

Corporate Governance Report

Staffline Group plc (“the Company”) is an AIM-listed company and is committed to maintaining the highest standards of corporate governance throughout its operations and ensuring that all of its activities are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in its continued success and improve shareholder value.

In compliance with the AIM Rules for Companies, the Company has chosen to comply with the Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (“the QCA Code” or “the Code”). An updated version of the Code was published in November 2023 with companies expected to reflect the amended requirements in any disclosures made after 1 April 2024. However, Staffline already substantially complies with these amended requirements and has therefore chosen to report against these requirements.

The requirements of the QCA Code 2023 and how the Company complies with each of them are set out below:

Principle 1 Establish a purpose, strategy and business model which promote long-term value for shareholders

The Group’s purpose: Enabling the future of work by developing and deploying a highly flexible, robust and skilled workforce.

The Group’s vision is to be a world class recruitment and training group, the clear market leader in the UK and Ireland and a trusted partner known for excellent service and integrity, driven forward by digital innovation.

The Group’s strategy is to drive the long-term growth of the business. The Group’s business model is set out on pages 8 and 9 and the strategic priorities of the Group are set out on pages 10 and 11.

The Group comprises three operating divisions: Recruitment GB, Recruitment Ireland and PeoplePlus, details of which are provided in the Operational Reviews on pages 14 to 21.

The principal risks and uncertainties faced by the Group in achieving its strategic objectives are detailed on pages 49 to 56.

Principle 2 Promote a corporate culture that is based on ethical values and behaviours

The Group’s corporate values are detailed on the Staffline Group website: www.stafflinegroupplc.co.uk/about-us/strategy-vision-and-values/ and are as follows:

- Teamwork: working together across the business to achieve more for our customers;
- Respect: taking time to understand, trust and support each other to achieve shared success;
- Commitment: demonstrating a relentless and driven ambition to exceed expectations;
- Reliability: fulfilling all our customer requirements, getting the job done;
- Creativity: solving problems and suggesting new ideas and insights; and
- Integrity: doing things the right way, for the right reason, ethically, honestly, every time.

These values are driven by the Board and are at the heart of all Board processes and decisions. Group policies including Anti-Bribery, Anti-Fraud, Anti-Money Laundering and Whistle-blowing policies, details of which are provided in the Audit Committee Report on pages 72 to 79, are owned by the Board.

The Board is committed to reducing the threat of modern slavery and human trafficking and the Group works with like-minded organisations to achieve this as described in the ESG Report on page 48, along with the commitment to health and safety and the approach to UK Data Protection Regulations.

Principle 3 Seek to understand and meet shareholder needs and expectations

The Board is accountable to shareholders for the long-term success of the Group.

A dedicated email address exists to enable all current and prospective shareholders to contact the Group directly at investors@staffline.co.uk. The Board recognises that, whilst the majority of shareholders are large institutions, the Company’s private shareholders are important and the Board welcomes dialogue with them.

The Company uses the “Investor Meet” platform for its investor presentations and the Board studies closely the polls, feedback, questions and analytics generated, demonstrating its shareholder engagement activities.

Links to presentations slides can be found in the Media Library at www.stafflinegroupplc.co.uk/investor-relations/media-library.

In addition to the formal institutional meetings at the half year and year end, the Executive Directors meet existing and prospective investors throughout the year as part of an ongoing investor engagement strategy. The Chairman also meets key shareholders during the year to discuss corporate governance matters and listen to any concerns that are raised. The Independent Non-Executive Directors are also usually available to meet with shareholders and provide an independent point of contact on Board matters at the AGM and can be reached by email at investors@staffline.co.uk.

During 2023, the Remuneration Committee Chair consulted with a number of the Company's major shareholders on certain remuneration issues, including the design and grant of options under the Long-Term Incentive Plan for Executive Directors and senior management.

All shareholders are encouraged to attend the Annual General Meeting ("AGM"). Shareholders will be able to attend the AGM 2024 in person and arrangements will be made to enable shareholders to submit written questions to the Board in advance of the meeting. Shareholders will be invited to vote by proxy, the results of which will be published on the website at www.stafflinegroupplc.co.uk following the meeting.

Principle
4

Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

The Board recognises its social, environmental, and economic responsibilities to wider stakeholders and is committed to act in a way which it considers to be most likely to promote the success of the Group, having particular regard to:

- the likely social, environmental, and economic consequences of any decision in the long term;
- the interests of the Group's employees and temporary workers;
- fostering strong and transparent relationships with customers, suppliers, regulators and investors;
- reducing the risk of modern slavery and other labour abuse mechanisms in our supply chains;
- the impact of the Group's operations on communities and the environment;
- setting high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

This wider perspective underpins the Board's approach to setting the overall strategic direction of the Group and supports its core values, policies and procedures, which in turn, creates an environment in which the business and its employees can act with integrity and effectiveness, whilst driving profitable growth. This is demonstrated through Board decisions and within corporate policies.

The statement on Stakeholder Engagement, which sets out how the Board considered its stakeholders when making principal decisions, can be found on pages 68 and 69.

Principle
5

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board maintains a strong system of internal controls to safeguard shareholders' interests and the Group's assets and regularly monitors its effectiveness. The system of internal financial controls in place is designed to provide reasonable but not absolute assurance against material misstatement or loss.

A clear structure of delegated authority levels covering a wide range of transactions is in place along with a formalised Schedule of Matters Reserved for the Board, which is reviewed annually. The framework provided by these documents provides clarity around the extent to which the Board, as the body that has ultimate responsibility for managing the Group's business and safeguarding the interests of its stakeholders, has chosen to delegate its authority in specific areas. Further delegation of authority within the divisions is also documented, with arrangements aligned to each division's particular organisational structure and operations.

Group-level policies intended to establish a standard approach across the business in relation to matters such as fraud, bribery, competition, whistle-blowing and conflicts of interest were fully rolled out during 2022 and now form part of mandatory training for most employees.

The Group's Head of Internal Audit oversees a robust, standardised approach to risk management at Group level that complements and builds upon divisional risk management processes, which are predominantly operationally focused. Further information about the risk management process and the criteria used to assess risk is provided in the Principal Risks and Uncertainties section on pages 49 to 56.

Regular updates on risk matters are provided to the Audit Committee and the Board through both management reports and the work of the Head of Internal Audit. The Head of Internal Audit works closely with divisional Governance and Compliance teams and facilitates the sharing of knowledge and good practice across the divisions.

The Recruitment divisions maintain independent compliance audit functions that sit locally within each division and are responsible for checking workers' legal employment status and compliance with industry body and regulatory standards e.g. Recruitment and Employment Confederation ("REC"), the Gangmasters and Labour Abuse Authority ("GLAA") and National Minimum Wage "NMW" regulations. The Payroll teams in both Recruitment divisions also receive ongoing training to ensure compliance with relevant legislation and procedures.

Alongside the core regulatory compliance functions fulfilled by the divisional People team and Health, Safety and Environment team, PeoplePlus also maintains a Contracts Assurance team, which is responsible for monitoring compliance with contractual requirements such as eligibility criteria for drawdown of funding for training and employability schemes.

Corporate Governance Report continued

There is regular review of financial information, including year-to-date performance against current year budget, prior year and latest forecast, at all management levels up to and including the Board. Both risks to financial performance and potential opportunities are monitored to ensure that performance is in line with expectations and that opportunities are exploited.

Principle
6

Establish and maintain the Board as a well-functioning, balanced team led by the Chair

The Board provides leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed.

The Board is satisfied that there is an appropriate balance of Executive and Non-Executive Directors, with two Executive and three Non-Executive Directors, two of whom are independent. Tom Spain, the Chairman, leads the Board and is responsible for promoting the strategic success of the Company and creating value for shareholders in the long term whilst ensuring that sound, effective corporate governance practices are embedded in the Group and in its decision-making processes.

Albert Ellis, Chief Executive Officer, is responsible for developing and delivering the Group's strategy within the policies and values established by the Board. Daniel Quint, Chief Financial Officer, is responsible for managing the financial resourcing, reporting and planning of the Group.

Amanda Aldridge and Catherine Lynch, the two Independent Non-Executive Directors, bring independent and objective analysis to all matters considered by the Board and its Committees using their substantial and wide-ranging experience. They monitor the Executive Directors' delivery of the Group's strategic objectives within the risk and governance structure agreed by the Board.

Non-Executive Directors are expected to commit two days per month to the Company. This includes attendance at Board and Committee meetings, strategy sessions, the AGM and meetings with shareholders and employees.

The Board meets at least six times each year. During 2023, the Board held 17 formal Board meetings.

Individual Directors' attendance at the Board meetings held in 2023 is summarised below:

Director	Number of meetings attended	Maximum number of meetings possible
Tom Spain (Interim Chair)	16	17
Albert Ellis	17	17
Daniel Quint	17	17
Ian Starkey ¹	6	6
Catherine Lynch	16	17
Amanda Aldridge ²	12	13

¹ Ian Starkey resigned as a Director and Senior Independent Director, Chair of the Audit Committee and member of the Remuneration and Nominations Committees on 16 May 2023.

² Amanda Aldridge was appointed as an Independent Non-Executive Director of the Company, Chair of the Audit Committee, and member of the Remuneration and Nominations Committee on 17 April 2023.

The Board delegates certain functions to its three Committees: Nominations Committee, Remuneration Committee and the Audit Committee.

In relation to this principle, the Board carefully considers the composition of the Board and during the year appointed Amanda Aldridge as Independent Non-Executive and Audit Committee Chair in April 2023, in anticipation of the resignation of Ian Starkey in May 2023.

Directors are given comprehensive, timely and relevant management information before each Board meeting. Directors are able to obtain independent professional advice in the course of their duties, at the Group's expense. All Directors submit themselves for re-election annually.

The Board delegates certain functions to its three principal Committees:

Nominations Committee

The Nominations Committee reviews the structure and composition of the Board and its Committees, particularly the skills, knowledge and experience of Directors. Succession planning and approval of Board appointments form an important part of the Committee's responsibilities.

Audit Committee

The Audit Committee works with management, the external auditor and the Group's internal audit and governance teams to oversee Staffline's financial reporting, internal control and risk management processes.

Remuneration Committee

The Remuneration Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives in a manner that is aligned to shareholder interests, while also complying with the requirements of relevant regulations.

Details of the members of the Board and its Committees are set out on page 60.

Detailed reports for the Nominations Committee, Audit Committee and Remuneration Committee are provided on pages 70 and 71, 72 to 79, and 80 to 86, respectively.

Principle

7

Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises the Chairman, two independent Non-Executive Directors and two Executive Directors, who provide a range of experience and backgrounds detailed in the Board “Skills and experience” matrix on page 59.

The Board believes that the Company has a strong, independent, highly qualified and diverse Board with the right people in place to lead the business. Biographical details of the Directors are set out on page 60.

Tom Spain, the Chairman, is responsible for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders.

Tom Spain founded Henry Spain Investment Services Limited in 2010 and is actively engaged in the business.

Amanda Aldridge, a qualified Chartered Accountant, has significant financial expertise, specifically in financial management, control and reporting. Amanda also has extensive audit, governance and capital markets experience having worked at KPMG LLP for 33 years until 2017, including 20 years as a partner. During this time, Amanda held numerous positions including Head of the Retail Sector practice before becoming Head of Contract Governance in the Risk Consulting Division.

Catherine Lynch is a highly experienced HR Director, and is currently Chief People Officer at Essentra plc, a global manufacturer and distributor of plastic injection moulded components. She has held a number of HR Director roles at leading companies such as Rentokil-Initial plc, Flutter Entertainment plc, BGL Group and Santander, and was Chief People Officer at Virgin Media for several years. Catherine is a Fellow of the Chartered Institute of Personnel and Development and is currently a member of the Advisory Board of Dial Global, a community focused on inclusion.

Albert Ellis and Daniel Quint are both Chartered Accountants with over 40 years’ board-level experience at private and public companies between them.

Albert was appointed as a Non-Executive Director of HRnet Group Limited with effect from 1 October 2022. HRnet Group Limited is the second largest shareholder in the Company (holding approximately 17% of the current issued share capital).

The Nominations Committee is responsible for the recruitment and appointment of Directors but ensures that the whole Board is involved in the process.

Directors are encouraged to keep their skills up to date by attending appropriate training courses. Directors are either currently, or have previously been, members of other Boards.

Principle

8

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

During the latter part of 2023, the Board conducted an in-house self-evaluation using a questionnaire that focused on the remit and key issues facing the Board. In particular, the Board considered how it discharges its strategic remit and reviews key issues facing the Group. As required, Directors discussed any matters with the Interim Chairman and Independent Non-Executive Directors, as appropriate. The Interim Chairman and Independent Non-Executive Directors discussed the outcome of the evaluation, including any recommendations and actions, with the Board.

The Board evaluation is conducted on an annual basis and it is proposed that the Board evaluation will be externally facilitated from time to time.

Principle

9

Establish a remuneration policy which is supportive of long-term value creation and the company’s purpose, strategy and culture

The Remuneration policy developed by the Remuneration Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives in a manner that is aligned to shareholder interests while complying with the requirements of relevant regulations.

Further information about the Remuneration Policy and how it supports long-term value creation and the Company’s purpose, strategy and culture can be found on pages 80 to 86.

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Principle
10 **Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

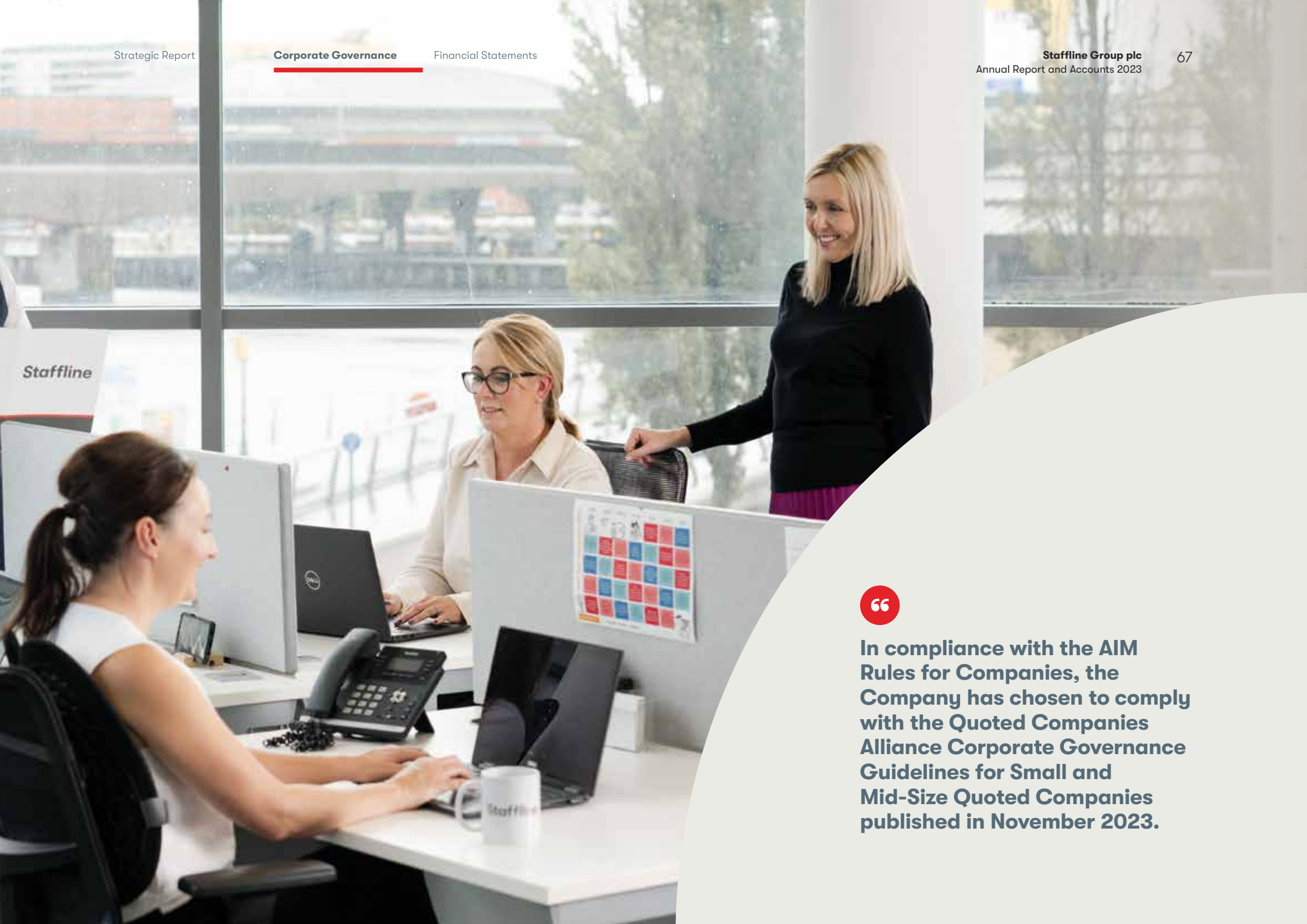
The Board represents and promotes the interests of the Group's shareholders and is accountable to them for the long-term success of the Group. The statement on Stakeholder Engagement can be found on pages 68 and 69.

The Executive Directors hold regular meetings with institutional shareholders. They also provide updates on the performance of the Group to shareholders and wider stakeholders at the interim and annual results presentations.

The Executive Directors also hold regular meetings and maintain an ongoing dialogue with the Group's lenders.

Date on which this information was last reviewed: March 2024





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