

## Corporate Governance

Since September 2018 all AIM companies have been required to comply with a recognized corporate governance code. SEC spa has chosen the Quoted Companies Alliance (“QCA”) Corporate Governance Code published in April 2018 for this purpose. High standards of corporate governance are a priority for the Board, and details of how SEC spa addresses key governance principles defined in the QCA code are set out below.

A prescribed set of rules does not itself determine good governance or stewardship of a company and, in fulfilling their responsibilities, the Directors believe that they govern the Company in the best interests of the shareholders, whilst having due regard to the interests of all the 'stakeholders' in the Group.

This disclosure was last reviewed and updated on 02 March 2020

### **1. Establish a strategy and business model which promote long-term value for shareholders**

The Company’s business model and strategy to deliver shareholder value is set out in the annual report together with the Company’s values and risk management approach (see Annual Report 2018, pag. 32-34).

The Company's vision is to invest in and develop its operating businesses to deliver long term, sustainable growth in shareholder value with particular focus on exploiting the outstanding business opportunities in the different markets where the Company has its operations.

### **2. Seek to understand and meet shareholder expectations**

The Company maintains a dedicated email address which investors can use to contact the Company which is prominently displayed on its website together with the Company’s address and phone number. The Company holds an annual general meeting (“AGM”) to which all members are invited and during the AGM, time is set aside specifically to allow questions from attending members to any board member. The Board have determined that the Company is too small to have a dedicated investor relations department, therefore the CEO is responsible for reviewing all communications received from members and determining the most appropriate response. In addition to these passive measures, the CEO typically engages with members through a roadshow once or twice each year.

The Company does not take any measures beyond those outlined in this paragraph to seek to understand shareholder voting decisions, save that where voting decisions are not in line with the Company’s expectations the Board will engage with those shareholders to understand and address any issues.

Due to the fact that SEC Newgate spa has a dominant shareholder, the Board is particularly aware of the need to hear the voices of and protect the interests of minority shareholders, balancing these interests with those of any more substantial shareholders.

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

In addition to members, the Company believes its main stakeholder groups are its employees and clients. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback.

With clients the relationship is regular, many times weekly and/or daily to meet their needs and to work together in order to achieve the goals of the relevant consultancy project.

To better dialogue with its employees, the Group has adopted Workplace, a platform of Facebook that allows all the employees to have the possibility to share ideas, projects, best practices, best cases, case studies and so on.

The platform presents several groups: SEC EU updates, SEC New business, SEC news, SEC Marketing, SEC Management Committee (exclusively reserved to the members of the body).

With regards corporate social responsibility, SEC supports Portofranco Onlus, a non profit organization created in Milan (and replicated in other cities in Italy), an extraordinarily effective and beautiful place for high school students to get support with studying.

Here, working and retired teachers, professionals, university students volunteer their time to help children with difficulties with individual lessons, and it is the children themselves who book the lessons and choose to come and study, with no obligation from the school or their family. Here, spontaneously, they have generated one of the most meaningful experiences in Italy, which integrates immigrant students of different generations. SEC's involvement will support the organization's fundraising and the involvement of some of its directors. Moreover, from 2017 SEC is partner of Valore D the first corporate association to promote women's talents, diversity and leadership in order to foster national enterprises development. SEC acknowledges the association's goals that are:

- to foster corporate welfare policies aiming at implementing innovative and flexible working places where personal needs are taken into account
- taking inclusive and diversity driven strategies in
- human resource management in order to improve on each individual know how and competence
- to promote inclusive and balanced leadership and governance models to foster participation, collaboration and dialogue inside the organization
- to offer sustainable and new social models aiming at orienteering girls study courses and overcoming gender based stereotypes in families and workplaces.

These principles stand strongly in our agency, especially in Italy, where a significant role is led by women employees: both the GM and CFO are women, as well as 7 supervisors out of 12, and 7 account directors out of 9.

The different subsidiary companies in each Country promote their own CSR activities.

#### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The board is responsible for putting in place and communicating a sound system to manage risk and implement internal control. The management of risk is an essential business practice. Boards are expected to balance risk and return, threat and opportunity. Setting strategy includes determining the extent of exposure to the critical risks the company is willing and able to bear.

The Company describes in its annual report, yearly updated, the potential risks across a number of categories including personnel, clients, competition, finance, legal and economical general frame. For each risk we estimate the impact, likelihood as well as identify mitigating strategies. This approach is reviewed yearly and published on the website (see Annual Report 2018, pag. 32 and following).

The Company receives regular feedback from its external auditors on the state of its internal controls and has established an internal audit function led by the Group Financial Director, reporting to the Chairman and Group Chief Executive Officer, to systematically review each area of its business to monitor the effectiveness of internal controls.

#### **5. Maintain the board as a well-functioning, balanced team led by the chair**

The board of SEC spa currently comprises four non executive directors, one of them being the Chairman, and seven executive directors.

The board meets monthly (except August) and all current board members have attended all board meetings in the current financial year. Each director or non-executive may be re-elected to the board at the Annual General Meeting every three years.

Non-executive contracts require that they dedicate up to one additional day per month on request. The Company notes that best practice under the QCA code is to have at least two non executive independent directors and at the moment the Company has four non executive independent directors. For now the board considers its composition appropriate given the size of the company, its revenues and profitability.

The four non executive directors are John Foley, Luigi Roth, David Mathewson and Paola Bruno (see the website for the full CVs: <https://www.secnewgate.com/investors/>).

In addition, the Company notes that its Chairman, John Foley, and its Deputy Chairman, Luigi Roth, have significant experience in chairing listed companies; the two other independent non executive directors, David Mathewson and Paola Bruno, also have such experience. The Company is satisfied as to their independence.

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

The directors of the Company during the current financial year, together with their experience, skills and personal qualities relevant to the Company's business, are outlined below:

**John Foley – Independent, Non-Executive Chairman.** John Foley was appointed to the Board as its Non-Executive Chairman in September 2019. He is a Chartered Accountant and barrister. John Foley is a co-founder and Chairman of AIM quoted niche services provider, Premier Technical Services Group Plc.

He is also Chairman of Servoca plc, the AIM quoted staffing solutions and outsourcing provider.

John Foley was previously Chief Executive of MacLellan Group plc, a facilities services company, from 1994 until it was acquired by Interserve plc for an enterprise value of £130 million in June 2006. John was appointed as Non-Executive Chairman of Porta in May 2017.

**Luigi Piergiuseppe Ferdinando Roth – Independent, Non-Executive Deputy Chairman.** Luigi Roth was re-appointed to the Board as its Non-Executive Chairman in June 2019. He has significant board experience and his current roles include being President of Alba Leasing S.p.A. (since May 2012), Senior Advisor of Equita SIM S.p.A. (since October 2014), President of Italiana Valorizzazioni Immobiliari S.r.l. (since September 2013) and President of Melior Valorizzazioni Immobiliari S.r.l. (since June 2010), President of Gruppo Lombardo dei Cavalieri del Lavoro (since September 2013) and he holds positions on the boards of Pirelli & C. S.p.A., Autostrada Torino Milano S.p.A., Eurovita

Assicurazioni S.p.A. and NTV S.p.A. Noteworthy previous experience includes roles as President of Terna S.p.A., Consorzio Città della Salute e della Ricerca di Milano, Fondazione Fiera Milano and Ferrovie Nord Milano Esercizio S.p.A., as well as various positions held on the boards of Meliorbanca, Cassa Depositi e Prestiti S.p.A., Ansaldo Trasporti S.p.A. and Breda Costruzioni Ferroviarie S.p.A. Luigi Roth is also a Knight Grand Cross of Merit of the Italian Republic, Knight of Labour and a Papal Gentleman.

**Fiorenzo Vittorio Tagliabue – Chief Executive Officer.** Fiorenzo Tagliabue is the founder and controlling shareholder of SEC. He has significant expertise in urban regeneration projects, such as Porta Nuova in Milan (for Hines Group), regeneration of the Fiera di Milano area (for Citylife and Generali-Allianz Group), development plan for Bovisa (for Euromilano) and construction of Fiera in Rho-Però (for Fiera Milano Foundation). He was the CEO of Nuova Editoriale Italiana S.p.A. from 1983 to 1989 and, in 1985, he founded and became General Secretary for the first three years of Centro Televisivo Vaticano. Mr Tagliabue was a member of the Board of Directors of Teatro La Scala (Milan) Foundation from 2005 until January 2015 and is a member of the board of directors of Banco Alimentare Foundation and of Venice University Institute of Architecture.

**Emma Victoria Kane (Rosenblatt) - Deputy Chief Executive Officer and Chief Executive of Newgate Communications.** Emma Kane was appointed to the Board in June 2019 and he became effective on September 2019. Emma has over 30 years of communications' experience gained working both in agencies and inhouse at organisations such as ProShare as its first Head of Marketing Communications, and as Head of Investor Services at Charles Schwab. She founded Redleaf in January 2000 and led the agency until 2018 when its sale to Porta was completed. She specialises in financial and corporate communications, and crisis management. She is also the Chairman of the Barbican Centre Trust, Chairman of Target Ovarian Cancer, and a trustee of Nightingale Hammerson. She was awarded the Freedom of the City of London in 2017. Emma is Chief Executive of Newgate Communications Ltd. Emma was appointed Deputy Chief Executive of SEC Newgate in September 2019.

**Brian William Tyson - Deputy Chief Executive Officer and Chief Executive of Newgate Australia.** Brian Tyson was appointed to the Board in June 2019 and he became effective on September 2019. Mr Tyson is the Managing Partner of Newgate Australia (being Newgate Communications Pty Limited) and co-founder of Newgate Research (the market and social research arm of Newgate Communications). In a consulting career spanning three decades, Brian has come to be regarded as one of Australia's leading communications practitioners with expertise in strategic issues management, financial transactions, government relations, media management and community campaigning. He has led a number of high profile and complex public affairs campaigns and financial transactions in the infrastructure, transport, banking, energy, agriculture and media sporting/arts sectors. Brian is a Director on the board of the Sydney Swans Australian Football Club and the Committee for Sydney as well the Clontarf Foundation, supporting educational opportunities for young Indigenous Australians. Prior to his career in consultancy Brian was a political adviser to the Greiner Government in New South Wales. He started his career as a journalist with The Land newspaper. Brian is Chief Executive of Newgate Australia. He was appointed Deputy Chief Executive of SEC Newgate in September 2019.

**Mark Glover – Managing Director (also Chief Operating Officer at Newington).** Mark founded Newington in 2006, and has overseen its growth into the dynamic and award winning consultancy that it is today. He splits his time between Newington's London and Edinburgh offices – offering

strategic counsel to board directors across a range of sectors at a local, devolved and national government level. Mark has been actively involved in politics since 1985 – as a councillor for twelve years, which included serving as the Chair of the Labour Group in Southwark (2002-2014), London and sitting on the Federal Executive of the Liberal Democrats in the early 1990s. Mark also sits on the Independent Advisory Group of the Marston Group, is on the Court of the Company of PR Practitioners in the City of London. He was a Founding Director of the Reformer magazine, supports charity UK Youth and is a regular industry awards judge.

**Thomas Edward Parker – Deputy Chief Executive (also Chairman of Cambre Associates – Brussels).**

Tom Parker co-founded Cambre Associates SA in 2013, based in Brussels, and was appointed to the Board in June 2016. Mr Parker was the Managing Director at Interel PR & PA from 2006 to 2007 and the Managing Director of Interel Cabinet Stewart in 2008. Mr Parker is the Vice President of the British Chamber of Commerce in Brussels. He is also a regular commentator on EU lobbying practice and the future of the advocacy profession. Mr Parker works with organizations at the highest levels across a wide range of sectors, counselling on EU affairs and pan-European advocacy campaigns and has advised on some of Europe's highest profile reputational challenges and counselled on issues management and crisis communication at European and global levels. Mr Parker is also on the boards of the SEC subsidiaries Kohl PR and ACH Cambre.

**David Carr Mathewson – Independent, Non-Executive Director.**

David Mathewson was re-appointed to the Board in June 2019. Mr Mathewson has experience in advising private and public companies on strategy plus implementation of mergers, acquisitions, debt and equity fund raising and capital reconstructions. Mr Mathewson has spent much of his Executive career as Senior Director of Noble Grossart Ltd. More recently, Mr Mathewson was Finance Director of Playtech plc, between 2010 and 2013, which moved from AIM to the main market during his tenure. Prior to being Finance Director, he was a Non-Executive Director and chaired the audit and risk committees of Playtech plc. Mr Mathewson is a member of the Institute of Chartered Accountants of Scotland.

**Paola Bruno – Independent, Non - Executive Director.**

Founder and Managing Director of Augmented Finance Ltd. Advisory company based in London and specialised in M&A, financial and corporate advisory for financial institutions, investment funds and European/North America industrial and tech companies. Independent Director, Chairman of Control and risk committee, member of RemCo and Related Party Committee in Alerion Clean Power SpA. Director and Member of the Risk Committee and Related Party Committee in doBank S.p.A.

**Anna Milito – [Deputy] Chief Financial Officer.**

She joined SEC in 2003 and since has worked in the administrative team, becoming Chief Financial Officer in 2014. Her role includes coordinating a team composed of seven finance and administration professionals. Prior to joining SEC, Mrs Milito worked for an Italian accountancy firm from 1998-1999 and from 2000-2002 she was consultant to a provincial consortium on regional, national and communitarian financing laws for enterprises in Parma. Mrs Milito has a degree in Business Economics from the University of Parma and is a chartered accountant.

**Andrea Cornelli - Executive Director and CIO of Sec Newgate.**

Andrea Cornelli joined the Board as Chief Innovation Officer in December 2019. His experience spans communications technology systems, design information, PR and strategic advice. Throughout his career, Andrea has led some of Italy's leading firms at the forefront of digital marketing and transformation. In 1981, Andrea founded C&T, one of the first Italian companies dedicated to design information and communication

technology systems. He has collaborated with leading PR firm, Ketchum Italy (formerly RP Partners), since 1986, eventually becoming CEO. He was appointed CEO of Digital Market Strategy business, Telemacus, in 1995, and appointed Vice President in 1999. In 2013 he was appointed Global Partner of the Ketchum international network. After the merger between Ketchum, Fleishmann Hillard and Porter Novelli, in June 2017, he became Executive President of the new entity, Omnicom Public Relation Group (OPRG). From 2014 to 2015 he was President of Assorel. From 2019 he has been Vice President of UNA - Aziende della Comunicazione Unite.

The board provides to the Company a set of skills and competences that enable it to tackle the challenges of the market.

The Executive members, have the know-how and skills to provide the Board with the necessary financial information allowing the board of the Company to be fully aware of the potential opportunities and risks to the Company and its development.

The CEO manages and updates the vision and the strategy of the Group working on its expansion (both organic and through acquisitions), taking care of the main partners of the Group, namely the managing directors of the subsidiaries operating in the different countries.

#### **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Given the size and total amount turnover of the Company, the board evaluation scheme will be implemented in an informal manner. The board will formally submit a plan for its evaluation to the General Assembly which will be summoned to approve 2019 balance sheet. The process and its results and recommendations will be published at a future date.

On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members, however the directors consider that the Company is too small to have either an internal succession plan and that it would not be cost effective to maintain an external candidate list prior to the need arising.

#### **8. Promote a corporate culture that is based on ethical values and behaviours**

The board believes that the promotion of a corporate culture based on sound ethical values and behaviors is essential to maximize shareholder value. The Company maintains and annually reviews a handbook that includes clear guidance on what is expected of every employee and officer of the Company. Adherence of these standards is a key factor in the evaluation of performance within the Company, including during annual performance reviews. In addition, staff matters are a standing topic at every board meeting and the CEO reports on any notable examples of behaviors that either align with or are at odds with the Company's stated values. The directors believe that the Company culture encourages collaborative, ethical behavior which benefits employees, clients and shareholders. The directors further believe that all employees and consultants have worked in line with the Company's values during this financial year.

Moreover the use of the Workplace platform is a powerful boost to implement and increase a corporate culture among all our managers and employees.

#### **9. Maintain governance structures and processes that are fit for purpose and support good**

## decision-making by the board

The key board roles are as follows:

- **Chair:** The primary responsibility of the chair is to lead the board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. The chair has sufficient separation from the day-to-day business to be able to make independent decisions. The chair is also responsible for making sure that the board agenda concentrates on the key issues, both operational and financial, with regular reviews of the company's strategy and its overall implementation
- **CEO:** Charged with the delivery of the business model within the strategy set by the board. Works with the chair and NEDs in an open and transparent way. Keeps the chair and board up-to-date with operational performance, risks and other issues to ensure that the business remains aligned with the strategy

The board has four sub-committees appointed by the board of directors. They are as follows:

- **Audit and AIM Compliance Committee** The Audit and AIM Compliance Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and ensuring compliance with the AIM Rules for Companies. It will receive and review reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and AIM Compliance Committee meets no less than twice each year and will have unrestricted access to the Group's auditors. The Audit Committee chaired by John Foley and also includes David Mathewson and Paola Bruno.
- **Remuneration Committee.** The Remuneration Committee reviews the performance of executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Remuneration Committee meets at least once each year. The Remuneration Committee chaired by Luigi Roth and will also include Paola Bruno and John Foley. By invitation, it will also be attended by Fiorenzo Tagliabue but he will not be involved in any decisions taken by the committee.
- **Nomination Committee.** The Nomination Committee is responsible for identifying, nominating and approving appointments to the Board, as well as considering the continuing appropriateness of the Board, the future needs of the Company and issues of succession. The Nomination Committee meets at least once each year. The Nomination Committee chaired by Luigi Roth and will also include Paola Bruno and John Foley. By invitation, it will also be attended by Fiorenzo Tagliabue but he will not be involved in any decisions taken by the committee.
- **Management Committee.** The Management Committee is a commercial committee that meets to discuss the threats and opportunities that exist in the market place, as well as any cross border strategic initiatives. It is made up of the Company heads, and therefore remains in touch with the local operations of their relevant jurisdiction, whilst also looking to cascade the group culture down within their business, as determined via the Management Committee and ultimately the Group Board. Through this way, Board members are able to lead by example to establish a culture of a strong work ethic based on teamwork, openness and fairness, which then is reflected into the Management

Committee, and ultimately the companies in which they work. the Executive Committee will straddle the commercial focus of the Management Committee and the operational and financial focus of the board. It will be responsible for the day to day running of the Group and delivery of strategic initiatives. The management Committee comprises Eric Giuily (Chairman), Brian Tyson, Emma Kane, Tom Parker, Mark Glover, Richard Barton, Terence Foo, Phil Hawkins, Victoria Main, Javier de Mendizabal, Tanja Schule, Sue Vercoe, Dariusz Jarosz, Ewa Baldyga, Claudia de Francisco, Rafael Mora, Elisabeth Coutureau, Paola Ambrosino, Fiorenzo Tagliabue

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

On the Company's website shareholders can find historical RNS announcements, interim reports and annual reports. Annual Reports and Annual General Meeting Circulars are posted directly to all registered shareholders or nominees and results of Annual General Meeting votes are also published on the Company's website. The Company's website allows shareholders and other interested parties to sign up to a mailing list to enable them to directly receive regulatory and other Company releases. As described earlier, the Company also maintains email and phone contacts which shareholders can use to make enquiries or requests.

See: <https://www.secnewgate.com/investors/>