

Statement of Compliance with the QCA Corporate Governance Code

Chair's corporate governance statement

The Board believe that sound governance is essential to a well-run business. Since our IPO in 2014 we have sought to be compliant with the code published by the Quoted Companies Alliance (QCA).

My role as Chair of the Board is independent, with clearly defined responsibilities. Details of the responsibilities of all Directors along with matters reserved for the Board and terms of reference for all the committees of the Board can be found on the Company's website.

The Board is composed of four Non-Executive Directors (including the Chair who was independent on appointment) and three Executive Directors. The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

The Board maintains a regular dialogue with its Nominated Adviser and obtains other legal and financial advice as necessary to ensure compliance with the AIM rules and other governance requirements.

Providing customers with the right advice in relation to their mortgage and protection products is at the heart of everything we do and our values are based on this. The Board believes this is vital to creating a sustainable, growing business and is a key responsibility of the Group. This fundamental premise supports the Company's objectives to continue to grow the business and deliver strong returns to shareholders.

It is the Board's job to ensure that Mortgage Advice Bureau is managed for the long-term benefit of all stakeholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

Katherine Innes Ker
Chair

Changes to corporate governance regime

The Board have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. Our report sets out in broad terms how we comply. We will provide annual updates on our compliance with the code.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Mortgage Advice Bureau is one of the UK's leading consumer intermediary brands and specialist appointed representative networks for mortgage intermediaries. MAB's advisers specialise in providing mortgage advice to customers, as well as advice on protection and general insurance products. Providing customers with the right advice is at the heart of everything we do.

Our strategy remains focused on securing further growth through technology, lead generation and specialisation which will increase our market share and the number of mortgage completions in all market conditions, enabling us to continue to deliver strong returns to our investors.

Full disclosure of our strategy and our business model can be found in the Annual Report which is available on the Company's website. We continue to invest in our core business model to secure sustainable long-term growth whilst continuing to deliver strong results in the meantime.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward. We do so principally via a Regulatory Information service, via investor roadshows, attending investor conferences, and meetings held during our regular reporting as well as ad hoc meetings.

The AGM is the main forum for dialogue between institutional and retail shareholders and the Board, and all shareholders are encouraged to attend.

The Directors actively seek to build a relationship with our shareholders. Shareholder relations are managed primarily by the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer. They make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results. In addition, they have ad hoc meetings with institutional shareholders as requested.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the three Executive Directors. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chair and Senior Independent Director are available to meet with major shareholders if required to discuss issues of importance to them.

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

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business.

Our employees are a key ingredient to our success and their knowledge, skills and experience are vital to ensuring we maintain the high standards of customer service and satisfaction, which underpins the provision of quality advice. To create a sustainable company where financial and business growth is achieved successfully year-on-year, we have focused heavily on creating a working environment that people thrive in. We hold regular management briefings and encourage staff feedback through employee surveys. We have set up a Values & Culture Committee whereby staff representatives from all of our teams within the business voice their opinion as to how we try and improve processes, procedures and the general culture of the business that ultimately would have a beneficial impact on MAB's customers.

In recognition of our training academy, in 2019 we became just one of 44 UK companies to achieve the City & Guilds Princess Royal Training Award. The award is an honour for UK employers across all industries that have created lasting impact by successfully linking their skills development needs to business performance – it is no mean feat to achieve the standard and we are very proud of it.

Staff recruitment, retention and reward are critical, and outstanding performance is recognised in our annual Awards, and we have a low staff turnover rate compared to the national average.

Modern slavery

We oppose modern slavery in all its forms and encourage anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay.

In the light of the Modern Slavery Act 2015 we annually review internal measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains, and our policy is available on the Company's website.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Audit, risk and internal control

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board in the light of a continuous assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board in a timely manner.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period.
- The Company has a consistent system of prior appraisal for investments, overseen by the Executive Directors.
- Regular post-investment reviews of trading performance are also carried out by the Executive Directors and reported to the full Board.

Non-financial controls

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plans.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board
- Detailed monthly reporting of performance against budget and prior period
- Central control over key areas such as capital expenditure authorisation and banking facilities
- Chief Operating Officer oversees all internal controls policies and processes as well as our contractual business negotiations
- Monitoring of the performance of our investments

The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity) have been assessed.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chair, three Executive Directors and three Non-Executive Directors, two of whom being independent and one of whom also acting as Senior Independent Director. The Board considers, after careful review, that the independent Non-Executive Directors bring sufficient independent judgement.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively.

All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chair holds regular update meetings with each Director to ensure they

are performing as they are required. During a typical financial year six Board meetings take place. These are held at MAB head office in Derby or in London at our corporate advisers' offices. All Board members attend all meetings they are invited to except in exceptional circumstances.

Key Board activities include:

- Consideration of our financial and non-financial policies
- Discussion of strategic priorities
- Discussion of strategy relating to investments in businesses that support, enhance and accelerate our agenda of increasing our market share and profitability
- Discussion of the Group's capital structure and financial strategy, including capital investments, shareholder returns and dividend policy
- Discussion of internal governance processes
- Review of the Group's key risk register

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

The Nomination Committee meets at least annually and as required to consider appointments to the Board and to the executive team. Since IPO the management team has been strengthened by the appointments of the Chief Financial Officer and directors of Compliance, Marketing, IT, Mortgage Proposition, and Protection, and the Financial Controller. The composition of the Board is kept under review and the management team, to ensure that the Company has the appropriate span of control in each of its business functions.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience. Each Board member brings a different mix of capabilities, which blend well into a successful and effective team. Board composition is kept under review and the Board is committed to ensuring diversity of skill, experience and gender balance at board and executive management. Biographies for each Board member are published on the Company's website and in the Annual Report.

All Directors receive regular and timely information on the Group's operational and financial performance, and attend in-house briefings from executive management and external providers as appropriate. Market participants and industry trade body executives are invited to attend Board meetings to give updates on market and regulatory developments from time to time.

The Board uses external advisors where necessary to enhance knowledge or to gain access to particular skills and capabilities. Remuneration committee use employment consultants to monitor and assess the systems of reward, the Audit committee receives advice from the company's auditor on changes in accounting regulation. The Risk and Compliance committee seeks external advice as required. An example of this has been the response to the requirements of GDPR.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Non-Executive Chair regularly assesses the individual contributions of each of the members of the Board to ensure that:

- Their contribution is relevant and effective
- They are committed
- Where relevant, they have maintained their independence

Over the next twelve months we intend to more formally review the performance of the Board and assess its effectiveness, and seek the views of the Directors on composition, business leadership and other matters.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board aims to lead by example and do what is in the best interests of the Company. We have a strong set of values that we constantly communicate, as fundamental to achieving good customer outcomes and promote business success.

To promote our ethical values, we actively encourage and support community involvement. For example we have set up a national charitable partnership with Macmillan Cancer Support, and donated nearly £60,000 in 2019. We constantly strive to make positive changes to our working environment and culture. We run a mentoring programme internally to enable our staff to fulfil their potential, and we have introduced energy saving lighting and heating initiatives.

In 2019, we created a Values & Culture Committee (VCC) to drive our vision forward. The group included individuals from various departments who came together to make positive changes to the working environment and staff culture. Specifically, they have helped by introducing:

- A new Cycle to Work scheme to encourage a more sustainable way to travel to work
- Selection of free fruit delivered every Monday for staff to enjoy and encourage healthy living
- New garden area with benches designed for relaxing on a break, or to take some time away from desks/screens
- Financial well-being sessions delivered by MAB advisers on pensions and mortgages – helping our employees plan for their future
- A mental health awareness week where staff were encouraged to do something for the benefit of their mental health and well-being, including lunchtime dog walks, tea and talk sessions, a visit from a mindfulness coach, positivity wall, grow their own flower, as well as a jogging club.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Board programme

The Board meets at least six times each year. The Board sets direction for the Company through a formal schedule of matters reserved for its decision.

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee minutes and papers are distributed several days before meetings take place. Any Director may challenge Company proposals, and decisions are taken after full discussion. Should any Director feel that any concern remains unresolved after discussion they may ask for that concern to be noted in the minutes of the meeting. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Roles of the Board, Chair and Chief Executive Officer.

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; remuneration and Board structure. It monitors the exposure to key business risks and reviews strategic direction and performance in relation to annual budget.

There is a clear division of responsibility between the Chair, the Chief Executive Officer and Deputy Chief Executive Officer. The Chair is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer and Deputy Chief Executive Officer are responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors receive regular and timely information on the Group's operational and financial performance. Senior executives below Board level attend Board meetings where appropriate to present business updates.

Board committees

The Board is supported by the Audit, Risk and Compliance, Remuneration and Nomination committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. Details of each Committee are set out on the Company's investor website.

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the AGM and one-to-one meetings with existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's investor website.

Reports from the Audit and Remuneration Committees are set out within the Annual Report, and the Company's website includes the outcomes of shareholder votes cast at the AGM and historic annual accounts and AGM notices.

In formally adopting the QCA code (as revised April 2018) as its governance framework, the Board has reviewed all aspects of compliance and improved disclosures on its website.

As a result of reviewing the requirements of AIM Rule 26 (as revised) the Board has confirmed that it meets and complies with all the requirements of the QCA code as disclosed above.

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