



## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT**

### **Overview**

It is my job as Chairman of the Board of Directors of Anexo Group plc (Anexo, We, or the Company/Group as the context requires) to ensure that Anexo has both good corporate governance and an effective Board. As Chairman of Anexo, my responsibilities include successfully managing the Board, monitoring the Company's corporate governance approach, and ensuring that high-quality information flows freely and efficiently between Executives and Non-Executives.

Anexo has adopted the Quoted Companies Alliance Corporate Governance (**QCA Code**), which requires companies to adopt and comply with each of the principles or explain non-compliance. The QCA Code identifies ten principles of good governance to support companies in delivering growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. The Board continues to work with the Group to further embed these principles and is committed to continuing to do so during the current financial year.

This report adheres to the framework of the QCA guidelines and describes how we used them. We will give annual updates on our QCA Code compliance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature, and present stage of growth, and will report any areas of non-compliance in the text below. More detailed information is also provided in our Annual Report.

In addition to the requirements of AIM, shareholders should also be aware that as a business operating predominantly in the legal services market, the Group operates in a highly regulated environment and is subject to regular review by its professional body.

Anexo recognises that implementing the QCA Code contributes to the Company's medium to long-term success while managing risks and providing an underlying framework of commitment and transparent communication with stakeholders.

### **QCA Principles**

#### **1. Establish a strategy and business model which promotes long-term value for shareholders**

The Board of Directors has determined that the Company's growth strategy will deliver the greatest medium and long-term value to its shareholders. The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through the Company's growth strategy.

As a specialist integrated credit hire and legal services group, Anexo provides replacement vehicles and associated legal assistance to consumers who have been involved in non-fault motor accidents. The Group provides an integrated end-to-end service to impecunious customers including the provision of a credit hire vehicle, upfront settlement of repair and recovery charges through to the management and recovery of costs and the processing of any associated personal injury claim. The Group comprises four business units under two reporting divisions; Credit Hire and Legal Services. Anexo's direct capture model can be found on the 'About Us' page of the Company website, and the Company's overall growth strategy is detailed in the Strategic Report section of the Annual Report and

Accounts to 31 December 2021.

The Group's plans for growth have been centred on increasing the number of solicitors and legal assistants to process the Company's existing case load and enabling it to take on more cases. The Group continues to recruit high quality staff to support customers and deal with legal claims. The Group's agreement with UK-based broker MCE Insurance (MCE) offers post-accident claim services to all MCE's non-fault insurance customers. UK-based MCE is independently owned and has grown since its establishment to become one of the largest providers of motorcycle insurance in the UK. The terms of the agreement allow Anexo to assume responsibility for dealing with claims from customers of MCE who are victims of non-fault accidents. Through the Group's credit hire division, Edge Vehicles Rentals Group Limited, replacement vehicles will be provided and the legal services division, Bond Turner, will support customers in their legal claims against the at-fault insurer. Where appropriate, claims will include personal injury and damage to possessions and equipment as well as vehicle repair or replacement.

Challenges to delivering strategy include changes to legislation that the credit-hire aspect of the Group relies upon, retention of advertisements in key garages, retention of key lawyers and adverse costs arising from litigation. These key challenges, as well as mitigating actions are outlined in the Risk Report section of the Strategic Report on pages 28-33 of the Annual Report.

## **2. Seek to understand and meet shareholder needs and expectations**

Anexo places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors to assist it in developing an understanding of the views of its shareholders. The Company seeks to provide effective communication through Interim and Annual Reports, Regulatory News Service announcements and information on the Company website. Shareholders can also sign up to the Company's investor alert service to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.

Anexo also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. All 2022 AGM resolutions were passed comfortably. Shareholders were given the opportunity to attend the 2022 AGM following Covid-19 restrictions in place in both 2020 and 2021. Shareholders were also given the opportunity to appoint the Chairman of the AGM as their proxy as well as to submit questions to the Board via email so that engagement between the Board and its stakeholders was not affected.

The Company is open to receiving feedback from key stakeholders and will take action where appropriate. The key contact for shareholder liaison is Nick Dashwood Brown, Head of Investor Relations.

Information on the Investor Relations section of the Group's website, <https://www.anexo-group.com/content/investors/latest-results> is kept updated and contains details of relevant developments, press and corporate news and presentations.

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

The Board recognises that the continued growth and long-term success of the Company is reliant upon the efforts of employees, regulators and other key stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and

relationships. The Company prepares an annual strategic plan and detailed budget which takes into account a wide range of key resources including solicitors, sales staff and barristers.

All employees within the Group are valued members of the team, and the Company seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Board recognises the importance of ensuring that the management of the Group are effectively motivated, and their interests are aligned with those of the Group. The Company encourages employees to submit feedback and reviews of the Company atmosphere and support on websites such as Glassdoor and Trustpilot. Feedback received from employees has been taken into account by the Group to ensure that the Group can provide an optimum working environment for its employees.

As a specialist integrated credit hire and legal services group, the maintenance of the highest ethical standards is core to our business and the services we provide to our clients. Where regulations have been introduced, we have taken appropriate steps for having policies relating to Modern Slavery and Whistle Blowing in order to discourage unethical business conduct, thus ensuring its employees are protected. Our annual Modern Slavery Act Statement is published on our website.

Anexo has no significant environmental impact but will continue to monitor and will take action if this changes in the future.

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

The Board recognises the need for an effective and well-defined risk management process, and it oversees and regularly reviews the current risk management and internal control mechanisms. The Company Annual Report and Accounts to 31 December 2021 also outlines the key risks to the business on pages 28-33.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the risk management objectives and policies to the Company's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Anexo also has a Risk and Regulation Committee to ensure that there is a robust process in place for identifying, managing, and monitoring risks to the Group. The Risk Committee will assess the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management.

Furthermore, the Company's Audit Committee also has delegated responsibility to review the Company's internal financial controls and monitor the integrity of the financial statements of the Company (including annual and interim accounts and results announcements).

The Company maintains a full risk assessment matrix, categorises all its key risks and outlines the mitigating actions that are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions implemented. The matrix is distributed regularly to all Board members and the Board reviews risks on a frequent basis.

An internal audit function is not yet considered necessary as day-to-day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function as the Company grows and develops.

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

The Board comprises four Executive Directors, Alan Sellers, Mark Fryer, Samantha Moss, and Dawn O'Brien, three Independent Non-Executive Directors, Christopher Houghton, Richard Pratt, and Roger Barlow and three Non-Executive Directors, Saki Riffner, Dr. Julian Addison and Michael J. Brannigan, who are not classed as independent as they are representatives of the Company's major shareholder, DBAY Limited. Julian and Michael were appointed on 11 May 2022.

ONE Advisory Limited supports the Board as the named Company Secretary as appointed from 13 October, 2021. Alan Sellers is the Company's Chairman. Alan Sellers is not considered Independent due to his Executive position; however, the Board considers this to be appropriate in the immediate future as he has driven the strategy of the Group. Senior Independent Non-Executive Director (SID), Christopher Houghton, deals with matters including third-party shareholder communication and situations where the Chairman is deemed to be conflicted and leads the Board in these situations. The SID, along with the other Independent Non-Executives also plays an important role in challenging and scrutinising the Executive Board. Overall, the Directors feel that the Board is well functioning and balanced. Anexo has a diverse Board with Directors that bring varied experience gained from working within a range of sectors.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. He is also responsible for creating the right Board dynamic and for ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board aims to meet at least six times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

Details of Individual Director attendance at Board meetings can be found on page 44 of the most recent Annual Report.

The Company has three Committees: an Audit Committee, a Remuneration Committee and a Risk and Regulation Committee. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before the meeting. The Executive Directors are invited to attend Committee meetings when appropriate.

All Directors of the Board have sufficient time, availability, skills and expertise to perform their roles and this is regularly reviewed by the Board.

In accordance with the Articles of Association, all new Directors appointed to the Board are required to seek election by shareholders at the next Annual General Meeting (**AGM**) of the Company following their appointment and, following governance best practice, the Company requires each of the Directors

to retire and offer themselves for re-appointment.

#### Directors' conflict of interest

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.

All Directors are reminded periodically of their obligations to notify the Company of any changes in their statement of interests and to declare any benefits received from third parties (if any) in their capacity as a Director of the Group.

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

The Non-Executive Directors have a breadth and depth of skills and experience across many different sectors, from logistics to finance and from private to public companies, enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term. The Board is not dominated by any person or group of people. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found on page 36 and 37 of the Company's Annual Report.

Anexo's Company Secretary, ONE Advisory Limited assist with ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. ONE Advisory also provides support and assistance with MAR compliance and shareholder meetings.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

Directors are encouraged to undertake any ongoing training they feel they require to assist with the commission of their role on the Board. Relevant regulatory and compliance updates are provided at Board and Committee meetings by ONE Advisory Limited.

The Remuneration Committee is responsible for reviewing the composition of the Board, including evaluating the skills, knowledge and experience of Board members. The Committee will seek to take into account any Board imbalances for future nominations.

#### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Remuneration Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

The Chairman annually assesses the individual contributions of each of the members of the team to

ensure that:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

The Company conducts annual, in-depth reviews and evaluations of the performance of the Directors as a whole to ensure that members of the Board collectively function in an efficient manner, as well as reviewing the effectiveness of each Committee. The Board evaluation exercise identified several positive areas including the content of meetings, Board constitution and the progress within the first full year of operations.

Although the Board and Committee are working well, the outcome of the 2021 Board evaluation highlighted areas for improvement, including the need to spend more time on developing a long-term business strategy with specific targets, review of the need for an internal audit function and more written reports from Executive Directors and subsidiary management to be included in the Board pack for meetings.

Succession planning is designed to consider the planned process of transition to new leadership over time and the potential for unforeseen change over a shorter timeframe. Diversity and Inclusion are important aspects of our culture. We are fully committed to diverse, inclusive working environments and as such further diversity considerations will be taken into consideration regarding future hires as and when the Board considers new appointments are required.

The Board is committed to ensuring effective succession and will continue to proactively engage with senior management to assess the executive talent pool. These discussions will ensure that the Non-Executive Directors can develop a deeper understanding of the strength of the management team.

#### **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with employees, consumers and other key stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

Moreover, Bond Turner, the Group's legal services division, promotes nine core values which shape the firm's corporate culture, approach to client service and professional standards. The values are entrenched and are considered at every stage of the employee lifecycle, from recruitment to training.

The Company has adopted a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by

the Directors and any relevant employees with the terms of that share dealing policy.

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

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness and includes creating the right Board dynamic and ensuring that all important matters, in particular, strategic decisions, receive adequate time and attention at Board meetings.

In Alan Sellers' capacity as Chairman, he has, through powers delegated by the Board, the responsibility for leadership of the management team in the development and execution of the Group's strategies and policies. The day-to-day management of the Company's two key divisions is carried out by the management board, which reports to the Anexo Board.

The Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- review, formulate and approve the Company's strategy;
- review, formulate and approve the Company's budgets;
- review, formulate and approve the Company's corporate actions; and
- oversee the Company's progress towards its goals.

The Board delegates authority to three Committees to assist it with accomplishing its business objectives and to maintain a strong system of internal control and risk management. The Committees meet separately from the Board.

#### Audit Committee

The Audit Committee has four members, Roger Barlow (Chair), Christopher Houghton, Richard Pratt and Julian Addison. The Audit Committee is responsible for:

- ensuring that the financial performance of the Company is properly reported on and reviewed;
- monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements);
- reviewing internal control and risk management systems;
- reviewing any changes to accounting policies;
- reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and
- advising on the appointment of external auditors.

The Audit Committee is expected to meet formally at least two times a year and otherwise as required. Other Board members attend Audit Committee meetings by invitation.

#### Risk and Regulation Committee

The Risk and Regulation Committee has four members, Richard Pratt (Chair), Christopher Houghton, Roger Barlow and Michael Branigan. The Risk and Regulation Committee is responsible for:

- ensuring that there is a robust process in place for identifying, managing, and monitoring risks to the Group;
- assessing the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management; and
- the business of the Group is regulated by the SRA and it also offers credit hire products which the Risk Committee monitor to ensure regulatory observance.

The Risk and Regulation Committee is expected to meet formally at least two times a year and otherwise as required. Other Non-executive Directors attend Risk and Regulation Committee meetings by invitation, and the Executive Directors are often in attendance to provide risk reports pertaining to the two arms of Anexo's business.

#### Remuneration Committee

The Remuneration Committee has three members, Christopher Houghton (Chair), Richard Pratt and Roger Barlow. The Remuneration Committee is responsible for:

- determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chairman, the Executive Directors, senior managers and such other members of the executive management as it is designated to consider;
- determining (within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer as appropriate) the total individual remuneration package for each Executive Director and other designated senior executives (including bonuses, incentive payments and share options or other share awards). (The remuneration of Non-Executive Directors will be a matter for the Chairman and Executive Directors of the Board. No Director or manager will be allowed to partake in any discussions as to their own remuneration);
- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning; and
- recommending new appointments to the Board.

The Remuneration Committee is expected to meet as required. Saki Riffner attends the Remuneration Committee meetings by invitation.

The Board has elected not to establish a Nominations Committee, preferring instead that the Board itself should deal with such matters, with the assistance of the Remuneration Committee, including succession planning and the balance of the Board.

### **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders, consumers and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and



presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition to the formal channels of the London Stock Exchange regulatory news service, the Company utilises its brokers' research services to support its engagement with private shareholders. The Group has also engaged with other brokers and advisers focusing on the delivery of more frequent, quality communications with investors from a number of alternative research analysts.

All shareholders are encouraged to attend the Company's AGM. The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings as well as posting them on the website. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

Ordinary resolutions 1 to 16 and special resolution 17 at the Company's 2022 AGM were passed with over 95.27% of votes in favour of each resolution. The proxy votes received in respect of all resolutions were released via RNS and are available on the Company's website.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, press and corporate news and presentations. As noted above, shareholders can also sign up to receive investor alerts to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.

Alan Sellers  
**Executive Chairman**