

Corporate Governance

THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". To see how the Company addresses the key governance principles defined in the QCA Code please refer to the below table. Further information on compliance with the QCA Code will be provided in our next annual report.

Ronald Duncan Chairman

This disclosure was last reviewed and updated on 27 September 2018

THE PRINCIPLES OF THE QUOTED COMPANY ALLIANCE (QCA) CODE

DELIVER GROWTH

QCA Code Principle	Application (as set out by QCA)	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Group's Strategy and Business model is focussed on utilising our key software assets and people to optimise returns from existing customers and in particular to focus our resources on PHBChoices which is our key growth product. Further detail and progress on the execution of this strategy is included in the Strategic Report section of our Annual Report and Accounts.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The CFO & COO has primary responsibility for Investor Relations. The Group encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. The Executive Directors talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the Board.

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		<p>The Board recognizes the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p> <p>If voting decisions are not in line with the Board’s expectations, the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.</p>

<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company’s stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company’s impact on society, the communities within which it operates or the environment have the potential to affect the company’s ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company’s strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>The Group is committed to sustainability in all aspects of our business – for the environment, customers, suppliers and the communities we operate in. This is evidenced by our ISO14001 (Environmental Management System) Accreditation.</p> <p>In addition to Shareholders covered in 2. Above, the Group has identified the following stakeholders and we explain below our communication and relationship with each stakeholder.</p> <ul style="list-style-type: none"> i. Employees The Group holds regular employee communication sessions with employees and these include full opportunity for employees to ask questions. ii. Customers Customers can be categorised as either: <ul style="list-style-type: none"> Small. Small customers use the Group’s ecommerce self-service products with access to a telephone help desk. Feedback from these small customers is evaluated when reviewing the need for product enhancements; or Large Large customers have a more personal relationship where the Group’s products are tailored to the need of the customer. These customers have the opportunity through regular meetings or through the web based ticket system through which faults or product improvement ideas can be communicated. Executive Directors regularly participate in meetings with these large customers. iii. Suppliers
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<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company’s risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company’s supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The Risks and Uncertainties section of the Strategic Report in the Annual Report and Accounts details risks to the business.</p> <p>The Board considers risk to the business at every Board meeting (at least 11 meetings are held each year). The Company formally reviews and documents the principal risks to the business at least annually as part of the Annual Accounts process.</p> <p>Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading.</p>
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MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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<p>5. Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.</p>	<p>The Company is controlled by the Board of Directors. The Chairman is responsible for the running of the Board and jointly, with the Chief Executive, has executive responsibility for running the Group’s business and implementing Group strategy.</p> <p>All Directors receive regular and timely information covering the Group’s operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Board are circulated to the Group Board of Directors. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the company’s expense.</p> <p>The Board comprises three Executive Directors and three Non-Executive Directors. The Board considers that Paddy Broughton and David Chellingsworth bring an independent judgement to bear and are considered to be the two independent non-executive directors. Mike Pasternak is deemed to be acting in concert with Roberto Sella and is therefore not considered to be independent.</p> <p>The Board has a formal schedule of matters reserved to it. The Board meets at least 11 times per year and all directors are expected to attend each meeting. Where directors are unable to</p>

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	<p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>attend a particular meeting, they are given a full briefing on the discussion and outcome of items discussed at the meeting by the Company Secretary. This is also supported by the minutes.</p> <p>The Full Board is supported by the Audit, Remuneration and Nomination Committees. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Company's Investors website and can be accessed on the AIM Rule 26 page of this website.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>The Nomination Committee of the Board oversees the process and makes recommendations to the Board on all new Board appointments. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee also considers succession planning.</p> <p>The Nominations Committee meets at least once per year to consider the composition of the Board, training requirements and succession planning</p> <p>The Company Secretary supports the Chairman in addressing the training and development needs of Directors.</p>

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<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>From 2018, the Board will carry out an evaluation of its performance annually, taking into account the Financial reporting Council’s Guidance on Board Effectiveness.</p> <p>All continuing Directors stand for re-election on a rotational basis.</p> <p>The Nominations Committee meets at least once per year to consider the composition of the Board, training requirements and succession planning</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team.</p>	<p>The “Our Values” section of the cloudBuy.com Website details the ethical values of the Group including environmental, social and community and relationships. https://www.cloudbuy.com/about/our-values.html</p>

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	<p>Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the board</p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Corporate Governance section of the Investors website details the company’s governance structures and why they are appropriate and suitable for the company. This includes details of the roles and responsibilities of the individual directors and sets out the matters reserved for the Board</p>

BUILD TRUST

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<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> • the communication of shareholders’ views to the board; and • the shareholders’ understanding of the unique circumstances and constraints faced by the company. <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The Executive Directors talk regularly with the Group’s major shareholders and ensures that their views are communicated fully to the Board.</p> <p>The Board recognizes the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM and any EGM. The results of all AGM or EGM votes are published by RNS within a day of the meeting</p>