

GUARDIAN MEDIA GROUP PLC

Corporate governance

The Board is committed to high standards of corporate governance and believes that it is in the interest of all its stakeholders to detail how the principles of corporate governance are applied within the Group.

Corporate governance code

The Company has adopted its own corporate governance code (GMG Code) which to a large extent reflects the structure and content of the UK Corporate Governance Code (although, as an unlisted plc, there is no requirement for the Company to comply with the UK Corporate Governance Code). The GMG Code reflects the fact that the Company is unquoted and that 100% of its share capital is held by The Scott Trust Limited (STL). Given the ongoing desire to uphold high levels of corporate governance in accordance with the values of the organisation, GMG reviewed and revised its Corporate Governance Code during the year to reflect the 2018 Listed Company Code. The current GMG Code was approved by the STL Board on 9 October 2020 and can be viewed [here](#).

The Board

GMG's Board currently comprises a non-executive chair, Neil Berkett, three executive directors and seven independent directors. Annette Thomas took up the office of chief executive in early March 2020 and was appointed as a director of the Board on 17 March 2020. Following the departure of Richard Kerr as CFO and director in March 2020, the role of CFO was filled on an interim basis by James Bishop. Keith Underwood was appointed to take up the role as CFOO (CFO with an additional wider operations remit) on 22nd June 2020 and was appointed to the GMG Board on 6th July 2020. Following the resignation of Annette Thomas, Keith Underwood was appointed interim chief executive as of 1st July 2021.

Neil Berkett was appointed non-executive chair in September 2013. The role of the chair is distinct and separate from that of the chief executive and the division of responsibilities between the chair and the chief executive has been clearly established, set out in writing and agreed by the Board.

Baroness Gail Rebusk has been the senior independent director since April 2017.

The non-executive directors meet the independence criteria set out in the GMG Code. The chair, on appointment, met the independence criteria.

The CEO and Editor-in chief are the only STL directors who are also directors of GMG. The chair of STL attends GMG Board meetings and there is a reciprocal arrangement whereby the chair of the GMG Board is invited to attend the STL Board meetings. All STL directors receive copies of financial reports and GMG Board approved minutes on a regular basis. This results in a close relationship between the GMG Board and STL as its shareholder.

The directors and the company secretary have a wide range of business and other relevant experience and their details can be viewed [here](#).

Non-executive directors are appointed for terms of three years which can be renewed. Under GMG's articles of association, directors are subject to re-appointment by STL (as sole shareholder) at the annual general meeting following their appointment. GMG's articles of association also require that the number of directors closest to, but not exceeding, one-third is subject to re-appointment at each annual general meeting.

A monthly financial report is provided to the directors. Board papers, which include regular and ad hoc reports, are circulated to the directors by the company secretary in advance of Board meetings to ensure Board members are supplied, in a timely manner, with the information they need. There is a written schedule of specific matters reserved for Board consideration which includes setting and monitoring Group strategy, reviewing trading performance and the approval of significant contracts, capital expenditure, acquisitions and disposals. The Board delegates to management the detailed planning and implementation of Group strategic objectives in accordance with appropriate risk parameters. Board

meetings are minuted and the minutes circulated to all Board members and made available to the STL Board.

Led by the chair, the independent directors meet formally at intervals during each year without the executive directors being present. Gail Rebeck, as senior independent director, holds a meeting of independent directors, without the chair present, to review the chair's performance. The views of executive directors are taken into account at that meeting.

On appointment to the Board, directors receive appropriate briefings on the Group and its activities and follow a tailored induction programme. They visit the Group's operations and meet local management. It is expected that directors will continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board committees and the Company provides resources for developing and updating its directors' knowledge and capabilities.

The Board undertakes, normally at intervals not exceeding two years, a formal evaluation of its own performance and that of its committees and individual directors. Evaluation may be by self-evaluation questionnaire, or external evaluation or such other means as the Board determines to be appropriate. The last evaluation exercise was undertaken in March 2021, showing a high calibre board that had been resilient in light of its response to CV19. It was noted that diversity should remain a high priority for appointments of future directors and the evaluation considered skillsets for the future.

All directors have access to the company secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. A procedure exists for directors to take independent professional advice, at the Group's expense, if necessary, in the furtherance of their duties.

The Company maintains an appropriate level of directors' and officers' insurance which was in force throughout the financial year and at the date of approval of the financial statements. In accordance with the Company's articles of association, the directors and officers of the Company are indemnified out of the assets of the Company, to the extent permitted by law, in respect of liabilities incurred as a result of their office. Neither the Company's indemnities nor directors' and officers' insurance provide cover in the event that a director or officer has acted fraudulently.

The Scott Trust Limited (STL)

STL is the sole shareholder of the company. The shares in STL are held in equal numbers by five of the STL directors. The articles of association of STL ensure that its shareholders can receive no personal economic benefit from their shareholding.

STL chooses to ensure that only a minority of its directors are executive directors of GMG.

One place on the STL Board is customarily reserved for a Guardian journalist, at present Nils Pratley, who is chosen by the other STL directors in consultation with the body of Guardian journalists.

The normal tenure of STL directors, except those in executive positions, is five years, with the possibility of extension for up to a further five years following review.

Committees

The Board has a number of committees consisting of independent directors and with executive directors and senior executives in attendance. Some members of the board also serve on the Scott trust investment committee. .

Composition of the GMG committees as at 28 March 2021 and frequency of meetings is set out in the table below.

| Director | Audit committee | Remuneration and People committee | Nominations committee |
|--|------------------------|--|------------------------------|
| Neil Berkett | Member | | Chair |
| Jennifer Duvalier | | Chair | Member |
| Gail Rebuck | | Member | Member |
| Coram Williams | Chair | | |
| Yasmin Jetha | | Member | |
| Anders Jensen | Member | | |
| Frequency of meetings per financial year | 4 | 3 | 2 |

Notes:

1. As chair, Neil Berkett normally attends meetings of the Remuneration and People Committee but is not a member.
2. The chief executive, is not a member of any Committees, but normally attends their meetings.
3. The editor in chief, Katharine Viner is not a member of any Committees, but is invited to attend the Remuneration and People Committee.
4. The chief financial and operations officer normally attends meetings of the Audit Committee but is not a member of the Committee.
6. Anders Jensen joined the Audit Committee with effect from 9th October 2021.

The number of meetings of the Board and committees held in the financial year ended 28 March 2021, with details of individual attendance by directors is set out in the table below.

| Director | Board meetings | Audit committee meetings | Remuneration and People committee meetings | Nominations committee meetings |
|--------------------------------|-----------------------|---------------------------------|---|---------------------------------------|
| Neil Berkett | 7 | 4 | 1* | 5 |
| Katharine Viner | 7 | | 3* | |
| Jennifer Duvalier | 7 | | 3 | 5 |
| Nigel Morris | 7 | | | |
| Gail Rebuck | 7 | | 3 | 5 |
| Coram Williams | 7 | 4 | | |
| Yasmin Jetha | 7 | | 3 | |
| Annette Thomas | 7 | 4* | 3* | |
| Anders Jensen | 7 | 3 | | |
| Keith Underwood | 6 | 4* | | |
| René Rechtman | 7 | | | |
| <i>Number of meetings held</i> | 7 | 4 | 3 | 5 |

* In attendance

1. Keith Underwood was appointed to the GMG Board on 6th July 2020.

Details of the purposes of the committees are set out below. All the committees have written terms of reference, which are subject to annual review and which are available on request from the company secretary.

Audit committee

The audit committee currently comprises three non-executive directors, and is chaired by Coram Williams, one of its members. Neil Berkett, Chair of GMG is a member of the committee, due to his relevant experience/skills. It is envisaged that future successor chairs will not sit as a member of the audit committee in accordance with the updated GMG Code. In addition, the chief executive, chief financial and operations officer, company secretary, director of finance and tax, and senior representatives of the external auditors normally attend the committee's meetings. More than one member of the committee has recent and relevant finance experience.

The group's external auditor is BDO LLP who were appointed following a competitive tender process managed by the audit committee and completed in 2020. The year-ended 28 March 2021 is the first year of their tenure and their effectiveness will be considered following the completion of the audit process. BDO do not perform any other activities for the group other than the external audit to ensure independence. At least once a year, the committee meets with the external auditors and separately with the outsourced internal audit function, without executive members of the Board present. The committee makes recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and agrees their scope of work and fees prior to the commencement of the annual audit. The committee no longer uses the external auditor for non-audit services. Note 11 to the financial statements (Auditors' remuneration) contains details of the fees payable to the external auditors for audit services, audit-related services and other non-audit services.

The committee considers issues arising from the external audit and reviews the annual financial statements and written reports from the external auditors; it monitors internal financial control procedures and reviews the operation and output of the outsourced internal audit function.

The committee reviews arrangements by which Group employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The committee has an agreed annual calendar of activities.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The audit committee chair reports to the Board on the outcome of audit committee meetings and provides an annual update of the committee's activities to the STL.

The standing activities of the audit committee include:

- monitoring the integrity of the Group's financial statements and reviewing the significant and financial reporting judgements they contained. This oversight is extended to include the company's parent company, The Scott Trust Limited.
- oversight of the external audit strategy and review of the report by the external auditors
- oversight of the internal audit and tax functions
- receipt and review of periodic reports from the outsourced internal audit function
- consideration of internal and external audit issues
- oversight of risk management and consideration of risk management issues

During the financial year ended 28 March 2021, the activities of the audit committee included:

- consideration of cyber security/Information security governance
- consideration of issues relating to Brexit
- consideration of the company's digital vouchers process
- consideration of the advertising sales systems process
- consideration of software asset and enterprise technology management processes
- consideration of finance & HR systems
- consideration of IR35 regulations
- consideration of HR core processes
- consideration of data management process and capability
- review of health and safety procedures in light of Covid-19

Remuneration and People committee

The remuneration and people committee currently comprises three independent non-executive directors and is chaired by Jennifer Duvalier. As chair of the Company, Neil Berkett normally attends the committee's meetings. In addition, on matters other than those concerning themselves, the chief executive, editor in chief and group HR director normally attend meetings.

The committee is responsible to the Board for the Group's compensation framework and for determining the remuneration packages of the executive directors and key senior managers. It retains the right to scrutinise and, if necessary, veto proposals for individuals outside this group. It advises on executive remuneration policy issues. The committee oversees talent management and the overall employee experience for all staff across the company. Deloitte LLP is retained as independent advisors to the committee and it also provides additional services to the company, in relation to internal audit. The committee has access to other professional advice where necessary.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The remuneration and people committee chair reports to the Board on the outcome of remuneration committee meetings and provides an annual update of the committee's activities to the STL.

Details of Directors' remuneration and more detail as to the proceedings of the Remuneration and People Committee are set out in the Directors' Remuneration Report which may be viewed [here](#).

Nominations committee

The committee comprises the chair and two independent non-executive directors. It is chaired by Neil Berkett (as chair of the Board).

The committee deals with the selection of, and makes recommendations to the Board on, the appointment of Board members, where necessary obtaining advice and assistance from internal or external legal, accounting, or other advisors and with authority to appoint external search consultants.

The committee ensures that plans are in place for an orderly succession for appointments to the Board and to senior Group management, taking into account appropriate diversity, and monitors senior leadership development.

STL approval is required for the appointment of the chair of the Board, and STL has sole responsibility for the appointment of the editor-in-chief of the Guardian.

External search consultants assist in the appointment of executive and non-executive directors where necessary.

The committee's proceedings are minuted and circulated to all Board members by the company secretary. The nominations committee chair reports to the Board on the outcome of nominations committee meetings.

Risk Management

GMG operates in a challenging and competitive environment, requiring a balance between risk taking and risk mitigation to secure delivery of our strategy, ongoing sustainability of our business model and our strong brand and reputation.

In accordance with our corporate governance code, the Board has overall accountability for risk management and the setting of risk appetite. It conducts a regular review of our principal risks, both directly and through the Audit Committee, with reporting focussed on risk movements each quarter and changes to the risk landscape. Risk appetite has been clearly identified through a series of qualitative statements, aligned to each risk category, including strategic, reputational, financial, regulatory and operational risk. This provides guidance for our leaders in decision making.

New and emerging risks are identified in a number of ways, including strategic review of the external environment, public affairs activities and routine risk review processes within our business.

The Executive Committee has stewardship of the risk management approach, including the strategy and

operational plans required to manage risks within the appetite set by the Board. Each principal risk is owned by a member of the Executive Committee, who is responsible for monitoring and ensuring the effectiveness of controls on an ongoing basis.

We continue to develop our risk management approach and have this year enhanced monitoring of operational risks within our principal risk register through the introduction of a number of governance forums, relating to information security, privacy and technology disruption, each led by the relevant risk owner. A full review of principal risks was undertaken, to ensure ongoing alignment with strategy.

Our unique governance structure is designed to ensure editorial independence. The GMG Board does not set a risk appetite in respect of libel but does maintain oversight of the internal controls environment relating to this risk.

The key features of the internal control system are:

- a clear organisation structure with defined levels of responsibility delegated to operational management
- maintenance of an extended risk register, which identifies and evaluates risks and document control procedures and monitoring arrangements. Regular review and update of risk registers is embedded in executive committee and operational reporting procedures including Board review
- certain key Group functions including taxation, treasury, insurance and day-to-day administration of the investment fund are handled centrally with regular reports to the Board through the chief financial officer. The treasury function operates within Board-approved limits
- a structured process for approval of capital projects and significant contracts which includes appropriate authorisation levels
- all significant acquisitions or investments are subject to detailed internal appraisal involving both Group and operating personnel and due diligence procedures, prior to being presented to the Board for approval within agreed thresholds
- comprehensive business planning procedures which include a rigorous annual budget process, culminating in the budget for the year ahead and plans for subsequent years being approved by the Board. Forecasts are updated quarterly and presented to the Board for review and comment
- monthly management accounts which report on trading performance by operation against budget and previous year, including relevant key performance indicators and latest year-end forecasts, are provided to management and the Board
- the outsourced internal audit function delivers independent review and assurance on the management of key business risks and on the effective operation of governance processes and systems of internal control
- regular review of business operations throughout the Group by operating and executive management.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.