

LETTER FROM THE CHAIR

**Dear Shareholder,
At Eurocell, we recognise the importance
of effective corporate governance
in delivering long-term success and
sustainability for the Group.**



**“
On behalf of the
Board, I am pleased
to introduce
Eurocell’s Corporate
Governance Report
for the year.”**

This report sets out the corporate governance framework and explains how it underpins and supports the Executive Committee and senior management in delivering the Group’s strategy.

2023 has continued to be a period of transition for the Board, as we welcomed Darren Waters as Chief Executive in April, along with Will Truman and Angela Rushforth as new Non-executive Directors in May 2023 and February 2024 respectively, biographies for whom can be found on pages 74 and 75.

We have a culture of open communication and mutual trust, and these principles, which are essential to good governance, have underpinned our Board discussions.

In the face of significant macroeconomic and market challenges, the Board has continued to provide oversight of, and support for, the Executive Committee.

With the on-going impact of significant cost inflation, an uncertain macroeconomic outlook and weaker markets, this has included early and decisive action on costs in response to lower volumes, and a focus on cash and working capital management, which have positioned the business well for when markets recover.

Following Darren’s arrival, we have taken the opportunity to review the Group’s strategy, including the optimisation and expansion of the branch network, an enhanced customer proposition and simplified business structures. Through this work, which was completed in Q4, we have identified new opportunities for growth and efficiencies, which we believe will, over the medium-term, drive sustainable growth in shareholder value. Further details of the new strategy, which includes our purpose and values, are set out on pages 18 to 29.

Environmental, Social and Governance (‘ESG’) considerations are an increasing focus for our stakeholders. The recently established Social Values and ESG Committee began its work in 2023, with a focus on sustainability, employee welfare and responsible business practices, as well as our contribution to the societies we operate in. Towards the end of the year, we appointed ‘CEN-ESG’ to support the development of our ESG strategy, including a path to net zero, as well as enhance our ESG reporting and disclosures. Details of our work in this area are set out in the Sustainability Report on pages 32 to 49.

I am very grateful for the continued strong shareholder support that we receive, which enables us to build a platform for long-term sustainable growth, and I hope to see that continuing into the future.

Throughout the year, we have continued to apply the principles and provisions of the UK Corporate Governance Code (the ‘Code’), under which this report has been prepared, and the following reports provide details of the Board’s activities during the year, including how it, and its Committees, have discharged their governance duties.

Derek Mapp
Chair

19 March 2024

LETTER FROM THE CHAIR CONTINUED

Role of the Board

The Board currently comprises a Non-executive Chair, six Non-executive Directors and two Executive Directors, who are equally and collectively responsible for the proper stewardship and leadership of the Company. Their biographical details are set out on pages 74 and 75.

In accordance with the Code, at least half the Board, excluding the Chair, should be Non-executive Directors, who are determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, this judgement. The Company regards Frank Nelson, Kate Allum, Alison Littley, Iraj Amiri, Will Truman and Angela Rushforth as 'independent' Non-executive Directors within the meaning of the Code and therefore is considered to be compliant in this area.

The Board also considers diversity and inclusion throughout the Group and details of the extent to which the Board has met the FCA's targets, in this regard, are set out on page 89.

The formal schedule of matters reserved for the Board's consideration includes the following:

- Approval of the Group's strategy, long-term objectives, annual operating budgets and capital expenditure plans
- Approving transactions of significant value or major strategic importance, including acquisitions
- Approving significant changes to the Group's capital, corporate or management structure
- Monitoring and assessing the overall effectiveness of the Group's risk management processes and internal control systems, including those related to health and safety, financial controls and anti-bribery policies and procedures
- Approving the Annual and Half-Year Reports, including Financial Statements
- Approving other corporate communications related to matters decided by the Board
- Board appointments and succession planning and setting terms of reference for Board Committees
- Remuneration matters, including the general framework for remuneration and share and incentive schemes.

Subject to those matters reserved for its decision, the Board has delegated to its Audit and Risk, Nomination, Remuneration and Social Values and ESG Committees certain authorities. There are written terms of reference for each of these Committees which are available on the Group's corporate website at www.investors.eurocell.co.uk. Separate reports for each Committee are included in this Annual Report on pages 30 to 31 and pages 87 to 115.

Details of how opportunities and risks to the future success of the business have been considered and addressed can be found in the Strategic Report on pages 8 to 9, 50 to 61 and 66 to 72. Details of the sustainability of our business model can be found in the Strategic Report on pages 32 to 49. Our governance framework underpins the delivery of strategy and can be found on page 79. An overview of the Group's strategy can be found in the Strategic Report on pages 18 to 29.

The Directors are ultimately responsible for preparing the annual report and accounts and the Board confirms it considers them, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

