

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

Overview

As Chairman of the Board of Directors of Bilby Plc, it is my responsibility to ensure that Bilby (**Bilby**, or the **Company/Group** as the context requires) has both sound corporate governance and an effective Board. As Chairman, 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.

Bilby adopted the Quoted Companies Alliance Corporate Governance (**QCA Code**) last year, 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.

Bilby seeks to constantly improve its corporate governance practices, illustrated this year through a Board reorganisation, the appointment of an Independent Company Secretary.

QCA Principles

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

Bilby'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. With operational excellence underpinning all its activities, the Group is wholly focused on delivering first-class customer service to its target market of social housing that drives demand. This has enabled Bilby to achieve significant operational momentum by becoming a partner of choice.

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 principle 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 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](#).

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 to seek to ensure that our strategy, business model and performance are clearly understood. 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 Chairman 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.

At the AGM, separate resolutions shall be proposed for each matter under consideration. Shareholders shall be given the opportunity to vote in advance of the meeting by proxy if they are unable to attend the meeting and vote in person. Our registrars shall count the proxy votes which shall be properly recorded, and the results of the AGM are announced shareholders through an RNS. The Board shall ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM will be in line with the recommended corporate guidelines of the QCA Code.

Bilby also encourages a dialogue with shareholders at the AGM and other formal meetings, which provide an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. 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, Bilby 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.

Bilby 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.

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 2019 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 Chairman, Sangita Shah, the CEO, David Bullen, the Group Finance Director, Clive Lovett, the COO, Lee Venables, one Executive Director, Chris Webster, and one independent Non-Executive Director, David Johnson.

Sangita Shah has an interest in 53,966 Ordinary Shares and David Johnson has an interest in 50,000 Ordinary Shares. Neither Director, nor the other Directors, believe that their shareholdings are significant on assessment of the impact upon the Non-Executive Directors' independence. All Directors are encouraged to challenge and to bring independent judgement regarding all matters, both strategic and operational.

The Company acknowledges that the QCA Code guidelines state that a company should have at least two independent Non-Executive Directors. 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 Chairman 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 Chairman receive payments under appointment letters. The Non-Executive Chairman 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.

Attendance at Board Meetings can be found in the 2019 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.

Biographical details of the Directors can be found on the Company's website.

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 a 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.

Whilst the Board has yet to implement a formal Board evaluation process, in the Company's scheduled Board meetings the Directors discuss areas where they feel a change would be greatly beneficial for the Company, as well as proposing amendments to the internal Board dynamics and structure. Over the next twelve months, we intend to formally review the performance of the team to ensure that the members of the Board collectively function in an efficient and productive manner. The Company intends to formulate a detailed evaluation procedure, based on clear and relevant objectives with the aim of facilitating continuous improvement.

The Company does not provide formal training for the directors at present but may do so in the future. The directors are aware of their duties as directors of a company quoted on AIM. The directors have access to the Company's Nominated Advisor, 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 advise 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.

A large part of the Company's activities is centred upon an open and respectful dialogue with employees, clients and other 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 Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

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.

Over the next 12 months, the Company plans to implement annual engagement surveys to determine if ethical values and the Company's corporate culture are recognised and respected. The Company seeks to understand any underlying issues or dissatisfactions within the workforce and will work to resolve them in a timely and efficient manner.

Bilby is supportive of staff participating in charitable initiatives, both in terms of sponsorship and provision of requisite leave from work. This year, our Chief Operating Officer, Lee Venables, cycled from Land's End to John O'Groats in aid of Teens Unite Fighting Cancer.

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 Chairman 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 Chairman and the Executive Board members. The Chairman 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 Chairman 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 Chairman, one other Non-Executive Director and four 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 Chairman and Non-Executive Directors insofar as both the

Chairman 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 Chairman may serve as a Non-Executive Director before commencing a first term as Chairman. 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 is of Sangita Shah (Chair) and David Johnson. Meetings are also attended, by invitation, by the Finance Director.

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 Sangita Shah (Chair) and David Johnson. 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 Bilby 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.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. 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. In order to improve transparency, the Board has committed to publishing proxy voting results on its website in future.

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.