

**CRIMSON TIDE PLC**  
**CORPORATE GOVERNANCE**

The board is committed to sound Corporate Governance and have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code.

The Company believes the code is essential to foster business integrity and shareholders trust in the Board. High standards of Corporate Governance are a key priority of the Board and details of how the Company addresses key governance issues are set out in the Corporate Governance section of this website by reference to the 10 principles of Corporate Governance developed by the Quoted Companies Alliance.

Barrie Whipp  
*Executive Chairman*

**1. ESTABLISH A STRATEGY AND BUSINESS MODEL**

The board should express a shared view of the Company's vision and strategy, including detail of:

- what the Company is working to achieve;
- the period in which its objectives are to be achieved; and
- what is required to achieve these objectives.

This view should be well communicated, both internally and externally.

**Compliance**

Crimson Tide's vision is to invest in and develop mpro5 to deliver long term, sustainable growth in revenues, profits and shareholder value. The Company places particular focus on the quality of mpro5, its relationships with clients, staff and stakeholders. The Directors believe that mpro5 can improve operations and efficiency for a broad range of organisations, particularly in logistics, facilities management and healthcare.

The Company seeks to grow its revenues consistently, taking advantage of the high margin it achieves. The Company has a three-year business plan reflecting expansion including in its home territory and overseas.

Crimson Tide has sufficient resources to grow the business further. . The retention of existing staff is an area of high focus and recruitment of further employees will occur as the Company grows.

The Boards strategy and business model is set out each year in the Company's annual report [link], with updates provided in the full year and half year financial results

## **2. MEETING THE NEEDS AND OBJECTIVES OF OUR SHAREHOLDERS**

Directors should develop a good understanding of the needs and expectations of the Company's shareholders, as well as the motivations behind shareholder voting decisions. No board ever wants to find itself in a position where it is voted down by shareholders. Accordingly, it is in the interests of the Company to understand the view of shareholders before a potentially controversial or unusual proposal is put to them. Companies with a dominant shareholder must be particularly aware of the need to hear the voices of and protect the interests of minority shareholders and must therefore consider whether it is necessary to put in place contractual arrangements such as a relationship agreement.

### **Compliance**

The Board is aware of the need to protect the interests of all shareholders. It seeks to balance the interests of small shareholders with those of more substantial shareholders. The Board comprises Directors with substantial holdings and small holdings.

The Board consists of the Chairman, three executive directors and two non-executive directors. Board meetings are held at least four times a year.

Crimson Tide plc publishes all relevant material, according to QCA definitions, on its website. This includes annual reports and shareholder circulars

### **Shareholder Communication**

The Group seeks to ensure that all shareholders are kept informed about the Group and its activities. A comprehensive annual report and accounts and an interim report are made available to shareholders on the Group's website and sent to those shareholders requesting a paper copy. The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question Board members including the non-executive members and the Chairmen of the Board committees. Additionally, the Group operates an investors' section on its website to provide further details of the Group's activities.

## **3. TAKING INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSABILITIES**

Good governance includes the board considering the Company's impact on society, the community and the environment. Every company should consider its corporate social responsibilities (CSR). Any CSR policy should include narrative on social and environmental issues and should show how these are integrated into the Company's strategy. Integrating CSR into strategy will help create long term value and reduce risk to shareholders and other stakeholders

### **Compliance**

The Directors are aware of the impact the business activities have on the communities in which the Group's businesses operate. The Company does not discriminate based upon race, religion, age or gender.

The Group's responsibilities to stakeholders including staff, suppliers and customers and wider society are also recognised. The Company is a respected employer and member of the community

The environmental impact of the Group's activities is carefully considered, and the maintenance of high environmental standards applied. The Company operates a low paper strategy, recycles where possible and aims to be Carbon neutral.

#### **4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS**

The board is responsible for putting in place and communicating a sound system to manage risk and implement internal control. The management of risk is an essential business practice. Boards are expected to balance risk and return, threat and opportunity. Setting strategy includes determining the extent of exposure to the critical risks the Company is willing and able to bear.

##### **Compliance**

The Board has established Audit and Remuneration Committees full details of which are contained in the Corporate Governance section. Given the current size of the Company and the Board, the Board do not consider it necessary yet to create either a Nominations Committee or a Legal Matters Committee with relevant matters either dealt with by the Board or delegated accordingly.

The annual budget setting process examines all areas of the Company's operations both operationally and financially.

Crimson Tide plc receives regular feedback from its external auditors on the state of its internal controls.

The Board regularly reviews potential risks at Board Meetings and the Executive Directors regularly monitor KPIs.

#### **5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR**

The board should not be dominated by one person or a group of people. The board must not be so large as to prevent efficient operation but must not be too small to be ineffective. The board should be balanced between executive and non-executive directors and should have at least two independent nonexecutive directors.

##### **Compliance**

The Board is comprised of the Chairman, three executive Director and two non-executive Directors.

Whilst the Company is guided by the provisions of the Combined Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the board in considering their independence and does not consider a directors' period of service in isolation to determine their independence.

Crimson Tide plc has appointed two non-executive directors who provide an independent view of the Company's activities. Mr Robert Todd is the Senior Independent Non-Executive Director. Mr Graham Ashley is a Non-Executive Director. By his length of tenure, Mr Ashley does not fulfil the technical definition of "Independent" as he has served as a director for longer than the prescribed nine years. The Board unanimously supports the retention of Mr Ashley given his experience and wise counsel. Both Mr Todd and Mr Ashley are shareholders in the Company.

In exceptional cases a non-executive may also be appointed to represent the interests of a major shareholder where the board is satisfied that he or she has the requisite experience and is fully aware of his or her fiduciary duty to act in the wider interests of shareholders as a whole.

The Board do not consider that the Company currently has a dominant shareholder where special contractual arrangements would be necessary to protect the interests of minority shareholders.

Appointments continue subject to re-election by shareholders at the Annual General Meeting. Non-executive directors must stand for election at the first Annual General Meeting after appointment and then every third anniversary, for nine years. After nine years service, each independent director must be re-elected every year. If not re-elected, the appointment is terminated automatically with immediate effect. If appointment is terminated for any reason, there is no entitlement to redundancy or compensation for unfair dismissal.

## **6. ENSURING THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP TO DATE EXPERIENCE, SKILLS AND CAPABILITIES**

The board must have an appropriate balance of functional and sector skills and experience. The board should be supported by committees (audit, remuneration, nomination and others) that have the necessary character, skills and knowledge to discharge their duties and responsibilities effectively.

### **Compliance**

Directors who have been appointed to Crimson Tide plc have been chosen because of the skills and experience they offer. Full biographical details of the Directors are included within the website.

As noted above, Crimson Tide plc has put in place Audit and Remuneration committees.

Formal terms of reference have been agreed for all Board Committees and can be found within the website.

## **7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT**

The board should periodically review its performance, as well as the performance of its board committees and the performance of individual board members. Performance appraisal may include external review and may also identify development needs.

The board should ensure that it possesses the skills and experience to meet present and future business needs. Ineffective directors (whether executive or non-executive) must be identified, supported to become effective and, if that is not possible, replaced. Review, development and mentoring of directors and the wider management team are very important.

It is healthy for membership of the board to be periodically refreshed, regardless of performance issues.

Succession planning is a vital task for boards. No member of the board should become indispensable. How well succession is managed (particularly of the chairman and the chief executive) represents a key measure of the effectiveness of a board.

## **Compliance**

Crimson Tide plc undertakes regular monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the executive directors lies with the independent non-executive directors.

Key performance indicators (KPIs) include, Underlying Pre Tax Profit, cash generation, return on investment and Earnings per share. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and performance measured against these metrics.

New executive and non-executive directors, taking into account succession planning, are appointed when deemed appropriate by the Board.

[Crimson Tide has an Executive Chairman and CEO. During 2018 the CEO was promoted to the role and took over responsibility for managing and executing the Board's plan and is in charge of all day to day management of the business, supported by a management team. The Executive Chairman retains responsibility for product vision, corporate finance and city matters in line with his experience. It is anticipated that the Chairman position will become Non-Executive in a timescale appropriate to the CEO's development. As the CEO has only recently been appointed and is in his thirties, further succession planning has not been undertaken at this time.

]

## **8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS**

Crimson Tide plc operates responsibly with regard to its shareholders, employees, other stakeholders, the environment and the wider community.

The Group is committed to the wellbeing of all employees and ensures that their health, safety and general welfare is paramount at all times.

We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arm's length, commercial basis.

As part of this culture, the Group ensures that all suppliers are paid in a timely fashion, unless there are sound commercial reasons why payment should not be made.

## **9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD**

Crimson Tide plc should determine governance structures and processes appropriate to it, based on:

- corporate culture;
- size;
- the capacity and appetite for risk and the tolerances of the Company;
- business complexity

There should be a clear statement as to how the Company intends to fulfil its objectives. The Company's governance structures should evolve in parallel with the Company's strategy and business.

### **Compliance**

Details of the Company's corporate governance arrangements are provided on this page and in the Corporate Governance section of this website.

## **10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS**

A healthy dialogue should exist between the board and all of its shareholders to enable shareholders to come to informed decisions about the company.

Appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder body.

This will assist:

- the communication of shareholders' views to the board;
- and • shareholders' understanding of the unique circumstances and constraints faced by that company.

## **Compliance**

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. Details of all shareholder communications are provided on the Company's website.

The Board holds regular meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

Crimson Tide plc lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.