



Our focus on customers and a product roadmap that reflects current and potential customer needs has increased the quality and responsiveness of the business, and means we are well placed for further performance improvement.

Andrew Herbert
Chairman

Dear Shareholder

I am pleased to introduce this year's Corporate Governance report for the financial year ended 31 December 2022.

The Board recognises that the way that the Company does business is as important as what it does. A strong governance framework with robust supporting processes across Xaar is a key factor in delivering sustainable business performance, generating value for shareholders and contributing to wider society.

A key part of the Board's role is to provide entrepreneurial leadership, with appropriate oversight, challenge and support to the management team.

Board focus and oversight

Key areas of the Board's focus during the year included financial stability, the acquisition and integration of Megnajet, investment in product development, the upgrade to our Huntingdon manufacturing site, strengthening our senior management team with new skills and diverse talent, and advancing our Sustainability Roadmap.

UK Corporate Governance Code 2018 and s.172 reporting

Our report demonstrates the way that we have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 during the year and our approach to governance in practice. Our Code compliance statement can be found on page 73. Further details on the way that our Directors discharged their duties under s.172 of the Companies Act are set out on pages 71 to 72.

Board composition

Succession planning is an important part of our governance processes. Furthermore, as our strategy evolves, so do the skills and experience required for the Board to help drive the execution of Xaar's strategy. Further details of the work undertaken by the Nomination Committee during 2022 on succession planning are on pages 82 to 83.

Board effectiveness review

An internal evaluation of the Board was undertaken in December 2022. The findings of the review and our progress against the actions from 2021 can be found on page 76.

Stakeholder engagement and support

Building and nurturing strong working relationships with our stakeholders is critical to our success and the development of our strategy and is intrinsic in our day to day activities. With the lifting of the majority of the restrictions related to the COVID-19 pandemic in 2022, the Company has actively engaged with its customers to deal with disruption in supplies and inventory shortages. Further details of how we engage with stakeholders are set out on page 74.

Business conduct

Xaar aspires to the highest standards of conduct. The Code of Conduct is applied throughout the Company and helps to ensure that good governance extends beyond the Boardroom. This Code, which works alongside our values, relates to the Company's policies and procedures, which outline the responsibilities of our employees and Xaar as an employer. These policies have been devised to protect our employees and stakeholders, as well as the business interests of Xaar, to ensure that we maintain high standards both legally and ethically. The Board receives relevant updates on how the application of the Group's culture and values are embedded for colleagues and the Group's wider stakeholders. More details are set on pages 73 to 75.

Engagement with shareholders

We believe that communication with our shareholders is key. In addition to the comprehensive programme of investor relations led by John Mills and Ian Tichias, I proactively seek periodic engagement with institutional investors. Both Alison Littlely, the Senior Independent Director, and I am available to meet with shareholders as appropriate. Our AGM also provides an important opportunity to meet with and answer questions from shareholders.

On behalf of the Board, I would like to thank all of our shareholders and stakeholders for their continued support of the Company.

Andrew Herbert
Chairman

27 March 2023