

# Corporate governance report

## Operation of the Board

The Board comprises of nine Directors: two Executive Directors and seven Non-Executive Directors, reflecting a blend of different experience and backgrounds.

The Board regards all the Non-Executive Directors, being Richard Last, Rachel Addison, Charlotta Ginman, Shaun Gregory, Martin Lea, Henrietta Marsh and Xavier Robert as Independent Non-Executive Directors within the meaning of the QCA Corporate Governance Code (2018 edition) ("QCA Code").

The Board is responsible to shareholders for the proper management of the Group. It meets regularly to review trading performance, set and monitor strategy, examine acquisition and divestment possibilities, approve major capital expenditure projects and other significant financing matters, and report to shareholders. The Board delegates authority to management for the day-to-day business under a set of delegated authorities which cover routine operational matters, purchasing procedures, financial authority limits, contract approval procedures and the hiring of full-time and temporary staff and consultants.

Matters for review by the Board are communicated in advance of formal meetings. All of our Directors are subject to election by shareholders at the first AGM after their appointment to the Board. Thereafter, all Directors are subject to re-election by shareholders at each AGM.

The Chair and Non-Executive Directors have other third-party commitments including directorships of other companies. The Company is satisfied that these associated commitments have no measurable impact on their ability to discharge their responsibilities effectively.

## Board activities in 2022

### Strategy

- Approved the proposed acquisition of NeoTel
- Approved the disposal of ComyMedia
- Reviewed other potential acquisition targets which did not complete or were ongoing at year end.
- Approved the 2026 strategy planning.

### Operational

- Monitored the focus of the software development team.
- Reviewed product launches.

### Financial performance

- Monitored 2022 performance against the approved budget.
- Approved the 2021 Annual Report and Accounts and determined they were fair, balanced and understandable.
- Approved the 2022 half-year results.
- Approved the final dividend for 2021 and 2022 interim dividend.
- Approved the 2023 budget.
- Received reports from the Audit Committee concerning the overall level of financial governance of the Group.

### Corporate governance

- Reviewed the Board composition of Non-Executive Directors and approved appointments as recommended to it by the Nomination Committee.
- Reviewed the Board composition of Executive Directors and approved appointments as recommended to it by the Nomination Committee.
- Reviewed and approved the Notice of AGM and corporate governance disclosures.
- Considered the key provisions of the QCA Code and its application to the Company.
- Reviewed and approved the Matters Reserved for the Board and each of the Committees' terms of reference.
- Chair and Non-Executive Directors met without the Executive Directors present.
- Review and approval of Group level policies.

## Board meeting attendance

	Board meeting (scheduled)	Board meeting (short notice)	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee	ESG Committee
<b>Executive Directors</b>							
Andrew Belshaw	7/7	5/5 <sup>1</sup>	n/a	n/a	n/a	4/4	4/4
Bill Castell	5/5	5/5	n/a	n/a	n/a	2/2	2/2
Andrew Taylor	3/3	4/4	n/a	n/a	n/a	2/2	2/2
<b>Non-Executive Directors</b>							
Richard Last	7/7	6/6	2/2	7/7	10/10	4/4	4/4
Rachel Addison	2/2	1/1 <sup>1</sup>	1/1	n/a	n/a	1/1	n/a
Charlotta Ginman	7/7	5/5 <sup>1</sup>	5/5	n/a	8/8	4/4	n/a
Shaun Gregory	4/4	2/2	n/a	n/a	n/a	n/a	2/2
Martin Lea	7/7	6/6	n/a	7/7	10/10	4/4	4/4
Henrietta Marsh	7/7	6/6	5/5	7/7	10/10	n/a	4/4
Xavier Robert	7/7	5/5 <sup>1</sup>	n/a	5/7 <sup>3</sup>	8/8	4/4	n/a
Wu Long Peng	2/2	1/2 <sup>2</sup>	2/2	n/a	2/2	n/a	2/2

For changes in Committee memberships please see the Committee reports.

Meeting figures above are reflective of individuals membership of the Board/Committee.

1 Not all Directors were required to attend a Board meeting which was held at short notice.

2 Wu Long Peng did not attend the Board meeting held at short notice on 11 May 2022 due to a prior commitment.

3 Xavier Robert did not attend the Remuneration Committee meetings on 24 March and 9 December 2022 due to prior commitments.

### Risk

- Reviewed the status of the principal risks and progress with the implementation of any mitigation plans.
- Received regular reports from Chairs of the Committees on matters discussed.
- Received updates on regulatory developments.
- Reviewed any impact of the Russia and Ukraine war.

### People and culture

- Discussed talent, diversity and succession planning.
- Reviewed the composition of the Executive Committee in the UK and equivalent management groups for the overseas entities.
- Reviewed the results of the employee surveys.
- Reviewed updates regarding health and safety within the Group.
- Reviewed the Company's values.
- Approved the cost of living salary increase for certain employees.

### Shareholders

- Reviewed feedback following the virtual investor roadshows and other institutional shareholder meetings.
- The Chair met with shareholders as requested.

### Time commitment

The Executive Directors are expected to devote substantially the whole of their time, attention and ability to their duties, whereas, as one would expect, the Non-Executives have a lesser time commitment. The Non-Executive Directors are required to spend sufficient time in the business to discharge their responsibilities. Typically, this is 50-60 days per year for the Chair, 25 to 30 days per year for Independent Non-Executives with Chair of Committee responsibilities and 16-20 days for Non-Executives. The Chair and Non-Executive Directors have other third-party commitments including directorships of other companies. The Company is satisfied that these associated commitments have no measurable impact on their ability to discharge their responsibilities effectively. The Executive Directors are permitted to have third-party commitments with the permission of the Chair. The CFO has one external appointment, details of which are included on page 54, the CEO has no external commitments.

During 2022, certain Directors who were not Committee members attended meetings of the Audit Committee and Remuneration Committee by invitation. These details have not been included in the attendance table. Where a Director is unable to attend meetings of the Board or of Board Committees, such Director is expected to review the relevant papers for the meetings and provide their comments to the Board or the Board Committees in advance of such meetings.

### Training and development

New Directors receive an induction on their appointment to the Board which covers the activities of the Group including key market and product information, key business and financial risks, the latest financial information, and the terms of reference of the Board and its Committees. Meetings with all Board members, Executive Committee members and external advisors are held.

The Board ensures that they keep their skills up to date. They are made aware of accounting, regulatory, governance and legal changes via papers submitted to the Board, presentations and external documents. An annual review of compliance with the AIM Rules is also performed.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the Directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole and a new Company Secretary was appointed in early 2023. All Directors are supplied with information in a timely manner in a form, and of a quality, appropriate to enable them to discharge their duties.

### Board performance

The Company has a formal process of annual performance evaluation for the Board, its Committees and individual Directors. The Board and its Committees are satisfied that they are operating effectively.

The Nomination Committee concluded that it would be beneficial for there to be an externally-facilitated Board performance review and this review, in conjunction with Board Excellence Limited, was completed in 2022. The scope included evaluation of the performance of the Board, the Board Committees, individual Directors and of the Chair.

Board Excellence was selected via a competitive procurement process. It has no connection with the Company or any Director, although the Chair was subject to their review process in another company.

### Committees

The following Committees deal with specified aspects of the Group's affairs. All Committees operate under written terms of reference which are available at [www.gammacommunicationsplc.com](http://www.gammacommunicationsplc.com).

#### Audit Committee

The composition and workings of the Audit Committee are set out in the Audit Committee report on page 64.

#### Remuneration Committee

The composition and workings of the Remuneration Committee, together with details of the Directors' remuneration, interest in options and information on service contracts, are set out in the Directors' Remuneration report on page 70. No Director is involved in the decision about their own remuneration.

#### Nomination Committee

The composition and workings of the Nomination Committee are set out in the Nomination Committee report on page 61.

The Company's policy is to attract and develop a highly qualified and diverse workforce, to ensure that all selection decisions are based on merit and that all recruitment activities are fair and non-discriminatory. We continue to focus on encouraging diversity of business skills and experience, recognising that Directors and managers with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Group. When we recruit senior roles (including Senior Managers and Directors) we work with agencies who can produce a diverse shortlist. The bonus criteria of the senior team now contains a requirement that all shortlists for management roles must be diverse.

#### **Risk Committee**

The composition and workings of the Risk Committee are set out in the Risk Committee report on page 66. Its main function is to review the risk register prepared and maintained by management and to re-confirm that the principal risks have been identified and (where appropriate) mitigated. These are included on pages 26 to 31.

#### **ESG Committee**

The composition and workings of the ESG Committee are set out in the ESG Committee report on page 68.

### **Stakeholder engagement**

#### **Relations with shareholders**

Communication with shareholders is given high priority by the Board and is undertaken through press releases, general presentations at the time of the release of the annual and interim results and face-to-face meetings. The Group issues its results promptly to shareholders and also publishes the same on the Company's website. Regular updates to record news in relation to the Company are also included on the website.

In order to ensure that the members of the Board develop an understanding of the views and concerns of major shareholders there is regular dialogue with institutional shareholders, including meetings after the announcement of the Company's annual and interim results. The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. All the Non-Executive Directors and, in particular, the Chair and the Senior Independent Non-Executive Director are available to meet with major shareholders.

#### **Relations with employees/employee engagement**

The Group recognises the importance of employees to the success of the business and ensures that they are fully informed of events that directly affect them and their working conditions. Information on matters of concern to employees is given in briefings that seek to provide a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance through attendance at face to face meetings and employee webinars which take place regularly throughout the year. In addition to this, there is also a process in place which allows employees to contact the CEO anonymously if they wish to bring items to the attention of the Board. Henrietta Marsh, Senior Independent Director, acts as the Workforce Engagement Director, designated Non-Executive Director responsible for engagement with the workforce.

#### **Business relationships**

Relationships with suppliers and customers are paramount to the way that Gamma operates; the Executive Committee and the CEO engage on a regular basis with major suppliers and customers.

#### **Suppliers**

Gamma's supplier payments policy is to always pay suppliers on or before the agreed term (which will vary from contract to contract). If an invoice has been fully authorised on the system, it will pull through to the next available payment run even if this is before the contractual due date. For the year ended 31 December 2022, the average time taken to pay invoices was 29 days.

Gamma currently has a small number of suppliers who are paid via a netting agreement. The terms of these agreements are such that payment can only be processed once the netting is agreed by both sides. This can result in the days taken to pay being abnormally high on some invoices and therefore influencing Gamma's average days taken to pay suppliers. Due to Gamma's dispute policy whereby the disputed value of an invoice is withheld from payment until resolved, this can also result in average days taken to pay being influenced.

Any disputes are raised with the supplier directly at the earliest opportunity. Any valid charges on an invoice are paid, with the disputed amounts being held back until a credit is received or the dispute has been resolved.

#### **Customers (and customer satisfaction)**

Each customer has a Business Development, Information Assurance and Customer Development manager and is invited to our Customer Roadshows, which this year were virtual. These roadshows discuss the latest industry trends and opportunities for the channel to target, an update on Gamma's ever-expanding UCaaS and Connectivity product portfolio and panel discussions exploring the future of the Channel and define where the Channel's value lies in a digital world.

Signed on behalf of the Board by:

#### **Richard Last**

Chair and Independent Non-Executive Director

20 March 2023