

CHAIR'S CORPORATE GOVERNANCE STATEMENT

Updated: 10 June 2021

Overview

As Chair of the Board of Directors of Kinovo Plc, it is my responsibility to ensure that Kinovo (Kinovo, or the **Company/Group** as the context requires) has both sound corporate governance and an effective Board. As Chair, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, communicating with shareholders, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

Kinovo adopted the Quoted Companies Alliance Corporate Governance (**QCA Code**), in line with the London Stock Exchange's changes to the AIM Rules. This report follows the QCA Code guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below, or on the Company's website.

The Board believes that the application of the QCA Code supports the Company's medium to long-term development whilst managing risks and provides an underlying framework of commitment and transparent communications with stakeholders. It also seeks to develop the knowledge shared between the Company and its stakeholders.

Kinovo seeks to constantly improve its corporate governance practices, illustrated this year through the appointment of two new Non-Executive Directors to act as Chair of the Audit Committee and the Remuneration Committee, the introduction of attendance of the Company Secretary at Audit and Remuneration Committee meetings with dedicated discussion relating to compliance and governance issues.

QCA Principles

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

Kinovo's strategy of operating predominantly in London and the South East gives it significant access to a highly concentrated area of large-scale customers that includes 1.32 million local authority and social housing association properties. Kinovo's service offering of providing essential services with the key drivers of compliance and sustainability have underpinned our operational activities. The Group is wholly focused on delivering operational excellence and providing first-class customer service to its target market of social housing that drives demand. This has enabled Kinovo to achieve significant operational momentum by becoming a partner of choice despite the challenges presented by Covid-19. The interim roadshow provides a timely update to investors as the financial year progresses.

Our strategy of operating within a limited geographic focus, delivering best in class service and maintaining a disciplined pricing model and cost base also ensures operational efficiencies that drive both revenues and sustainable margins. Our principal approach is to ensure we get it done with the highest levels of customer service. This focus has led to long-term customer relationships and a strong track record.

Since our IPO in 2015 we have had a two-pronged approach to our strategy by delivering a combination of organic and acquisitive growth with the Board looking to apply a dividend policy which closely tracks earnings growth. More information on the Company's strategy can be found [here](#).

As part of the strategic review, involving all parts of the organisation, the Company has re-pivoted its strategy around the pillars of regulation, regeneration and renewables. Underpinning this transformation, the Company has rebranded to Kinovo plc.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis. The Company places great importance on the need for effective communication and constructive dialogue with investors and the media by providing communications through the Annual and Interim Reports, along with Regulatory News Service announcements. The Board maintains a general policy of keeping all interested parties informed by regular announcements and update statements. The Chair is the Company's principal spokesperson with investors, fund managers, the press and other interested parties and acts as a general liaison for all shareholders.

All Directors attend the AGM, where private investors are given the opportunity to question the Board. The AGM provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. All 2020 AGM resolutions were passed comfortably. Although shareholder attendance was restricted at the 2020 AGM due to Covid-19, shareholders were given the opportunity to submit questions to the Board via email so that engagement between the Board and its stakeholders was not impeded by the ongoing outbreak and subsequent changes to AGM arrangements. Shareholders were encouraged to appoint the Chair of the AGM as proxy to enable them to exercise their voting rights.

Kinovo also encourages a dialogue with shareholders at other formal meetings which provide an opportunity to meet, listen and present to shareholders, shareholders are encouraged to attend, Covid-19 restrictions permitting. In addition, institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Moreover, the Company is open to receiving feedback from key stakeholders and will take action where appropriate. Shareholders can contact the Company by email, through its website and relevant queries are passed to the Board for discussion. Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, regulatory announcements, financial reports and results presentations. Kinovo aims to keep institutional investors and analysts apprised of updates by conducting roadshows and various other investor presentations on a regular basis.

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

The growth of our business has been achieved through securing contracts with new customers and by generating repeat business from our clients both in regard to new contracts and contract extensions. The Board recognises that the long-term success of the Company is reliant upon the effective engagement with the employees of the Group and its contractors, suppliers and regulators. 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. For example, all employees of the Group participate in a structured Group-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Group to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Group. This appraisal process helps to ensure that the Group can respond to new issues and opportunities that

arise to further the success of employees and the Group. In addition, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the Directors or the Finance Director.

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 Company has established procedures by which employees may, in confidence, raise concerns relating to danger, fraud, or other illegal or unethical conduct in the workplace, thus ensuring its employees are protected. The whistleblowing policy applies to all employees of the Group, consultants, casual workers and agency workers. Kinovo creates a travel plan for every project so that we can minimise the environmental impact we have in terms of carbon emissions, noise pollution and traffic congestion. As the Company grows and develops, we will continue to monitor and review for a change in status in line with regulatory and further developments and will seek to reduce environmental impact where possible. Kinovo is fully aligned in adhering to the housing sustainable reporting standards and are proactively enhancing our capabilities into initiatives such as Electrical Vehicle charging scheme.

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. Monitoring of the operational performance of the Group is an area of ongoing review.

The Audit Committee is responsible for evaluating the frequency and severity of identified risks and reports any changes or new risks to the Board at every board meeting, to ensure that risks are properly managed. Through this process the Board can determine if the risk exposure has changed during the year, and these disclosures are included in the Annual Report.

The Audit Committee is also responsible for assessing and monitoring the Company's financial risks and reviewing the Company's financial controls. The Audit Committee has delegated responsibility to ensure that the Company's management has designed and implemented an effective system of internal financial controls and to review and report on the integrity of the consolidated financial statements of the Company and related financial information. The Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence and effectiveness of the auditors and the audit. The Audit Committee has stated that risk management is an area that it will continue to focus on over the coming year.

An internal audit function is not yet considered necessary or practical due to the size of the Company and day to day control is sufficiently exercised by the Executive Directors. However, the Board will continue to monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems. The Board also regularly reviews the mechanisms of internal control it has implemented, assessing for effectiveness.

More detail on the Company's risk management processes, including details of specific risks affecting the Company, can be found in the 2020 Annual Report, or on the Company's [website](#).

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

The Board comprises the independent Non-Executive Chair, Sangita Shah, the CEO, David Bullen, the Group Finance Director, Clive Lovett, and two independent Non-Executive Directors, David Guest and Caroline Tolhurst.

Sangita Shah has an interest in 719,622 Ordinary Shares. Neither Sangita nor the other Directors, believe that this shareholding is significant on assessment of the impact upon her independence. Neither David Guest nor Caroline Tolhurst has an interest in the Company. All Directors are encouraged to challenge and to bring independent judgement regarding all matters, both strategic and operational.

The Directors are satisfied that the Company's Board composition is appropriate given the Company's size and stage of development. The Board will keep this matter under regular review and to the extent additional independence is felt to be required on the Board, it shall be sought. The Board further believes that the skillsets of the Chair and Non-Executive Director are appropriate and beneficial for all shareholders and stakeholders, and that they offer key expertise to the Executive Directors that are advantageous for the Company as a whole.

The Executive Directors are employed under service contracts requiring six months' notice by either party. The Non-Executive Director and the Chair receive payments under appointment letters. The Non-Executive Chair receives a fee for her services as a Director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments.

The time commitment formally required by the Group is an overriding principal that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on. Biographical details of the current Directors can be reviewed [here](#). Executive and Non-Executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Association.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself.

Board 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 6 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year.

Attendance at Board Meetings can be found in the 2020 Annual Report.

The Company has an Audit Committee and a Remuneration Committee. The Committees are staffed by appropriate Directors and chaired by experienced Committee members, thereby possessing the necessary skills and knowledge to discharge their duties effectively.

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.

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

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, and notes the range of financial and managerial skills. The Non-Executive Director maintains ongoing communications with Executives between formal Board meetings. To enable each Director to keep their skill-set up to date, individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues. The Company has employed the services of ONE Advisory Limited to act as the Company Secretary, and who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board is kept abreast of developments of governance and AIM regulations. ONE Advisory provide updates on governance issues, and the Company's NOMAD provides annual Board AIM Rules refresher training as well as the initial training as part of a new director's onboarding.

The directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

Board composition is always a factor for contemplation in relation to succession planning. The Board recognises that it currently has limited diversity, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required.

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

The Board considers that its effectiveness, and the individual performance of its directors is vital to the success of the Company. The Company has the intention to hold meetings no less than four times a year with ad hoc meetings taking place as and when the business demands. The Agenda is set by the Company Secretary in consultation with the CEO and Chair, with consideration being given to both standing Agenda items and the strategic and operational needs of the business. Papers are circulated in advance of the meetings, giving directors ample time to review the documentation and enable an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

Full Board evaluations occur on an annual basis with the follow up actions being reviewed at board meetings. Additionally, in the frequent Board meetings and calls, the Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary remains on hand to provide impartial advice.

Succession planning recommendations are made by the Board as a whole, and all Directors submit themselves for re-election at the AGM at regular intervals. There are no specific terms of appointment for the Company's Non-Executive Directors.

The Company does not provide formal training for the directors at present but may do so in the future. Training and guidance in relation to the Market Abuse Regulation, Anti-Bribery legislation and share dealing policies are provided by the Company Secretary, ONE Advisory Limited. Notwithstanding this, individual director training needs are identified as part of the annual Board evaluation process to enable each Director to keep their skillset up to date. The directors are aware of their duties as directors of a company quoted on AIM. The directors have access to the Company's NOMAD, Company Secretary, auditors and solicitors as and when required. These advisers may provide formal training from time to time if it is deemed appropriate. The directors are also able, at the Company's expense, to obtain advice from external advisers if required.

The Board has elected not to establish a Nominations Committee, preferring instead that the Board should, itself, deal with such matters, including succession planning and the balance of the Board. The Company operates on a retirement by rotation policy, with Board members required to retire and offer themselves for re-election at least every three years. The Board ensures that succession planning is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talented pool of employees to ensure a continuity of leadership for all critical positions. It is a specific strategy which spells out the steps to be followed to achieve the Company's mission, goals and initiatives identified through personnel planning.

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. A large part of the Group's activities is centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group 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 Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's customers.

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.

The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. The Directors seek to align their interests with shareholders. The Company also has Whistleblowing and Anti-Bribery Policies in place, further demonstrating the Company's promotion of ethical business conduct and practices. It is the executive directors' responsibility to ensure that all Company employees are complying with Company policies and that the Company has in place adequate processes to ensure that its partners, contractors and suppliers do not engage in activity that would be contrary to Company policy or ethics.

Company policies are provided to staff upon joining the business and training is provided at the induction course to ensure that all employees within the business are aware of the importance of following Company procedures. Each employee is required to sign an agreement to confirm that they

will comply with the policies. Annually, staff are provided with refresher courses in certain policy requirements to ensure that the core issues remain at the forefront of employees' minds.

The Company recognises that the culture change we are aiming for requires contribution from every individual within the organisation, as a result we have implemented annual engagement surveys to facilitate this. A large part of the Company's activities has been centred upon an open and respectful dialogue with every employee. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. This has brought us valuable insights and perspectives which we are using to guide a framework of actions that will facilitate the change process.

Kinovo is supportive of staff participating in charitable initiatives, both in terms of sponsorship and provision of requisite leave from work.

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

Ultimate authority for all aspects of the Group's activities rests with the Board, the respective responsibilities of the Chair and the Executive Board members arising as a consequence of delegation by the Board. The Board also delegates authority to two Committees to assist in meeting its business objectives, and the Committees meet independently of Board meetings (see below for details on the Audit and Remuneration Committees).

The Board has adopted a statement, which establishes the division of responsibilities between the Chair and the Executive Board members. The Chair is responsible for the effectiveness of the Board, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Executive Board members. The division of responsibility between the CEO and the Chair can be found on the Company's Corporate Governance webpage. No other Directors have any particular governance responsibilities beyond their role on the Board and Board Committees.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

SHARE DEALING CODE

The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM rules relating to dealings in the Company's securities. This particularly applies to the provisions of Rule 21 of the AIM Rules and the Market Abuse Regulation. The Directors consider the share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

BOARD EFFECTIVENESS

The Board comprises the Non-Executive Chair, two Non-Executive Directors and two Executive Directors. The Board has also adopted a statement, which sets out a schedule of matters which are reserved to the Board, and this can be found on the Company's Corporate Governance webpage.

The Board has also established key procedures which enable the Board to provide effective internal control. These are as follows:

- holding regular Board, Audit and Remuneration Committee meetings;
- clear limits to authority;
- annual profit and loss and cash flow forecasts, with a quarterly reforecast procedure;
- review of management information; financial controls and procedures; and review of risks and internal controls.

Executive Directors are responsible for the implementation of strategy and policies and for the day-to-day decision making and administration of the Company. The Non-Executive Directors bring additional experience and knowledge and are independent of management.

NON-EXECUTIVE DIRECTORS

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chair and Non-Executive Directors insofar as both the Chair and Non-Executive Directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chair may serve as a Non-Executive Director before commencing a first term as Chair. In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

AUDIT COMMITTEE

The Audit Committee comprises of David Guest (Chair), Sangita Shah and Clive Lovett. Meetings are also attended, by invitation, by other members of the Board.

The Audit Committee is responsible for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly managed and reported on. It receives and reviews reports from the Group's management and external auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Audit Committee meets at least three times in each financial year and has unrestricted access to the Group's external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of Caroline Tolhurst (Chair). Sangita Shah and David Guest. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets at least annually.

TARGETING UNDER-REPRESENTED GROUPS

The Kinovo Group is fully committed to a structured approach to target groups that are under-represented in our sector, such as females, black and minority groups (BME) and those with disabilities. We give full and fair consideration to all applications. Through our extensive apprenticeship programmes, we encourage training and career development to enhance promotion opportunities.

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 and other relevant stakeholders. The Company intends to have ongoing relationships with both private and institutional shareholders and shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company, as well as maintaining regular contact with its advisers in order to ensure that the Board develops an understanding of the views of any other major shareholders.

Whilst all shareholders are normally encouraged to attend the Company's AGM, due to the ongoing outbreak of Covid-19, the 2020 AGM was held privately in accordance with government regulations. As such, shareholders were encouraged to submit any questions to the Board by email in advance of the AGM to ensure there was opportunity for stakeholder engagement. Shareholders were strongly encouraged to appoint the Chair of the Meeting to be his/her proxy at the Meeting given that shareholders were not permitted to attend. All 2020 AGM resolutions were passed comfortably. The Company 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.

The latest Corporate Documents (including Annual Reports) can be found 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, reports and other key information. The Company uses electronic communications with shareholders in order to maximise efficiency.