

# The Company has applied all of the main principles of, and complied fully with the relevant provisions set out in, the Governance Code

## Statement of compliance

The Board remains fully committed to promoting and maintaining the highest standards of corporate governance.

This Corporate Governance Report, which incorporates reports from the Audit and Nomination Committees on pages 58 to 65 together with the Strategic report on pages 01 to 47, the Directors' Remuneration Report on pages 66 to 91 and the Directors' Report on pages 92 to 94, explains how the Company complies with the UK Corporate Governance Code (Governance Code) and the Financial Conduct Authority's Listing Rules and Disclosure and Transparency Rules throughout the year.

For the year ended 30 September 2017, the Company was subject to the edition of the Governance Code published by the Financial Reporting Council in April 2016, which can be found at [www.frc.org.uk](http://www.frc.org.uk).

In the Corporate Governance Report last year, it was explained that the Company had applied all of the main principles and complied with all of the relevant provisions of the Governance Code with the exception of Provision B.1.2, which recommends that at least half of the Board of Directors of a UK-listed company, excluding the Chairman, should comprise Non-Executive Directors 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, the Directors' judgement.

At the time, the Board comprised a Non-Executive Chairman and nine other Directors, of whom four were considered to be wholly independent. Therefore, the Company did not fully comply with the requirements of the Governance Code at the time and we set out our intention to explore avenues to resolve this one remaining non-compliant element in the current financial year.

During the year, the Board carefully reassessed Grenville Turner's independence and it was agreed that since Grenville stepped down as the Chairman of Countrywide Plc, a customer and previously a major shareholder in the Company, in April 2016 and since Countrywide ceased to be a shareholder of the Company from September 2016 onwards, Grenville would be considered independent for the purposes of the Governance Code from the conclusion of the Board meeting in July 2017 onwards. A key part of the Board's determination is that there is no longer any commercial relationship or interaction between Grenville and Countrywide. In addition to this, there are no ongoing relationships between Grenville and the directors or senior employees of Countrywide. Grenville does not currently hold any shares in Countrywide, however he is due to receive a minimal amount of deferred Countrywide shares in 2018 as a result of his historic involvement with the company. The Board does not deem this to be a determinative factor in considering his independence. The Board also considered Grenville's contributions to the Board since stepping down as the Chairman of Countrywide to be of the highest quality and is comfortable that Grenville exercises independent judgement and oversight, and that his decision-making and views are in no way influenced by his historic relationship with Countrywide, notwithstanding that he stepped down from its board less than three years ago.

Therefore, full compliance with the Governance Code has now been achieved and I can confirm that, from July 2017, the Company has applied all of the main principles of, and complied fully with the relevant provisions set out in, the Governance Code issued by the Financial Reporting Council in April 2016.

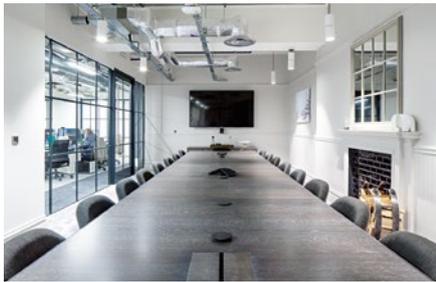
The Company's auditor, Deloitte LLP, is required to review whether the above statement reflects the Company's compliance with the Governance Code specified for its review by the Listing Rules and to report where the above does not reflect such compliance. Deloitte has made no such report.

## The role of the Board

The Board is collectively responsible for the long-term success of the Company and provides leadership to the business. It sets the Company's strategic aims, values and standards, and is responsible for the conduct of ZPG's business and development whilst reviewing the performance of the Management Team. All Directors make decisions in accordance with their statutory duties, acting in a way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, and, in doing so, have regard (amongst other matters) to various other stakeholders and considerations. This is achieved through continuous discussions and evaluations of the impact of Board decisions, transactions and other matters within the Board's responsibility on these various stakeholder groups and considerations. The Board is also collectively responsible for ensuring that a thorough system of internal control and risk management (including financial, operational and compliance controls) is in place and for the approval of any changes to the capital, corporate and/or management structure of ZPG. The Board convened 10 times this year to discharge its duties, which included discussions of various matters relating to the business of the Company and in relation to the acquisitions of TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money.

There is a formal schedule of matters reserved for the Board's approval whilst it has delegated other specific responsibilities to its Committees. The following schedule sets out key aspects of the affairs of the Company which the Board does not delegate. These have not changed from previous years.

Where the Board does delegate its responsibilities, whether to its Committees or to Management, it maintains oversight at all times.



### Strategy Day

In addition to this, the Board and the Executive Management Team participated in a Board Strategy Day which reviewed and challenged the plans of various businesses and divisions within ZPG.

### Board composition

The Board consists of a Non-Executive Chairman, five Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors. Short biographies of each member of the Board appear on pages 50 and 51. The Board is satisfied that, between the Directors, it is of an appropriate size and has an effective and appropriate balance of independence, knowledge of the Company, diverse skills and experience, including (without limitation) in the areas of marketing, digital media, software, data, retailing, finance, international trading operations and e-commerce, in order to enable it to discharge its duties and responsibilities effectively.

### Board Committees

The Board delegates a set of defined responsibilities and decision-making authority to the Nomination, Remuneration and Audit Committees so that it can devote its time efficiently and resourcefully to any relevant matters reserved for the Board.

The composition of each Committee is compliant with the Governance Code and each Committee operates with written terms of reference, all of which were updated this year and are available on the Company's website ([www.zpg.co.uk](http://www.zpg.co.uk)) and isolated reports for each Committee are included in this Annual Report from pages 58 to 91.

All Committee chairpersons report back to the Board on the proceedings of their Committees, including requesting the approval of the Board, where required, on recommendations put forward by their Committees.

## THE ROLE OF THE BOARD

- Responsibility for the overall management of ZPG.
- Approval of ZPG's business strategy and objectives, budgets and forecasts and any material changes to them.
- Monitoring the delivery of ZPG's business strategy and objectives and responsibility for any necessary corrective action.
- Oversight of operations, ensuring adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records and ensuring compliance with statutory and regulatory obligations.
- Approval of any extension of ZPG's activities or any decision to cease to operate any material part of ZPG's business.
- Approval of any changes relating to ZPG's capital structure and material changes to ZPG's Management and control structure.
- Approval of the financial statements, Annual Report and Accounts, material contracts and major projects.
- Approval of the dividend policy.
- Ensuring a sound system of internal control and risk management.
- Approval of any major capital projects.
- Approval of communications with shareholders and the market.
- Determining changes to the structure, size and composition of the Board.
- Determining remuneration policy for the Directors and the Leadership and Senior Management Teams and approval of the remuneration of the Non-Executive Directors.
- Approval of all major policies within ZPG, including the share dealing, anti-bribery and health and safety policies.

## THE ROLE OF THE CHAIRMAN

- To run the Board effectively by ensuring meetings are held with appropriate frequency.
- To ensure the frequency and depth of evaluation of the performance of the Board and its Committees is in compliance with best practice.
- To chair the Nomination Committee, to lead the process for Board appointments and to identify and recommend candidates for the approval of the Board.
- To promote a culture of openness and debate, in particular by facilitating the effective contribution of Non-Executive Directors, and ensuring constructive relations between Executive and Non-Executive Directors.
- To ensure the Board receives accurate, clear and timely information to support sound decision making and enable individual Directors to fulfil their duties as Directors.
- To hold meetings with the Non-Executive Directors without Executive Directors or Senior Management present.
- To ensure effective communication by the Company with its shareholders, including discussing governance, remuneration and strategy with major shareholders.
- To ensure that shareholders' views are communicated to the Board as a whole so that all Directors develop an understanding of their views.

## THE ROLE OF THE CHIEF EXECUTIVE OFFICER

- To manage ZPG on a day-to-day basis within the authority delegated by the Board.
- To ensure, with the Executive Team, that Board decisions are implemented effectively.
- To identify and execute strategic opportunities for ZPG.
- To develop and propose strategy for ZPG, annual plans and commercial objectives to the Board.
- To advise and make recommendations in respect of Board nominations and succession planning.
- To keep the Chairman informed of all important matters.
- To make recommendations on remuneration policies, Executive remuneration and terms of employment for senior employees.
- To ensure that Management puts procedures in place to ensure compliance with applicable legislation and regulation.
- To review regularly ZPG's operational performance and strategic direction.
- To maintain a dialogue with the Chairman and the Board on important and strategic issues facing ZPG.

### **The role of the Chairman and Chief Executive Officer**

There is a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business.

The Board is chaired by Mike Evans, who was independent on his appointment in May 2014. Mike is responsible for the effective leadership of the Board, having regard to the interests of all stakeholders and promoting high standards of corporate governance. On the other hand, Alex Chesterman, the Chief Executive Officer, is responsible for implementing the Board's strategy, overseeing the day-to-day management of ZPG and leading the Executive Management Team.

The two roles are different and distinct from one another. The division of responsibilities between the Chairman and Chief Executive Officer is clearly established to ensure that no single position holds unfettered powers of decision making. These divisions have been established by the Board, are set out in writing and can be viewed on page 53.

### **The role of the Senior Independent Director**

Provision A.4.1 of the Governance Code provides that the Board should appoint one of the Independent Non-Executive Directors to the role of a Senior Independent Director (SID) to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.

Duncan Tatton-Brown has remained as the SID of the Board and is available to shareholders if they have concerns which the normal channels through the Chairman, CEO or other Executive Directors have failed to resolve or are inappropriate.

### **Non-Executive Directors**

As part of their role as members of a unitary board, the Non-Executive Directors constructively challenge and help develop proposals on ZPG's strategy.

The Governance Code sets out the circumstances that should be relevant to the Board in determining whether each Non-Executive Director is independent.

The Board has concluded that Duncan Tatton-Brown, Sherry Coutu, Robin Klein and Vin Murria were independent Directors throughout the Period. Mike Evans was independent on appointment as Chairman and has remained independent throughout the Period. As already mentioned, Grenville Turner was determined to be independent by the Board in July 2017.

At the time of the Company's initial public offering (IPO), the Company entered into a relationship agreement (Relationship Agreement) with Daily Mail and General Trust Plc (DMGT), the ultimate parent of the Company's current principal shareholder, DMGZ Limited (DMGZ). The main purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of DMGT, that transactions and relationships with DMGT are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. Under the terms of the Relationship Agreement, DMGT can appoint two Directors to the Board providing it ultimately holds more than 25% of the votes exercisable at general meetings of the Company, and one Director, providing it holds more than 10% of those votes.

The Relationship Agreement will remain in force for so long as (a) the shares of the Company are listed on the premium listing segment of the Official List and (b) DMGT or any of its associates together are entitled to exercise or to control the exercise of 10% or more of the votes which are generally exercisable at general meetings of the Company. The two Directors appointed by DMGT are Kevin Beatty and James Welsh (who was appointed on 1 January 2017 following Stephen Daintith's resignation from the Board). The Company confirms that the terms of the Relationship Agreement have been fully complied with during the year.

### **Length of appointments**

There is a formal, rigorous and transparent procedure in place within ZPG for the appointment of new Directors to the Board. Further details are set out in the Nomination Committee Report on pages 64 to 65.

Non-Executive appointments to the Board are for a period of up to three years, extendable by no more than two additional three year periods. The Company extended the appointments of those Non-Executive Directors where their three year appointment terms were reached during the year. These were extended by an additional three year period.

### **Information, meetings and attendance**

The Board met 10 times during the year to review the operational performance of the Company. At these meetings, the Board reviewed the Company's long and short-term strategic direction and financial plans and monitored the Company's performance against the agreed strategy and business plan. Due to the various acquisitions carried out in the year, the Board met more often than the anticipated number of times, and delegated some responsibilities to a Transaction Committee, which met twice during the year, to make certain decisions relating to the transactions.

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information. Prior to each scheduled Board meeting, a pack of documents is circulated in respect of the corresponding financial period, which includes updates on corporate governance, investor relations, key performance targets, trading performance against the agreed budget and detailed financial data and analysis.

Board packs are distributed five working days prior to each meeting to provide sufficient time for the Directors to review their papers in advance. If Directors are unable to attend a Board meeting for any reason, they nonetheless receive the relevant papers and are consulted prior to the meeting and their views are made known to the other Directors.

All Directors have access to the advice and services of the Company Secretary, who advises the Board, through the Chairman, on all governance matters and who has responsibility for ensuring compliance with the Board's procedures. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its various committees and between the Senior Management Team and the Non-Executive Directors, as well as facilitating the induction process for new Directors and assisting with the Directors' professional development.

Each of the Directors has the right to have his/her opposition to, or concerns over, any Board decision noted in the minutes.

Directors may take independent professional advice at the Company's expense in the performance of their duties.

## Board and Board Committee meetings attendance

	Date of appointment	Board	Audit Committee	Remuneration Committee	Nomination Committee	Transaction Committee
<b>Total meetings</b>		<b>10</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>2</b>
Alex Chesterman	23 April 2014	10/10	–	–	3/3	2/2
Andy Botha	18 April 2016	10/10	–	–	–	2/2
Mike Evans (Chair)	1 May 2014	10/10	–	4/4	3/3	2/2
Duncan Tatton-Brown	1 May 2014	10/10	3/3	4/4	3/3	–
Sherry Coutu	1 May 2014	10/10	3/3	4/4	3/3	–
Robin Klein	1 May 2014	10/10	3/3	–	2/3	–
Grenville Turner	21 May 2014	8/10	–	–	–	–
James Welsh	1 January 2017	8/9	2/2 <sup>1</sup>	3/3 <sup>1</sup>	–	–
Kevin Beatty	1 July 2016	8/10	–	–	1/3 <sup>1</sup>	–
Stephen Daintith	21 May 2014	1/1	1/1 <sup>1</sup>	1/1 <sup>1</sup>	–	–
Vin Murria	1 July 2015	10/10	2/3	4/4	–	–

<sup>1</sup> Observer.

### Conflicts of interests

The duties to avoid potential conflicts and to disclose such situations for authorisation by the Board are the personal responsibility of each Director. All Directors are required to ensure that they keep these duties under review and to inform the Company Secretary on an ongoing basis of any change in their respective positions.

The Company's conflict of interest procedures are reflected in its Articles of Association (Articles). In line with the Companies Act 2006, the Articles allow the Directors to authorise conflicts and potential conflicts of interest, where appropriate. The decision to authorise a conflict can only be made by non-conflicted Directors. The Board considers conflicts or potential conflicts at each Board meeting.

The Articles require the Company to indemnify its officers, including officers of wholly owned subsidiaries, against liabilities arising from the conduct of ZPG's business, to the extent permitted by law. ZPG has therefore purchased Directors' and Officers' liability insurance during the year.

### Development

The Non-Executive Directors have all met key members of Senior Management and advisers to the Company, many of whom have given presentations to the Board and Committee members during various Board and Committee meetings this past year, in order to enable the Directors to familiarise themselves with the business. There was a scheduled timetable of presentations throughout the year.

During the year, the Chairman reviewed and agreed with each Non-Executive Director his/her individual training and development needs.



### Our new induction process

Under the guidance of the Chairman, the Company Secretary established a formal induction training process for new Directors who will receive an induction briefing from the Company Secretary on their duties and responsibilities as Directors of a listed Company.

## Board evaluation

In accordance with the provisions of the Governance Code, the Board carried out a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors this year. The Board review involved three distinct processes.

**Step 1:** The Board commissioned an externally facilitated review carried out by the Center for Board Excellence (CBE) which involved the completion of a bespoke questionnaire, the results of which were analysed by CBE, which produced a formal written report to the Board, including a comparison of results with various peer groups.

The questionnaire covered various areas including:

- leadership of the Board;
- ethics and accountability;
- risk, financial monitoring and crisis control;
- Board composition and culture, including balance of skill;
- strategy;
- effectiveness;
- performance measures and remuneration; and
- the Board's relations with shareholders.

**Step 2:** At the end of a number of the Board meetings, the Chairman and Non-Executive Directors met without the Executive Directors present to discuss the Executive Directors' performance during the meeting and the quality of the papers and to raise any concerns about the running of the business to ensure the ongoing effectiveness of the Board and its processes.

**Step 3:** The Chairman met with each individual Non-Executive Director to evaluate his/her performance on a face-to-face basis to discuss his/her performance, identify any training needs and also to discuss the overall performance of the Board. Following these performance evaluations, it was concluded that all Directors possessed appropriate skill, experience, knowledge and expertise to be effective, and that they had all demonstrated commitment to the role. It was also concluded that all Directors had allocated sufficient time to the Company to discharge their responsibilities and duties effectively.

The consensus view from these three processes was that the Board and its Committees are operating effectively. Three specific development areas were identified: the need for continued focus and reporting, including detailed information relating to the cross-sell opportunities resulting from the acquisitions; ensuring that Management succession planning reflects the increased breadth of the Company; and ensuring that strategy sessions are more broadly focused.

The SID, Duncan Tatton-Brown, together with the Independent Non-Executive Directors, evaluated the performance of the Chairman based upon input from other Board members.

## Re-election of Directors

All directors of FTSE 350 companies should be subject to annual election by shareholders.

The Company's next AGM will be held on 30 January 2018. In accordance with the Governance Code, all Directors will be offering themselves up for election at the AGM to be held at the Company's head office, full details of which are set out in the notice of meeting accompanying this Annual Report.

As noted above, following the formal internal evaluation process of the effectiveness of the Board, the Board is satisfied that each Director remains committed to his/her role and is competent to discharge his/her responsibilities as a member of the Board.

## External appointments

During the year, Mike Evans announced his intention to step down from his position as the Chairman of Hargreaves Lansdown Plc. This will become effective once his successor is appointed following regulatory approval.

The Executive Directors may accept outside appointments provided that such appointments do not in any way prejudice their ability to perform their duties as Executive Directors of the Company.

Alex Chesterman is currently a Director of Devalink Limited, Hoopla Limited and Barcote Park Management Limited. None of these companies are part of the FTSE 100. Andy Botha is currently a Director of Geek Vintique Limited and Orange Grove Limited.



### STEP 1 BESPOKE QUESTIONNAIRES COMPLETED AND FORMAL WRITTEN REPORT WITH COMPARISON OF RESULTS



### STEP 2 MEETINGS TO ENSURE THE ONGOING EFFECTIVENESS OF THE BOARD AND ITS PROCESSES



### STEP 3 ONE-TO-ONE INTERVIEWS WITH THE CHAIRMAN OF THE BOARD

None of these companies are part of the FTSE 100. These appointments are not deemed to adversely impact the Directors' ability to carry out their roles.

The Non-Executive Directors' appointment letters anticipate a time commitment of 10 days per year, recognising that there is always the possibility of an additional time commitment and ad hoc matters arising from time to time, particularly when the Company is undergoing a period of increased activity. The average time commitment inevitably increases where a Non-Executive Director assumes additional responsibilities such as being appointed to a Board Committee.

### Relations with shareholders

The Chairman is responsible for ensuring that the views of the Company's shareholders are communicated to the Board and he is assisted in this task by the Head of Investor Relations and the Company Secretary.

Shareholders are able to communicate directly with the Company through the Company's Head of Investor Relations and the Company Secretary, who report regularly back to the Board. Furthermore, as part of its investor relations programme, the Executive Directors have maintained an active dialogue with key stakeholders, including institutional investors, to discuss issues relating to the performance of ZPG including strategy and new developments. The CEO and CFO undertook investor roadshows around the UK and the US in December 2016 and June 2017. In addition to this, the Company hosted a number of product demonstrations and teach-ins at the Company's head office throughout the year for investors to attend. This enabled them to review and understand the suite of new products that have been integrated into ZPG's business following the various acquisitions. In this way, the Board was able to develop an understanding of the views of major shareholders about the Company. The Non-Executive Directors are always available to discuss any matter stakeholders might wish to raise.

After the end of the financial year, the Company consulted with its largest shareholders on proposals to change its Remuneration Policy, including an extension of the Value Creation Plan (VCP) for a further two years with a view to retaining the service of Alex Chesterman for a further period. This consultation was led by Sherry Coutu, as Chair of the Remuneration Committee, supported by the Company's external advisers. More details on the extension of the VCP can be found in the Directors' Remuneration Report.

Investor relations activity and a review of the share register form an active part of the Board's agenda. The Chairman and Non-Executive Directors have attended, and are available to attend, investor relations meetings and have the ability to request meetings with investors or analysts independent of the Company's Management, if required.



### Product demonstration

The Company hosted a number of product demonstrations and teach-ins at the Company's head office throughout the year for investors to attend.

### Constructive use of the AGM

The Board uses the AGM to communicate with its shareholders and to encourage their participation. Therefore, separate resolutions on each substantially separate issue will be proposed and resolutions at the AGM will be conducted on a poll, enabling the views of the widest number of shareholders to be taken into consideration. For each resolution, proxy appointment forms will be provided to shareholders with the option to direct their proxy to vote on the resolutions or to withhold their vote.

The Board encourages shareholders to attend and vote at the AGM and the Company will be providing a facility for electronic proxy voting. The proxy forms which accompany this Annual Report contain further details on voting at the AGM.

### Investor activity during the year

November 2016	Full-year results
December 2016	Investor roadshows
February 2017	AGM
May 2017	Half-year results
June 2017	Investor roadshows
October 2017	VCP consultations
November 2017	Full-year results
December 2017	Investor roadshows
Throughout the year	Product demonstrations and teach-ins
Throughout the year	Investor meetings