a key differentiator and has observed how this serves to build trust with our clients and suppliers and allows us to retain high-performing staff.

In adhering to these principles, the Company has applied the *Corporate Governance Code for Small and Mid-Size Quoted Companies 2018* published by the Quoted Companies Alliance (the 'QCA Code') and I believe that we are in full compliance with this, which serves to mitigate and minimise risk and add value to our businesses.

This section of the Annual Report outlines how we have applied the principles of the QCA code during the year and we take this opportunity to share with you the initiatives and activities that took place during 2022 to ensure a strong and open dialogue with our shareholders, particularly around how the Company is performing, to ensure that the Group Board remains a well-functioning and balanced team with the right skillset, and to enhance our governance structures to ensure that they remain fit for purpose and support good decision-making.

We will continue to review and update our governance framework and our approach as the Company continues to grow and will update the Corporate Governance statement in the AIM rule 26 section of the Company's website. Additional information is contained in our Section 172(1) statement on pages 22-25.

**Richard Law**  
Chair  
21 March 2023

# Delivering long-term growth.

The Directors believe that the QCA Code which sets out best practice corporate governance arrangements for small and mid-sized quoted companies, particularly those on AIM, remains most appropriate for the Company.

This section of the Annual Report outlines how we have applied the ten principles of the QCA Code during the year.

## Commentary

## Cross-reference to detail

### Principle 1:

### Establish a strategy and business model which promotes long-term value for shareholders.



The Group Board has a clear strategy for delivering shareholder value in the medium to long-term. The Chair and CEO work closely to ensure the message and direction is strong and understood.

The Group Board held its annual strategy event over two days in October 2022 to discuss its ongoing vision for the Group, its direction and strategic priorities. The output focused on:

- competition, new business and technology
- driving increased growth and scale
- our people and team structures
- our advisers
- investor relations strategy
- risk management
- succession planning
- accelerating our long-term growth aspirations

Q The Company's business model and strategy are detailed in the following sections of this Report:

- the Group's strategy on page 17
- The Group's vision on page 4
- The Group's business model on pages 4-5
- The Chair's report on page 12
- The CEO's review on page 14
- Our strategy in action on page 17

### Principle 2:

### Seek to understand and meet shareholder needs and expectations.



The Executive Directors have primary responsibility for contact with shareholders and maintain an active and frequent dialogue. They provide regular Group Board updates on shareholder meetings and provide the Non-executive Directors with all reports and feedback issued by analysts and brokers to support their understanding of the view of the Group by the investment community.

Throughout 2022 the Group has considerably increased engagement with the investor community in a number of ways.

The Group Executive Committee discusses shareholder needs and expectations in the context of upcoming market announcements and other touchpoints at every monthly meeting and reviews investor feedback received following each of those touchpoints.

The 2023 AGM will repeat the arrangements established in 2021 to ensure maximum opportunity for shareholder engagement in that forum by enabling shareholders to view the meeting via a live webcast and participate via live Q&A functionality.

Should you wish to request a meeting or submit a question, please contact [investors@thepebblegroup.com](mailto:investors@thepebblegroup.com).

Q Investor presentations can be found on the Company's website.

Q How we have increased engagement with shareholders is detailed in the Stakeholder engagement section of this report on page 21 and also outlined as a key initiative for 2022 in our Section 172(1) statement on page 23.

## Corporate governance statement

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



Our values identify the importance of all our stakeholders and our commitment to social responsibilities, demonstrating how integral these matters are to the Group's culture.

The Group invests in and works consistently to develop and strengthen the relationships it has with all of its stakeholders, to understand their needs and requirements.

The Group Board and its Committees have regard to relevant stakeholder interests in all key decision making and our report template prompts authors to outline the consequences of each proposal on the long-term success of the Company including (where relevant) the impact on the Company's wider social responsibilities.

Q Our values are on page 1.

Q Information on how our business model identifies key resources and relationships is contained on pages 5-11.

Q How the Company obtains stakeholder feedback and the output of that is in the Stakeholder engagement section of this report at page 18-22.

Q Approach to wider stakeholder and social responsibilities is set out in our Section 172(1) statement on page 22-25.

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



The Group Board uses a considered approach to risk management and acknowledges the need to accept a certain level of strategic risk to achieve capital growth for shareholders.

Risk management is embedded from the Group Board to the Audit Committee, to the Group Executive Committee, to the Operating Boards. There is an effective process for identifying, assessing and managing risks in this framework and risk registers are held and reviewed on a biannual basis at Operating Company level, as well as at Group level. The Audit Committee provides the assurance that the risk management and related control systems in place are effective.

Q The risk management framework is explained, together with details of the key risks and opportunities facing the Group and related mitigating actions to manage these risks, on pages 51-55.

Q The Audit Committee report on pages 77-80 explains how it oversees the effectiveness and integrity of the internal control systems.

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



The Group Board has strong independent representation, a good balance between the Executive and the Non-executive Directors and a good gender balance.

Executive Directors dedicate a full-time commitment to the Company. Non-executive Directors provided a strong time commitment in 2022, allocating sufficient time to effectively discharge their responsibilities. This included the preparation for, attendance at, and dealing with actions arising from all Group Board and Committee meetings, which had full attendance.

The Chair and Company Secretary keep Group Board processes under review to develop and formalise, including conducting detailed annual planning and agenda setting. This results in the Group Board and its Committees receiving high quality, accurate and timely information on a regular basis.

The 2022 Annual Group Board Effectiveness review highlighted the following as particular areas of strength, which the Board concluded were an indication that the Directors were operating very effectively and performing to a high standard as a unit, in Committees, and also individually as Directors:

- Board members attendance and active contribution at meetings
- Independence of character and judgement of Board members
- Time commitment of Non-executive Directors
- Role of Chair and Role of Senior Independent Director
- Executive Directors and Company Secretary performance

Q Group Board structure and composition details are on page 58.

Q Detailed information on Group Board and Committee meeting frequency can be found in the Group Board of Directors section on pages 74 and 75.

Q For more detail on Board Agenda please see page 59.

Q For full details of the Annual Group Board Effectiveness review 2022 results, see Principle 7 below.

## Corporate governance statement

### Principle 6:

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



All Directors are professionally active. Each has demonstrated that they possess the appropriate skills, capabilities and experience for the roles they perform, including as members of the Group Board and its Committees. Group Board experience is extensive and varied, and the mix of personal qualities (including gender balance) contributes to the Group Board’s ability as a whole to deliver the Company’s strategic objectives. The skills and experience of the Group Board are reviewed annually through use of a forward-looking skills matrix to ensure that the Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. The review in 2022 highlighted a potential need for specific technical skills around ‘Digital technologies and SaaS’ at Board level and instigated further activity in this area, including a ‘Needs Analysis’ to assess the need in more detail and possible actions with external advisors.

The 2022 Group Board effectiveness review assessed the performance of the individual Directors and found no issues, highlighting knowledge and experience of capital market rules and understanding of obligations of a quoted company as a particular strength. Further, all Directors were re-elected at the 2022 AGM and it is the Company’s intention to continue to subject all Directors to re-election annually.

A Director performance evaluation by the Nomination Committee in both Q4 22 and Q1 23 concluded that each Director continued to make an effective and valuable contribution to the Group Board, and that each Director demonstrated a strong commitment to their role and to the long-term success of the Company.

The Company Secretary acts as adviser to the Chair and the Group Board, with responsibility for ensuring effective Group Board processes are followed. Monthly ‘Boardroom Briefings’ are circulated to update Directors on topical issues, such as: corporate culture; Directors and their responsibilities; executive remuneration, ESG or climate related issues and disclosure requirements.

The Company’s external auditors, PwC, provides regulatory updates and briefings to the Group Board twice per year on relevant corporate reporting developments or similar ‘hot topics’ for the year under review.

The Company’s NOMAD provides annual Group Board training and a briefing pack on the AIM Rules, Market Abuse Regulation, managing price sensitive information and other regulatory updates.

The Group Board is given the opportunity to keep in touch with relevant developments through appropriate seminars and formal external training courses facilitated by the Company Secretary to ensure continued development of knowledge, skill and capability.

Fostering a culture of continuous improvement is important to the Chair, who participated in a series of coaching sessions at the Company’s expense during 2022, as part of his own commitment to continued professional development.

The Group Board and Committees use professional advisors at the Company’s expense when considered necessary.

**Q** Director’s skills and experience are detailed on pages 74 and 75 and also on the Company’s website.

**Q** Information on how the Nomination Committee actively reviewed Group Board structure, size and composition in 2022, is on page 63.

**Q** For full details of the results of the 2022 Annual Group Board Effectiveness review, see Principle 7 below.

**Q** For full details of the Director performance evaluation conducted by the Nomination Committee in Q4 2022 and Q1 23, see page 71.

**Q** The use of professional adviser services has been set out in the reports of each of the Group Board’s Committees contained in this Report, where applicable.

## Principle 7:


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

The Group Board, led by the Chair, fosters a culture of continuous improvement to maximise the effectiveness of board practices. It performs an annual formal assessment of the effectiveness of the Group Board and its performance as a unit as well as that of its Committees and the individual Directors.

The process is conducted internally by the Group Board and not on an anonymous basis, to reflect the open culture and nature of the Group Board:

- The Chair of the Group Board is responsible for and leads the process with assistance from the Company Secretary to ensure that all Directors are actively engaged
- Completion of a written questionnaire by all Directors, covers 'Composition and Process' and 'Behaviours and Activities'
- A written report from the Chair on the results is tabled for full Board discussion
- Directors' evaluation of the results is facilitated by the Company Secretary
- Actions are included and followed-up as part of standard Group Board process

The Nomination Committee reviews the Group Board effectiveness process annually to enhance and improve the exercise. The process followed in 2022 was as per the above, which was considered to remain fit-for-purpose given the size, nature and complexity of the Group Board and its Committees, current stability of composition and governance maturity.

 Details of the Nomination Committee update to its Group Board effectiveness review criteria in 2022 (to ensure it remained fit-for-purpose) is on page 63.


#### Results and recommendations of the 2022 Review

##### Particular strengths highlighted (not already mentioned in principles above):


- Constitution and performance of Board Committees
- The integrity of the financial controls and systems of risk management, being robust and resilient
- The Board's demonstration of stewardship through effective communication with all of the company's stakeholders and taking account of their interests
- Tone from the top and a performance culture that drives value creation without exposing the company to excessive risk or value destruction

##### Recommendations:

- On Board mix of skills, experience and knowledge, a lower score reflected the Non-executive Director skills matrix output, which had highlighted the potential need for specific technical skills around 'Digital technologies and SaaS' at Board level. Actions were agreed to take steps to explore that further

 Details of the Nomination Committee update on the Non-executive Director skills matrix review is on page 63.

- On Board diversity, a lower score reflected the absence of ethnic diversity on the Board and need to develop a more specific action plan, with measurable targets for achieving increased diversity. It was agreed that an external consultant be engaged to carry out an in-depth exercise, provide external validation of the Group's DEI policy and approach, and produce a practical action plan

 Details of plans in place to work with an external DEI consultant are on page 38.

#### Progress against previous recommendations

The Group Board has addressed the areas for development identified in the 2021 performance review as outlined in the Company's 2021 Annual Report. In particular:

- During the year, the Chair attended five one-to-one virtual investor meetings on approach, values and principles in relation to governance
- Enhanced ESG resource was added to Brand Addition in the form of further investment into its sustainability team and the hire of three sustainability product managers

# Corporate governance statement

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

The Group’s values shape our culture, define who we are, what we do and how we act. We believe they demonstrate our commitment to ethical behaviour.

For details of our values please see page 1.

For information on how the Company’s culture is consistent with its objectives, strategy and business model, please see pages 59-60 under Operating Boards and Group Executive Committee.

The Group Board monitors and promotes an ethical corporate culture by having documented key governance policies in place which are reviewed and re-approved annually to ensure that they remain up to date and continue to reflect best practice. It is extremely important to the Group Board that policies or practices not only align with best practice but are designed in a meaningful way and fit with our culture and way of working.

Our assessment of our principle risks and uncertainties reflects our ethical culture and balanced risk appetite. For details, please see pages 51-55.

The policies assist in embedding a culture of ethical behaviour for all employees. In addition, we seek to work with agents, contractors, business partners and other third parties who work with us or on our behalf, who share our zero-tolerance approach to certain activities (e.g., bribery and corruption), and we expect them to behave consistently with the provisions of our relevant policies.

The Group Board also monitors the state of culture and employee satisfaction at present by including minutes of each Brand Addition employee forum for noting at Group Board meetings.

Information on monitoring compliance with certain policies can be found in the Audit Committee Report on pages 77-80.

The CEO in conjunction with the Company Secretary or the Group Senior ESG Officer is responsible for reviewing the suitability, adequacy and effectiveness of the policies and for making improvements, as appropriate. The Divisional Lead in each business is responsible for ensuring the implementation and communication of policies and ensuring that any Group policies are reflected in Brand Addition’s and Facilisgroup’s respective equivalent local policies.

For details of the key governance policies in place across the Group, and enhancements during 2022, please see pages 65-66.

Any non-compliance with policies is reported by the Divisional Leads via the Group Executive Committee to the relevant Group Board Committee and ultimately the Group Board for monitoring on an ongoing basis.

Annual employee performance evaluations within Brand Addition

assess alignment with and embodiment of its core values, including ‘Do the right thing’. Within Facilisgroup, 50% of bonus to employees is earned based on individual performance which is aligned with embodiment of core values. Employees that are not aligned with core values can be assigned a specific Performance Improvement Plan and will not be paid a bonus.

In October 2022, the Company published its second ESG report in which it set out its ESG strategy and the framework which underpins its approach to ESG.

During 2022, the Group has developed and enhanced its governance policies and processes, including adoption of a new Group Framework on conduct,

Our full ESG report is available in the ‘investors’ section of our website.

For more detail on the new Group Framework please see page 65.

ethics and compliance.





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



The Group's governance structures have evolved and developed so that they fit naturally with our culture and way of working. They will remain under review during 2023 and will evolve where required in line with the Company's planned growth.

The role of each member of the Group Board is clearly defined. The Chair is responsible for the operation of the Group Board and for corporate governance within the Group. The CEO is responsible for proposing the strategic direction of the Group Board and implementing the strategy once approved. The CFO is responsible for all financial matters and engagement with shareholders.

The Group Board reviews its formal schedule of matters reserved for the Group Board and each Committee reviews its terms of reference on an annual basis to ensure they remain fit for purpose and support good decision-making.

The Group Board and its Committees operate within formal processes and timetables facilitated by the Company Secretary. Each meeting has an agenda, a Group Board reporting template (with Section 172 guidance), appropriate and timely information is circulated in good time prior to each meeting, and meetings are planned to ensure that appropriate time is allotted for open and in-depth discussion. All actions arising are formally tracked, followed up by the Company's management and reported.

The Chair and Company Secretary keep Group Board processes under review to develop and formalise, including conducting detailed annual planning and agenda setting which aligns with the terms of reference. This results in the Group Board and its Committees receiving high quality, accurate and timely information on a regular basis which supports good decision-making by the Directors.

Q The Group's governance structures are explained on pages 58-61.

Q More detail on the Group Board roles and responsibilities can be found on the corporate governance section of the Company's website.

Q The roles of the Group Board's Committees are described in detail on pages 60-61.

Q The schedule of matters reserved for the Group Board and each Committee's terms of reference can be found on the Company's website.

Q For more detail on Board Agenda, please see page 59.

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

The detailed responses to the principles of the QCA Code in this section of the Report, in conjunction with the related information throughout this Report, communicates to shareholders and other relevant stakeholders how the Company is governed.

The enhanced investor relations activity during 2022 increased communication with investors on matters of governance and performance.

In October 2022, the Company published its second ESG report in which it set out its ESG strategy and the framework which underpins its approach to ESG.

Shareholders and other relevant stakeholders are free to engage in dialogue with the Company via [investors@thepebblegroup.com](mailto:investors@thepebblegroup.com)

Q See the details included at Principle 2 above as to how the Company maintains an active dialogue with its shareholders on Company performance through a planned programme of investor relations.

Q For details on the increased investor relations activity during 2022, please see page 23.

Q Our full ESG report is available in the 'investors' section of our website. A range of Company information is included on the Company's website.