

## ZETA COMPLIANCE GROUP PLC ANNUAL GENERAL MEETING MINUTES

**Date & Time:** Thursday, 30<sup>th</sup> August 2020

**Held By:** Zoom meeting

**Present:** Rob Nicoll (RN) – Executive Chairman (Nominated Chair)  
 Lindsay Braine (LB) – Share Holder  
 John Caines (JC) – Non-Executive Director  
 Graham Brown (GB) – Company Secretary/Finance Director  
 Kate Gard (KG) – Operations Director  
 Jane Bailey (JB) – Minutes Secretary

Item	Discussion	Action
1.	<p><b>Welcome</b>            The Chairman welcomed everyone to the 2020 AGM.</p>	
2.	<p><b>Apologies for Absence</b>            Helen Clack            Steve Thompson            Stephen Shurrock            Justine Brown</p>	
3.	<p><b>Approval of Last Minutes and Matters Arising</b>            The previous AGM minutes dated 25 July 2019 circulated to all shareholders were agreed as a correct record.</p> <p><b>Proposed by: JC          Seconded by: LB          Motion carried unanimously</b></p> <p>There were no matters arising.</p>	
4.	<p><b>Overview – CEO</b>            The Financial Year 2019/20 built upon the previous financial year and delivered another profitable year.</p> <ul style="list-style-type: none"> <li>• <b>Management</b> <ul style="list-style-type: none"> <li>○ Alex Sleeth stepped down as a Non-Executive Director on the 1<sup>st</sup> October 2019.</li> <li>○ Lindsay Braine also stepped down as a Non-Executive Director on the 25<sup>th</sup> July 2019. The board would like to thank Lindsay for his support over many years.</li> <li>○ The company has continued to benefit from the dedication of Graham Brown as Financial Director, Kate Gard as the Operations Director in Zeta Services and Malcolm Edwards as Commercial Director. The board and shareholders would like to express their gratitude for the many long hours that have served.</li> </ul> </li> </ul>	



- **Sales**

- Revenues for the year were £4,278,162 up from £3,983,373. This turned into an Operating Profit of £62,503 down from £106,298 in the previous year.
- Whilst profitable it remains difficult to make significant returns without further development of the products and services. Relying on consultancy services alone in this sector will not generate the profits that the board and shareholders desire.
- Like the previous financial year it is pleasing to report that the company did not lose any significant customers during the financial year but built upon exiting relationships and gained some important areas of the new business, namely Skanska and increased revenue from Nalco.

- **Products and Services**

- **Water Division**

- Our water business is moving away from National Account (low risk and low margin work) to more complex work, which delivers better margins.
- A move to remote monitoring technology (see Innovation) will allow the business to retain low risk clients but at a higher margin.
- Zeta Services has successfully launched its Authorising Engineer capability and taken on a leading role at a number of prestigious hospitals.
- Recruitment of high calibre risk assessors remains a challenge.

- **Fire Division**

- The Grenfell Fire incident continues to generate shockwaves but the business opportunities for fire remain significant, recruitment of competent and commercial sensitive staff continues to challenge the business.
- The fire division is now been headed up by Darren Cassidy a long-term member of staff who has really grown into this role and he reports directly to the Chairman. We are confident that 2020, despite the Covid disturbance, will generate stability and profitable fire business.
- The fire products have been overhauled and successfully adopted by the business, creating marketing leading services.
- Professional Indemnity Insurance premiums increased dramatically last year, however, renewal this year has seen just a small increase, which is encouraging.

- **Productivity**

- The company invested c£75k in the last financial year into a new back office IT system – One Serve. The productivity gains that were expected to be seen in the previous financial have been slow in coming through, but we are now seeing the benefits of that system.
- Additionally, the appointment of a new office manager and restructure of the water delivery team have already shown improvements in levels of service and productivity.



	<ul style="list-style-type: none"><li>• <b>Marketing</b><ul style="list-style-type: none"><li>○ There were very few changes to marketing efforts during the financial year in question.</li><li>○ As the company develops its products and services considerable time and some investment will be required to improve market penetration.</li></ul></li> <li>• <b>Innovation</b><ul style="list-style-type: none"><li>○ Zeta Services continues to roll out remote monitoring equipment, which is gaining increased acceptance. This forms a central part of the company strategy to improve margins.</li></ul></li> <li>• <b>Notable employees</b><ul style="list-style-type: none"><li>○ In addition to the board members already mentioned, the following members of the team have shown considerable commitment to the business:<ul style="list-style-type: none"><li>▪ Gareth Bann for internal systems management and development of the new Authorising Engineer service.</li><li>▪ Ian McEvoy for the management of the Nalco contract and assimilation of the National Account team into his business unit.</li><li>▪ Roy Perry for his dedication in delivery a large contract with the NHS in last quarter.</li><li>▪ Darren Cassidy in heading the fire business.</li><li>▪ Hannah Godin for her involvement in the deployment of the new IT system and supporting the transition of the old office manager to the new one.</li><li>▪ Colin Sainsbury and Mark Gallagher have continued to deliver reliable sales growth.</li><li>▪ Chantelle Cyrille who has overseen the back office and started to build a reliable team.</li></ul></li><li>○ The company enjoys considerable good will from many members of the respective team.</li></ul></li> <li>• <b>Challenges</b><ul style="list-style-type: none"><li>○ New business wins in National Accounts is essential.</li><li>○ Building the right sales and account management team / infrastructure.</li><li>○ Ensuring that the fire division continues to build upon earlier successes and adopts best practice used elsewhere in the business.</li></ul></li> <li>• <b>The Future</b><ul style="list-style-type: none"><li>○ Post COVID the business needs investment for<ul style="list-style-type: none"><li>▪ Product development</li><li>▪ Staff training</li><li>▪ Key staff appointments – especially in delivery</li></ul></li><li>○ The company must continue to remain profitable and focus in growth.</li></ul></li></ul>	
5.	<p><b>Q&amp;A Session</b></p> <ul style="list-style-type: none"><li>• JC asked who is in the Digital Service Team?</li></ul> <p>RN replied that he was and the other stakeholders were:</p> <ul style="list-style-type: none"><li>○ Kate Gard</li></ul>	



	<ul style="list-style-type: none"> <li>○ James Donagain who joined Zeta earlier in the year working with the healthcare sector clients and used to be a customer so knows their needs. He is very IT driven so looking at this from a customer perspective.</li> <li>○ Hannah Godin who has been project managing the development of Oneserve.</li> <li>○ Gareth Bann owner of all of the products and services so when things are delivered it all goes through his world of IT.</li> <li>○ It is supplemented by Nigel Fawcett who works in the field.</li> </ul> <p>This team are meeting this afternoon to take this forward. It will remove half of the IT we currently have in place saving £20-30K a year and will aid productivity.</p> <ul style="list-style-type: none"> <li>● LB said all sounds to be looking for the right opportunities. Touching on COVID how much of an opportunity is there for the business to support customers to help them understand the daily management of life in the post pandemic world? LB referred to his recent work with education and the challenges they face with daily directives being issued – it is almost an impossible task being COVID compliant approved.</li> </ul> <p>RN replied if furlough had not been put in place the business would have folded. Our cash position for the business right now is relatively good. In terms of what it has done is that ‘compliance’ is now not an ugly word for our clients with all of the relevant advice and steps that needs to be taken. There is a genuine Legionella risk with offices and buildings being closed through the pandemic and clients are worried their employees may get sick with Legionella. Particularly in the healthcare sector it is an issue if people get Legionella then it weakens their immunity to COVID. This is something healthcare professionals are becoming aware of and they are really keen for us to do their Legionella control.</p> <p>With our technology we can monitor remotely and not have to be on site which is going down really well with clients. Also applying a little bit of water chemistry as well. For H2 we are seeing more customers. Our run rate is £4.2m so looking positive subject to second phase of COVID.</p> <p>All agreed with the need to get higher margins which is possible with the healthcare sector.</p>	
7.	<p><b>Formal Business of the Annual General Meeting</b></p> <p>As well as the members present, proxy voting forms had been received and accepted from 3 other members. These represent the following shares and votes:</p> <p>In person: .....shares  Proxy: ..... shares  Total: ..... shares; 70% of issued share capital</p> <p><b>ORDINARY RESOLUTIONS</b></p> <p>1. To receive the accounts of the Company for the year ended to 31 January 2020 together with the reports thereon of the directors and the auditors of the Company.</p>	



	<p>2. To reappoint John Caines retiring as director in accordance with the Company's articles of association and, being eligible, offering himself for reappointment as a director of the Company.</p> <p>3. To appoint James Cowper LLP as auditors of the Company in accordance with Section 489 of the 2006 Act, until the conclusion of the next general meeting of the Company at which audited accounts are laid before members and to authorise the Directors to determine their remuneration.</p> <p>4. That, in accordance with section 551 of Companies Act 2006 ("2006 Act"), the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £105,687.71 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in calendar year 2020 (whichever is later) save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.</p> <p>This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act.</p> <p><b>SPECIAL RESOLUTION</b></p> <p>5. That, subject to the passing of the resolution 4 in accordance with section 570 of the 2006 Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 4 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:</p> <p>5.1 Be limited to the allotment of equity securities up to an aggregate nominal amount of £105,687.71; and</p> <p>5.2 Expire on the day falling fifteen months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in calendar year 2020 (whichever is earlier) (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.</p> <p><b>All of the above resolutions were approved on block:</b> <b>Proposed by: JC      Seconded by: LB      Motion carried unanimously</b></p>	
8.	<b>The Meeting closed at: 10.10am</b>	