

# JAYWING

## **Statement of Compliance with the QCA Corporate Governance Code: Chairman's Introduction**

The London Stock Exchange's changes to AIM Rules require all AIM-quoted companies to adopt and comply with a recognised corporate governance code from 28 September 2018. Jaywing plc has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code.

Our report outlines how we comply with the code at present; which will also be updated annually.

### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

Jaywing plc is a data science-led agency and consulting business with a marketing technology division and a highly collaborative culture, our "One Jaywing" operating model. Operating in the UK and Australia, we have over three hundred clients across a wide-range of industry sectors.

Our goal is to beat the market by creating high quality income streams in the faster growing areas of digital marketing and credit risk.

We do this through:

- providing solutions for clients rather than disparate services, and in so doing create more long-term and valuable client relationships;
- providing clients with strategic advice through to marketing execution, all managed through a single relationship management function;
- underpinning everything we do with data science to provide better outcomes for our clients;
- using our marketing technology to deliver innovative solutions to clients and to reduce our operating costs;
- constantly innovating in our application of data science to stay at the forefront of the industry.

The Group's latest Annual Report provides further detail on Jaywing's strategy and business model, as well as the key challenges faced by the Company in achieving its goals.

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

We believe that a two-way dialogue with our shareholders, analysts and potential investors is essential to driving our business forward. We communicate via regular investor roadshows, attending investor conferences and hosting capital markets days. We also provide regular updates on trading and other corporate activity through our regulatory news feeds; RNS and RNS Reach, and our regular reporting helps these audiences to understand our strategy, business model and performance, and ensure we understand what they think about us.

#### *Private shareholders*

The Annual General Meeting (AGM) is the main forum for dialogue between retail shareholders and the Board with the chairs of the Board, all committees, and all other Directors in attendance. The notice of the AGM is sent to shareholders at least 21 days before the meeting and the number of proxy votes received for, against and withheld for each vote are announced at the meeting. The results of the AGM are published via RNS and on [investors.jaywing.com](https://investors.jaywing.com).

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## *Institutional shareholders*

Shareholder relations are managed primarily by the Chief Executive Officer and Chief Financial Officer. As part of building and maintaining such relationships, they make presentations to institutional shareholders and analysts following the release of the full-year and half-year results.

The views and any concerns of major shareholders are reported to the Board as a whole, along with any significant investment reports from analysts and feedback from our broker, Cenkos Securities plc. The Chairman and Non-Executive Directors are also available to meet with major shareholders to discuss issues of importance to them.

Corporate information, including all Company announcements, is available to shareholders, investors and the public on the Company's website.

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

Regular engagement with all of our stakeholders across shareholders, suppliers, customer and employees strengthens our relationships with them. Listening to their feedback and insights helps the Board to understand the issues that matter most to them and our business, and enables us to make better business decisions and deliver on our commitments.

Jaywing is very much a people business, meaning our employees are one of our most important stakeholder groups. Consequently, formal [internal/external] employee engagement surveys and any other employee feedback is and will be continue to be monitored and reviewed by the Board to ensure alignment of interests.

We set and practice high standards of governance to ensure that we comply with the requirements of the 2012 Equality Act and raise employment standards for all of our employees.

Our recruitment policies and operational management are family friendly, promote equal opportunities and support our employees' well-being. These include:

- Maternity & paternity provision
- Company contributory pension
- Equality policy to ensure diversity is valued
- A merit-based approach to promotion
- A comprehensive programme of benefits designed for different employee groups

Our Corporate Social Responsibility policy sets out our policy on a range of matters including equality, modern slavery and human trafficking, in relation to our own organisation and the organisations we deal with as suppliers or clients. This can be found here:

<https://investors.jaywing.com/about>

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The delivery of this policy through our operational practices ensures equality throughout our organisation and that the suppliers and clients we work with also hold these practices in high regard.

In relation to modern slavery and human trafficking, we mostly employ people in professional services roles with a professional services background. We have strict policies regarding age and working hours and we conduct ID verification and right to work checks for all employees. We also apply additional vetting checks for certain roles that can include criminal record checks and credit reports.

Within our supply chain, which is relatively small and limited to a few services, we use reputable firms for items such as computer hardware and software, mobile phones, furniture, stationery, merchandise, cleaning and maintenance consumables and service, print production, etc. We also ask our people to be vigilant when making purchases on expenses. We aim to keep ourselves updated on any companies suspected of modern slavery by performing an annual desk research review of our biggest suppliers. If we discovered impropriety via this or any other mechanism, we would react as necessary.

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

The principal risks and uncertainties facing the Company are set out in the 2018 Annual Report on pages 18 - 20, which can be found on the Company's website. These cover general economic and business risks, people, client, competition, access to capital, execution, products and services. This section also details how these are managed. They are also subject to regular review by the Audit & Risk Committee. The Company is also in the process of embedding a Risk Register process across the operational business units.

The Group also utilises a number of non-regulatory committees, such as Policy Steering Committee and Data Security Committee, each of which report risks on a regular basis to the Board.

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

The Board comprises the Executive Chair, three Executive Directors and three Non-executive Directors. The Board maintains a suitable balance of experience comprising financial expertise, public market experience and expert knowledge of the Company and its market. This balance enables it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their judgement and to challenge all matters, both operational and strategic. The Company believes stability of the Board is essential to the execution of long-term strategic plans.

The Non-Executive Directors Ian Robinson and Mark Carrington are not deemed to be independent, due to links with one of the Company's largest shareholders, Lord Ashcroft KCMG, PC. Jaywing therefore departs from the application of Principle 5 in this regard.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board

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Further information on the board's skill set, including biographies of each director and their relevant expertise can be found on the Company's website in the investors section.

**Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Chair ensures the Board is balanced with expert knowledge of the various industries in which the Company operates and financial and general management skills, including accounting practices and broader plc governance experience to deliver the necessary input to and oversight of the different opportunities and threats the Company faces.

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Since the appointment of Martin Boddy as Chairman in July 2017, he has been assessing the individual contributions of each of the members of the team to ensure that:

- Their contribution is adequate, relevant and effective
- That they are committed
- Where relevant, they have maintained their independence

Over the next 12 months, the Company will review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. This will be done by surveying the Company's senior leadership team, as well as through other stakeholder engagement, such as investor meetings and client surveys. Surveys shall include key criteria against which individuals are assessed.

The make-up of the Board and succession planning is reviewed periodically to ensure the Company is not unduly exposed to either the loss of members of the Board or poor performance. Board members are re-elected every two years.

In July 2015, Rob Shaw, Chief Executive Officer, and Adrian Lingard, Chief Operating Officer were appointed to the Board to fulfil the succession plan for the previous Chief Executive Officer, Martin Boddy, now Executive Chairman, and Chief Operating Officer, Andy Gardner, subsequently Chief Strategy Officer who has since resigned from the Board. In addition, Non-Executive Director, Mark Carrington joined the Board in February 2018, to provide independent financial management skills, following Andy Gardner's departure and as a future successor to other Non-Executive Directors.

**Principle 8: Promote a culture that is based on ethical values and behaviours**

The Board aims to lead by example and do what is in the best interests of the Company. Our culture is highly collaborative, with specialists from across the business encouraged to work closely together, value the contribution that each person makes and always act in the best interests of the client.

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

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## *Board programme*

The Board is scheduled to meet at least six times each year, where it sets direction for the Company. A schedule of dates is compiled before the beginning of each financial year for that year's six Board meetings, aligned as optimally as possible with the Company's financial and trading calendars, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

Before each meeting, a formal agenda is produced and The Board and its Committees receive relevant papers several days before meetings take place. Each matter is discussed and any Director may challenge Company proposals, after which decisions are taken democratically. Should any Director have any concern that remains unresolved, they may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. The Board or relevant Committee may agree actions, which are then followed up by the Company's management.

## *Roles of the Board, Chairman and Chief Executive Officer.*

The Board is responsible for the long-term success of the Company, which is managed by a formal schedule of matters. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction, as well as high standards of Corporate Governance. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors regularly receive relevant and timely information on the Group's operational and financial performance in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance with any significant variances reviewed at each meeting. Where appropriate, senior executives below Board level may attend Board meetings to present business updates. Board meetings throughout the year are held at the Company's various office locations. In particular, this gives the Non-Executive Directors access to the different divisions to gain a greater understanding of the Group's activities.

## *Executive Team*

The Executive Team consists of Rob Shaw (Chief Executive Officer), Adrian Lingard (Chief Operational Officer) and Michael Sprot (Chief Financial Officer) with oversight by Martin Boddy (Executive Chairman) and with input from the divisional directors and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate

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responsibility programmes. The Chief Executive Officer reports to the plc Board on issues, progress and recommendations for change.

## *Board committees*

The Board is supported by the Audit & Risk, Remuneration and Nomination committees. Each committee has access to any resources, information and advice it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of each committee are available on the Jaywing investors' website.

The Nomination Committee comprises a majority of Non-Executive Directors. It is responsible for nominating to the Board candidates for appointment as Directors, having regard for the balance and structure of the Board. The Committee is chaired by the Deputy Chairman unless the matter under discussion is their own succession. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. The Committee met during the year to consider the appointment of a new Non-Executive Director to replace a leaving Director.

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, RNS and RNS Reach for significant developments, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information, including all Company announcements and presentations, is also available to shareholders, investors and the public on the Company's investor website, <https://investors.jaywing.com/>

The Board receives regular updates on the views of shareholders through briefings and reports from the Chairman, Chief Executive Officer, Chief Financial Officer and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. The Company regularly seeks feedback from employees through a number of mechanisms, which will include employee surveys. Client and customer feedback is gathered by regular client meetings and reporting and client surveys. This information is used to improve service in general as well as addressing any specific concerns.