

## AIM RULE 26 DISCLOSURE (CORPORATE GOVERNANCE)

### Chairman's statement

The Board of Sumo Group plc is committed to effective corporate governance as the basis for delivering long-term value growth and for meeting stakeholder expectations for proper leadership and oversight of the business. As Chairman, good governance is a fundamental part of my role and this is clearly stated in my letter of appointment and role specification.

The Board has chosen to apply The Quoted Companies Alliance (**QCA**) Corporate Governance Code (**the Code**) published in April 2018. Below we have set out how we comply with the Code by reference to each of the ten principles it contains. In some cases, this is by cross-reference to our 2017 Annual Report and Accounts, but additional information and updates since the publication of that report have been included. The information will continue to be updated as the business and our governance processes develop.

**Ken Beaty**

**Chairman**

**September 2018**

| <b>Principle</b>  | <b>How we comply</b>  |
|---|---|
| 1. Establish a strategy and business model which promote long-term value for shareholders | The Company's business model and strategy was set out in the Admission Document issued in December 2017 and in its 2017 Annual Report and Accounts in the Strategic Report on pages 2 to 19 and includes the principal risks facing the business. The Board holds at least one session dedicated to strategy each year that includes input from Sumo colleagues and external advisers and the outcomes of this will be reflected in the Strategic Report that is included each year in the Annual Report and Accounts.  |
| 2. Seek to understand and meet shareholder needs and expectations                         | <p>The Chief Executive Officer and Chief Financial Officer are primarily responsible for contact with our shareholders. There is a dedicated email address – <a href="mailto:investors@sumogroupplc">investors@sumogroupplc</a> – that can be used for investor questions or comments.</p> <p>The Company's largest shareholder is Perwyn Bidco (UK) Limited. Under the terms of the Relationship Agreement entered into at the time of the Company's admission to AIM, Perwyn have nominated Ken Beaty to the Board as their nominated director and have the right for a Perwyn observer to attend Board meetings.</p> |

| Principle  | How we comply  |
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|  | <p>The CEO and CFO have met a large number of current and prospective shareholders and continue to have a very active dialogue with the investment community. In addition to these one to one meetings, the Company held an investor day in July 2018 at which several shareholders were able to visit our Sheffield premises, talk to a number of employees and ask questions about the business.</p> <p>Zeus as the Company’s broker and Belvedere as financial PR advisers provide both attributable and anonymised feedback directly to the Board from shareholder meetings and events such as the investor day. An update on investor sentiment and shareholding changes is provided at every Board meeting.</p> <p>At our first Annual General Meeting in June 2018 100% of the votes cast were in favour of every resolution proposed by the Board.</p>   |
| <p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p> | <p>The long-term success of the business relies on its customers and employees, as described in the 2017 Annual Report and Accounts on pages 4 and 5.</p> <p>The company is in regular dialogue with existing and potential new customers at all levels in order to understand and respond to their current and future requirements.</p> <p>Employees are given many opportunities to provide feedback and this is taken into account to support the ongoing need to recruit and retain the best talent. Examples of this are the Company’s employee engagement survey; the annual performance assessment process and the twice-yearly “roadshow” carried out by the Operating Board which takes in our various business locations to provide colleagues with updates on the business and the chance to ask questions and raise issues.</p> <p>We have recently invested considerable resources in upgrading our working environments and, since our admission to AIM, have been able to implement share plans that enable employees to become shareholders of the business.</p> |
| <p>4. Embed effective risk management, considering both opportunities and</p>  | <p>How the Board identifies risk and monitors its management is described on pages 22 and 24 of the 2017 Annual Report and Accounts.</p>   |

| Principle  | How we comply  |
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| threats, throughout the organisation   | Since that report was published, an Internal Auditor has been appointed and part of her role is to further enhance the Company's processes to address risk throughout the organisation.  |
| 5. Maintain the board as a well-functioning, balanced team led by the chair                                  | <p>The composition and operation of the Board is described on pages 23 and 24 of the 2017 Annual Report and Accounts. Biographical details of the Board members appear on page 20.</p> <p>On 25 September 2018 we announced the appointment of Andrea Dunstan as an additional NED. Andrea extends the breadth of experience on the Board with her considerable HR and remuneration experience and improves the Board's diversity.</p> <p>Part of the role of the Board's Nomination Committee is to keep the composition of the Board under review as the Company's business evolves.</p> |
| 6. Ensure that between them the directors have the necessary, up-to-date experience, skills and capabilities | <p>The skills and experience of the individual Board members is summarised on page 20 of the 2017 Annual Report and Accounts and in all cases is both recent and relevant.</p> <p>As mentioned above, the appointment of Andrea Dunstan to the board enhances the capabilities of the Board in a number of areas.</p>  |
| 7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement         | <p>The Board has committed to carrying out a formal evaluation process in its first year of existence.</p> <p>The outcomes of this will be described in the Company's 2018 Annual Report and Accounts.</p>   |
| 8. Promote a corporate culture that is based on ethical values and behaviours                                | <p>The Board provides leadership by example in this area. The processes in place by which it makes decisions and that are documented in the terms of reference for its committees; the requirement for regular disclosure of other interests and the Company's share dealing code all require high standards of behaviour.</p> <p>The Company's employment policies, such as those applying to Whistleblowing and Anti-bribery and Corruption also assist in embedding a culture of ethical behaviour.</p>   |

| Principle  | How we comply   |
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| <p>9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board</p>                    | <p>The role of each member of the Board is clearly defined, with the Chairman being responsible for the operation of the Board and the Chief Executive for the operation of the business.</p> <p>The Board has a clear and specific schedule of matters that are reserved for decision by it, including regulatory requirements, approving strategy and major investment decisions.</p> <p>The Board has three committees: Audit, Remuneration and Nomination, each with its own terms of reference that are kept under regular review. The full Board receives summaries of the matters considered at each Committee meeting and the terms of reference for the Committees require that, for significant issues such as approval of the Annual Report and Accounts, or appointment of a new Board member, the role of the relevant Committee is to make a recommendation to the Board for decision.</p> <p>To monitor operational performance across the group and ensure effective decision-making, an Operating Board has been established. Membership of this board is set out on page 21 of the 2017 Annual Report and Accounts. The Operating Board typically meets shortly before each PLC Board meeting to ensure that executives are able to provide the most up to date information to the PLC Board.</p> |
| <p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p> | <p>This statement and the information contained in the Company’s Annual Report and Accounts provide details to all stakeholders on how the company is governed.</p> <p>The Company’s performance is communicated to the market at least twice each year in the preliminary and interim results announcements, with additional trading updates made where required or appropriate.</p> <p>Company performance information is provided to employees in several ways, including the regular internal newsletter and the Operating Board “roadshows” mentioned earlier, within the limitations imposed by adherence to the Company’s public company disclosure obligations.</p>   |