

SECTION 172 STATEMENT

Under section 172 of the Companies Act 2006, the directors have a duty to promote the success of the Company and wider Group for the benefit of the members as a whole. This includes having due regard to the broad range of stakeholders of the Group, such as its workforce, customers, suppliers, lenders, shareholders, pension schemes and its impact on the wider community and environment.

The Group's ongoing engagement with these stakeholders includes the sharing of monthly financial information and quarterly covenant compliance certificates with its lenders and key shareholders, together with representatives of the Group attending Trustee meetings for the ICM Computer Group Pension and Assurance Scheme and engaging in regular dialogue with the Trustee of the other principal defined benefit pension scheme in which the Group participates, the Federated Pension Plan.

Customer feedback is sought on a regular basis, whether on a transactional basis as part of the customer experience follow up after each interaction or through regular scheduled service review meetings over the course of the year. Similarly, quarterly review meetings are held with many of the main suppliers to the divisions, using tools such as the balanced scorecard to identify any potential expectation gaps in services provided.

Value-adding initiatives are also provided for customers, such as webinars and training days in the DWS division and an 'Ask the Expert' online forum in the Corporate division. In the Allvotec division during the year, an employee identified a specific customer requirement for a deep clean of their IT equipment to improve performance, which proved so successful that this has since been introduced as a regular product offering in that division.

Engagement with the wider community is led at a local level by the divisions, which offer a number of different programmes to local schools such as mentorships, student placements, internships and well-established apprenticeship programmes. Employees volunteer their time to a number of local initiatives and charities, including talks at schools and colleges to raise awareness of the imbalanced gender representation in the technology industry and fundraising for the Prince's Trust and other employee-selected charities.

The Group's intranet offers the workforce an opportunity to ask questions and give feedback directly to the Group Chairman. Following employee concerns over the level of plastic cup wastage across the Group, free reusable drinks bottles were provided for all employees. Other employee feedback received during the year has given rise to refurbishments of office space and the Nelson canteen, together with the provision of designated recycling bins in the offices.

At a divisional level employee surveys are issued at least annually and the results discussed with representative employee engagement groups, which have helped to launch initiatives such as long-service awards and employee appreciation days in the Corporate division in the year, for example. Further opportunities for employees to engage with senior management on issues affecting them are given through regular employee forums and employee roadshows led by the Chief Executive Officer, which include Q&A sessions.

The key decisions taken by the Group board in the year have been ongoing changes to the Group structure, a sell down of the Group's super-senior debt and revolving credit facility, and the acquisition of Coupra Limited and its subsidiaries. Changes made to the Group structure have better aligned the Group's entities with the divisions they are allocated to, together with contracting employees to the appropriate divisions. In many cases this has also enabled billing from suppliers to be better targeted to the division it relates to, which has simplified this process. This, coupled with appointment of the divisional Chief Executive Officers and Chief Financial Officers as statutory directors of their respective divisions, has given the divisions the freedom to be entrepreneurial and competitive in the way they run and grow their businesses for long-term success.

On 19 July 2019, following discussions with its lenders and shareholders, the Group repaid its super-senior debt and revolving credit facility, replacing them with a new super-senior debt facility of the same value and a new revolving credit facility of £55 million, both at significantly reduced rates of interest. This, together with the swap derivative entered into during the year by the Group, has reduced the Group's finance cost, freeing up additional cash flows to invest in the long-term growth of the Group.

On 18 December 2019, one of the Group's subsidiaries, Allvotec Limited, purchased the entire share capital of Coupra Limited and its subsidiary companies for £22.8 million on a debt-free, cash-free basis. This acquisition was identified by the Allvotec divisional management team and completed following consultation with the Group's board, lenders and shareholders. The acquired group complements the existing product offering of the Allvotec division and is expected to provide further growth and cost-saving opportunities for the long-term success of that division.