

CORPORATE GOVERNANCE

The Group has described below the areas it considers to be the key aspects of its corporate governance arrangements.

Our key values and behaviours

Daisy Group is a group of end-to-end business technology and communications service provider businesses with a common strategy of organic growth and growth via acquisitions, such as Allvotec's purchase of Coupra Limited and its subsidiaries in the year.

The Group delivers a broad range of products and services provided through its four independent business divisions: SMB, DWS, Corporate and Allvotec. See the 'divisional reporting' section above for a brief description of each of these divisions.

The Group's key values and behaviours are to be: *Driven* – focusing our energy and passion on serving our customers and our partners; *Accountable* – taking responsibility for our actions; *Innovative* – finding ways to deliver more for our customers, partners and employees; *Successful* – delivering results as a team; and *Yours* – treating everyone with respect and taking care of our people.

These strategies and values are developed and promoted by the boards of each division (the "Divisional boards"), which have delegated responsibility for all aspects of that business's operations, as further described below.

Those charged with governance

The Group board consists of two executive directors, two non-executive directors and a Chairman, all of whom attended all Group board meetings during the year. Their backgrounds and experience, which are considered to complement the strategy of the Group, are summarised below:

Matthew Riley, Founder and Chairman – Matthew established Daisy Communications Ltd., one of the largest companies in the now Daisy Group, in 2001, leading that company and the fledgling Group through rapid growth to become one of the UK's leading end-to-end business technology and communications service providers. He is an award-winning entrepreneur, winning the Bank of Scotland Entrepreneur Challenge and Ernst & Young's UK Young Entrepreneur of the Year in 2007 and the City Awards DealMaker of the Year in 2012. He received the Comms Industry Awards Lifetime Achievement Award in 2017 and the ICT Forum Outstanding Achievement Award in 2019.

Steve Smith, Chief Financial Officer – Steve is a graduate of Liverpool University and qualified as a Chartered Accountant in 1989. Following 24 years in professional services, the last 11 as a partner with EY, Steve joined Daisy Group in 2009 as Corporate Development Director and joined the board in 2011 as Group Chief Financial Officer.

David McGlennon, General Counsel and Company Secretary – David is a qualified solicitor who spent 11 years in private practice at Clifford Chance LLP and then Eversheds LLP, where he focused on corporate finance, mergers and acquisitions. David joined Daisy Group in 2009 as General Counsel and Company Secretary, becoming a director in 2019. He holds an MA in Law from the University of Cambridge.

Michael Dennis, Non-Executive Director – Michael is a Partner and Co-Head of European Credit in the Ares Credit Group. Prior to joining Ares in 2007, Michael was Head of the London Financial Sponsor Group at Barclays Bank, where he focused on middle-market financing opportunities. He holds a BSc from the University of Nottingham and University of Manchester Institute of Science and Technology and an MBA with high honours from the University of Chicago Booth School of Business.

William Grout, Non-Executive Director – William is a Principal in the Ares Credit Group. Prior to joining Ares in 2011, William was a Manager in the Debt Advisory Group at PricewaterhouseCoopers LLP, where he focused on advising companies and their sponsors on acquisition finance, refinancings and restructuring situations. He holds an MA in Economics from the University of Cambridge and is a Chartered Accountant.

The Divisional boards comprise, as a minimum, the Chief Executive Officer and Chief Financial Officer of the relevant business, all of whom have held senior roles within the Daisy Group for a significant length of time.

Responsibilities of Group and Divisional boards

The responsibilities of the Group and Divisional Boards and individual directors are set out in the Group's internal Corporate Governance Structure paper which is reviewed each year.

The Group board sets the strategic direction of the Group as a whole, meeting monthly to review the overall management and performance of the Group and its business divisions. The Group board is aided in its supervisory responsibilities by its Audit and Remuneration Committees, comprising the statutory directors of the Company. The Audit Committee is responsible for oversight of the integrity of the Group's Annual Report and Financial Statements,

internal and external audit activities, and the Group's system of risk management and internal controls. The Remuneration Committee has oversight of the Group's senior management remuneration policy.

The Group board delegates the overall management and performance of the Group to the Chairman's office, subject to certain specified reserved matters requiring the approval of the full Group board, including, among others, any changes to the share capital or articles of association of any group company, any capital distributions, any significant acquisitions, disposals or capital expenditure, any non-arm's length related party transactions and any changes to Group or divisional directors.

The Chairman's office (comprising the Chairman, Chief Financial Officer and Company Secretary) is a supervisory body, the responsibilities of which include the support and assistance of the business divisions, together with overseeing their performance and the terms of their intra-group trading. It agrees the annual budget and business plans with each Divisional board, while ensuring there is sufficient financing available for each division to carry out its respective business plan. It ensures the Group's board's strategic intent is achieved, manages investor and funder relations on behalf of the division, together with overseeing and managing the corporate and M&A activity on behalf of the Group and the divisions and managing the Group's corporate structure.

The Divisional boards are responsible for the day-to-day management and performance of their respective divisions, including the operating and trading performance, together with all HR, health & safety, facilities management, statutory and regulatory compliance, and risk management activities. They are also responsible for promoting the best interests of their division and ensuring that its business is conducted in accordance with the agreed business plan and good business practice. These responsibilities are also subject to certain defined reserved matters, which require the approval of the Chairman's office, principally relating to bonus schemes, acquisitions, disposals, borrowing and capital expenditure, engagement with new suppliers, and any activities to the detriment of the wider Group.

The Divisional boards are required to meet members of the Chairman's office on a monthly basis, submitting a divisional board pack in advance, which includes financial results and a performance review using agreed KPIs, together with updates on sales, marketing, customer service, HR, health & safety, and risk & regulatory compliance.

Senior management remuneration is reviewed and subject to the approval of the Remuneration Committee with pay awards linked to market rates and the Group's performance against its wider strategy. Remuneration of the divisional workforce is set as part of the divisional budget process and subject to the budget approval process set out above. Commission programmes, bonuses and ad hoc pay increases require the prior approval of the Chairman's office.

Gender pay reporting is analysed and reported on by the divisional HR teams. The Daisy Group is committed to equal pay for equal work for all of its employees.

Risk and compliance

The Divisional boards are responsible for the identification of potential future opportunities for their respective divisions, subject to the permissions and oversight outlined above from the Chairman's office and Group board, where applicable, such as with the Allvotec division's acquisition of Coupra Limited and its subsidiaries during the year.

Each division has its own compliance officer, who is responsible for reporting into their respective Divisional board on the division's compliance with its regulatory requirements. While most regulatory requirements are managed at a divisional level, certain of them, for example Ofcom submissions, are managed by one division on behalf of the Group.

Risk registers are created by the divisions, then reviewed and combined into a Group risk register, ensuring appropriate consistency has been maintained across the divisional registers.

The Group prepares and maintains the Group accounting policies and the Group's financial policies and procedures, which are adopted by the divisions. The Audit Committee, comprising the Chairman, Chief Financial Officer and one Non-Executive Director, oversees the Group's identification of and response to risk. The Group appointed Grant Thornton UK LLP as internal auditors during the year, reporting directly to the Audit Committee and with a first directive to carry out a review of the divisional key financial controls. Internal and external whistleblowing procedures are widely publicised on the Group's intranet, together with all of the Group's risk policies with relevant employees required to complete training on these policies relevant to their roles and responsibilities. Further detail on the specific risks and opportunities of the Group is given in the Strategic Report.