

Chair’s introduction to governance

# Enhancing our good governance.



Our Values in action:  
**Enjoying the journey**

Enjoying the journey in a culture of integrity, transparency and fairness, where we are proud of our past and excited by our future.

“We are proud to have achieved The RACE Equality Code Quality Mark as a demonstration of our clear commitment to DEI.”



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

**Governance Highlights**

- Appointment of new Non-executive Director enhancing the Group Board skillset
- Being awarded The RACE Code Quality Mark Accreditation, providing third party affirmation of our DEI approach and strategy
- Brand Addition achieving global ISO27001 (information security, cybersecurity and privacy protection) certification

Welcome to the corporate governance report for the year ended 31 December 2023.

As Chair of the Board, I am responsible for corporate governance within the Group. The Board places a high priority on effective governance and I work with our Group General Counsel and Company Secretary to ensure that our governance structure, policies and processes reflect best practice and are embedded into our Group’s culture.

The Group Board believes that good corporate governance creates shareholder value and builds engagement and trust with our teams, customers and suppliers. It does this by demonstrating our strong values and supporting sustainable growth whilst minimising risk.

We look to enhance our sound corporate governance grounding by focusing on embedding it into our culture and continually monitoring the Group’s governance framework and practices against any: (i) changes in our businesses over time; (ii) changes in official standards; (iii) developments in best practice guidance; and (iv) our stakeholders’ expectations. I therefore oversee a formal internal review of the effective operation of the Group Board, its Committees and their oversight of our businesses on an annual basis.

In addition, the Board engages experts where we believe doing so will enhance our governance approach, for example, our ongoing appointment of Executive remuneration advisors and consultants on DEI.

**During 2023 the key governance related developments were:**

- Successful recruitment and induction of a new Non-executive Director to address the identified need for specific technical skills around 'Digital technologies and SaaS' on the Group Board
- Establishing a Group level DEI Steering Committee
- The successful completion of the RACE Code Quality Assessment to affirm our DEI approach
- The development of a new Group DEI strategy to create structure and direction for our businesses
- Embedding our Framework on Conduct, Ethics and Compliance in our businesses with training for all employees designed to cascade the Board's culture, integrity and expectations across the entire business and empower our employees
- Creation of a new corporate authorities structure and documentation to be adopted by each Group subsidiary
- Introduction of a biannual policy audit led by Group to ensure all policies adopted are being implemented and embedded well within our businesses
- Development of new IT security incident response plans across the Group and achieving ISO27001 accreditation in Brand Addition globally, demonstrating its commitment to maintaining robust information security policies and practices

**During 2023, time was also dedicated to:**

- Continued focus on succession planning and talent identification and development. Investment will continue throughout 2024 with activities and progress overseen by the Board's Nomination Committee
- Our Senior ESG Officer taking a pro-active approach to staying updated on the changing ESG landscape through events and training, with the aim of adapting our ESG policies and reporting requirements to align with best practice
- Direct Group Board engagement with our employees in the form of two employee engagement events held in Manchester and London. Directors spent time with our teams and had the opportunity to develop a deeper knowledge and understanding of the Group's business and those who work within it. I also make a point of chatting to and engaging directly with our teams in offices around the world whenever I visit



Our Group Board members have extensive knowledge, skills and experience and remain 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: new laws and regulations, new governance code requirements and consultations on issues such as DEI and reporting.

On 22 June 2023 we strengthened our Group Board when David Moss joined as an additional independent Non-executive Director. David co-founded Blue Prism and has significant technology experience from his time there as Chief Software Architect. Given the gap in specific Group Board 'Digital technologies and SaaS' technical skills identified through the operation of our governance monitoring activities in 2022, it is expected that David will add value to the Group Board and help support in the execution of Group strategy to the benefit of all stakeholders. David is a member of the Remuneration and Nomination Committees.

The Company has applied the Corporate Governance Code 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. For the next financial period, the Company will apply and report against the Corporate Governance Code 2023 as updated and published by the QCA.

This section of the Annual Report outlines how we have applied the principles of the QCA Code during the year. Additional corporate governance information around our Stakeholder Engagement activities and our Section 172(1) statement can be found on pages 22-25.

**Richard Law**  
Chair

18 March 2024

Corporate governance statement

# Best practice corporate governance.

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 shared view of the Group’s vision and the vision, strategy and business models of our businesses. These are designed to deliver medium to long-term growth for the Group.

Strategy is re-visited annually with six-monthly check-ins against plan. In 2023, the Group Board held its annual strategy event over two days in November with all Directors in attendance. The output focused on:

- vision and scoring of our businesses
- scaling our businesses
- technology product roadmap
- leadership, our people and team structures

The Chair and CEO work closely to ensure the strategic message and direction is strong and understood. In 2023, the Board discussed resource to drive strategy alignment across the Group and ensure strategy is clear, memorable and tangible for all employees.

All strategic initiatives are underpinned by the Group’s values and expected high standards of conduct, ethics and compliance. Examples of this and how it is cascaded through our businesses is described throughout this Report.

**Q** The following sections of this Report set out how the Group intends to deliver shareholder value in the medium to long-term:

- Group strategy is on page 17
- Group vision and the vision of each business is on page 4
- Our business models are on pages 8-11
- 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 liaison with the Company’s shareholder base and during 2023 they maintained the active and frequent dialogue the Company has established.

Regular updates on shareholder meetings, together with all reports and feedback issued by analysts are provided to the entire Group Board to support their understanding of the view of the Group by the investment community.

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

The 2024 AGM will again 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** How the Group seeks to engage with shareholders and the output of that engagement in 2023 is detailed in the Stakeholder engagement section of this Report on pages 18-21.

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

### 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. Systems are in place to solicit, consider and act on the feedback from all of our stakeholder groups.

The Group Board and its Committees have regard to relevant stakeholder interests in all key decision-making. Our Board 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 8-11.

Q How the Group obtains stakeholder feedback and the output of that is in the Stakeholder engagement section of this Report on pages 18-21.

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

### Principle 4:

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



The Group Board takes 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 each of the Audit Committee, Group Executive Committee, and 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 both Divisional and 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 52-57.

Q The Audit Committee report on pages 82-85 explains how it oversees the effectiveness and integrity of the internal control systems.

# Corporate governance statement

## Principle 5:

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

The Group Board successfully appointed a new Non-executive Director during 2023 and remains a well-functioning team led by the Chair with strong independent representation. There is a good balance between the Executive and the Non-executive Directors.

Executive Directors dedicate a full-time commitment to the Company. Non-executive Directors provided a strong time commitment in 2023, 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, each of which had very strong attendance.

The Chair and Company Secretary keep Group Board processes under review, 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 2023 annual Board and Committee 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:

- time commitment of Non-executive Directors;

- role of Chair and Role of Senior Independent Director;
- independence and balance on the Board; and
- Board members attendance and active contribution at meetings.

Q Group Board structure and composition details are on pages 80-81.

Q Detailed information on Group Board and Committee meeting frequency can be found in the Board of Directors section on pages 60-65.

Q For more detail on Board Agenda please see page 62.

Q For full details of the annual Board and Committee Effectiveness Review 2023 results, see Principle 7 below.



## Principle 6:

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

Our Directors are professionally active and 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 their mix of personal qualities and 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 it is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. After the 2022 review highlighted the need for specific technical skills, David Moss was successfully appointed as a new Non-executive Director in June 2023. The Nomination Committee has concluded that the current skills and experience are optimum to support delivery of the Group's strategy, considering the future strategic requirements and anticipated developments.

The 2023 annual Board and Committee Effectiveness Review highlighted the mix of skills, experience and knowledge of the Board as an area of improvement. It also noted 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 2023 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 Q1 2024 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: new laws and regulations, new governance code requirements and consultations on issues such as DEI and reporting.

The Company's external auditors provide 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 Nominated Adviser and the Company's broker each provide annual Group Board training and a briefing pack, covering between them the AIM Rules, Market Abuse Regulation, managing price sensitive information, Takeover Code and other topical regulatory updates.

The Directors are given the opportunity to attend other updates and/or training sessions to ensure continued development of knowledge, skill and capability.

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

Q The identity of each Director and their relevant skills and experience are detailed on pages 80-81 and also on the Company's website.

Q Information on how the Nomination Committee actively reviewed Group Board structure, size and composition in 2023, is on page 68.

Q For full details of the results of the 2023 annual Board and Committee Effectiveness Review, see Principle 7 below.

Q For full details of the Director performance evaluation conducted by the Nomination Committee in Q1 2024 see page 75.

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.



## Corporate governance statement

### 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

The process is conducted internally by the Group Board on a non-anonymous basis, which reflects its open culture and nature. In 2023, the use of a digital platform was introduced to improve the process and present results in a more sophisticated format. This also improves year-on-year comparison:

- 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
- All Directors complete a questionnaire using the digital platform
- The questionnaire covers 'Composition and Process' and 'Behaviours and Activities'
- A digital report on the results and a year-on-year comparison, together with a written analysis is tabled for full Board discussion
- Directors' evaluation of the results is facilitated by the Company Secretary during a board meeting with full attendance
- Actions are included and followed-up as part of standard Group Board and Committee process

The Nomination Committee reviews the Group Board effectiveness process annually to enhance and improve the exercise. The above process was followed in 2023, which was considered to be fit-for-purpose given the size, nature and complexity of the Group Board and its Committees, current stability of composition and governance maturity.

### Results and recommendations of the 2023 Review

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

- Constitution and performance of Board Committees
- Board appointment and induction processes
- The Board's demonstration of stewardship through ensuring that the standard of external reporting is high
- Remuneration and performance – ensuring appropriate consistency and linkage between the strategy, risks and performance of the Group, and the remuneration offered to the Directors

### Recommendations:

- On DEI; to ensure continued focus through Nomination Committee activities and RACE Code developments
- On succession planning; action agreed via Nomination Committee activity to improve and further develop succession planning across the Group

### Progress against previous recommendations

The Group Board has addressed the areas for development identified in the 2022 performance review as outlined in the Company's 2022 Annual Report. In particular:

- On Board mix of skills, experience and knowledge; the previously low score became a strength in the 2023 review due to the reaction of the Board and successful appointment of David Moss as a new Non-executive Director with the required skillset and experience
- On Board diversity; in response to the need for development of a more specific action plan with measurable targets for achieving increased diversity, the Group successfully worked with an external consultant and completed an in-depth exercise which led to the achievement of the RACE Equality Code Quality Mark accreditation. This has provided external validation of the Group's DEI policy and approach, and has also brought improved clarity to DEI strategy and structure to all DEI activities across the Group.



Details of the Nomination

Committee update to its Group Board effectiveness review criteria in 2023 (to ensure it remained fit-for-purpose) is on pages 66-67.

## 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.

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 ways of working.

The Group Board also monitors and assesses the current state of culture and employee satisfaction. It does so by including minutes of each Brand Addition employee forum for noting at Group Board meetings and by chatting to employees at pre-arranged employee engagement events or more informally whilst spending time in our offices.

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 their respective Division's equivalent local policies.

Any non-compliance with policies is reported by the Divisional Leads via the Group Executive Committee to the relevant Group Board Committee and, ultimately, to 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 employees' bonuses are 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.

During 2023, the Group has developed and enhanced employee awareness and engagement with Group Policies and culture, including through Group-led training for all staff on our framework on conduct, ethics and compliance, our anti-slavery and human trafficking policy. During Q1 2024, this Group-led training extended to our anti-bribery and corruption policy.

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 page 56 under Operating Boards and Group Executive Committee.

Our assessment of our principal risks and uncertainties reflects our ethical culture and balanced risk appetite. For details, please see pages 52-57.

Information on monitoring compliance with certain policies can be found in the Audit Committee report on pages 82-85.

For details of the key governance policies in place across the Group, and activities during 2023, please see pages 69-71.



## Corporate governance statement

**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 continual review and will evolve where required in line with the Group's 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 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 continue to 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), with appropriate and timely information circulated in good time prior to each meeting, and considered planning of meetings are 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 review, develop and formalise Group Board processes, including by 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 60-65.

**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 64-65.

**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 62.

**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 investor relations activity during 2023 ensured dialogue existed with investors on matters of governance and performance.

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

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.

A range of Company information is included on the Company's website.

