

Tatton Asset Management plc

The Company has decided to apply the new Quoted Companies Alliance Corporate Governance Code (the “QCA Code”) which makes clear it is the prime responsibility of the Chairman to ensure the Company applies the QCA Code to the best advantage of all stakeholders. The revised QCA Code is constructed around 10 broad principles, accompanied by an explanation of what those principles entail together with a set of disclosure requirements.

Tatton Asset Management Plc (“TAM”, the “Company” or the “Group”), has a clear business model and growth strategy. Our core objective is to create value for the benefit of all our stakeholders.

Our goal is to help Financial Advisers create the business infrastructure and to grow businesses fit for purpose. We accomplish this by easing the cost of regulation, we facilitate advised property lending and we have created the UK’s leading platform discretionary fund management businesses – that only manages money of advised investors. Applying appropriate corporate governance practices helps us achieve our goals. We have adopted the QCA Code and set out below detailed explanations of how we seek to comply with each of the QCA’s 10 principles.

We have identified areas where we are not in full compliance with the guidelines of the QCA Code and these are Principles 6, 7 and 8. We explain in detail under the relevant principle why we have departed from the guidelines in these areas.

We trust that the result of our efforts to date provide stakeholders with access to the information they need and confidence that the Board holds corporate governance compliance in the highest regard.

Roger Cornick

Non-Executive Chairman

Date: 28 September 2018

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

The Board has set out the Company's business model and strategy, including key challenges and risks in their execution in the Chief Executives report and principal risks as set out on pages 11 to 17 of the Annual Report and Accounts for the year ended 31 March 2018.

In addition, further information of how the Company performed against its stated strategy and its strategy for growth can be found in the Chairman's Statement and Financial Review.

As a public company, TAM is focused on delivering value for all of stakeholders including our shareholders. The Group's strategic objective remains focused on organic growth through the provision of all major products and services that an IFA requires to service its clients. We will continue to develop the opportunities that exist in this space and, through carefully selected acquisitions, seek to strengthen and deepen our service proposition and expertise where appropriate.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

TAM is committed to open communication with all of its shareholders. Copies of the Annual Report and Accounts are issued to all shareholders, and copies are available on the Group's investor website <https://www.tattonassetmanagement.com/>.

The Group's interim results and other market announcements are also made available on the Company's website. The Group makes full use of its website to provide information to shareholders and other interested parties.

All executive Directors are responsible and involved in communicating with investors. Meetings via the Company's broker are offered to shareholders to discuss strategy, financial performance and investment activity immediately after the full year and interim results announcements. The Non-Executive Directors are available to meet with shareholders if such meetings are requested. Feedback from such meetings with shareholders is provided to the Board to ensure the Directors have a balanced understanding of any issues and concerns raised.

The Board reviews proxy voting reports and any significant dissent is discussed with relevant shareholders. In compliance with best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared at all general meetings. Shareholders are given the opportunity to raise questions at the Annual General Meeting and the Directors are available both before and after the meeting for further discussion with shareholders.

The Board receives share register analysis reports on a regular basis to enable them to monitor the Company's shareholder base to understand and identify the profile of investors on the register.

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

The Board sets the Group's values and standards and is responsible for ensuring that its obligations to its shareholders and other stakeholders including employees, suppliers, customers and the community are understood and met.

The Company has a good relationship with its Nomad, broker and other advisers. Feedback from investors is provided by the broker as well as through direct engagement with investors by the Board.

The Company meets frequently with its partners, IFA's and Platforms and communicates regularly with key suppliers. Any feedback from all our partners helps with the management of operations and the strategic direction the business takes. Management identifies key relationships within the business and effort is directed to ensuring these relationships are effectively managed.

The Company's internal stakeholders are its employees. The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices in the United Kingdom. The Group consults with its employees regularly, so that their views can be considered by the board when making decisions that are likely to affect their interests. Given the relatively small number of employees, employee involvement in the Group is encouraged, as is achieving a common awareness on the part of all employees on the financial, strategic and economic factors affecting the Group, this plays a major role in maintaining TAM's relationship with its staff.

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

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The business and management of the Company and its subsidiaries are the collective responsibility of the Board. At each meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control, corporate governance and risk management.

The Board has established a risk register which is bespoke to the Company's business. The risk register is regularly reviewed at least twice a year, and the Board considers the appropriateness of the risks identified and the mitigating action taken by management on a risk by risk basis focusing on those deemed most critical. Risk management is explained in the Strategic Report of the Annual Report and Accounts and is set out on pages 16 - 17 under the heading of Principal Risks.

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

The Board comprises three Executive Directors, Paul Hogarth CEO, Paul Edwards CFO, and Lothar Mentel CIO and two Non-Executive Directors Roger Cornick, Non-Executive Chairman and Chris Poil, Senior Independent Non-Executive Director and it oversees and implements the Company's corporate governance programme. As chairman, Roger is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code. Further details pertaining to the Board and the roles carried out by each member are set out in the Board of Directors section of the Annual Report and Accounts on page 21 as well as on the Group's website.

The skills and experience of the Non-Executive Directors are wide and varied and they provide constructive challenge in the Boardroom. The composition of the Board is intended to ensure that its

membership represents a mix of backgrounds and experience that will optimise the quality of deliberations and decision making. We consider diversity in the composition to be an important factor in the effectiveness of the Board and, in searching for prospective Directors, we consider the existing skill set of the Board and areas we have identified for development to meet future needs and address succession planning.

Each board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend eight board meetings, two strategy days and join board calls and offer availability for consultation when needed. The contractual arrangements between the directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. However, in all board members understand the need to commit additional time as and when required.

Detailed board packs include information on all business units and investments as well as the financial performance of the Group and are circulated ahead of board meetings. Key issues are highlighted and explained, providing board members with sufficient information to enable an informed discussion in the board meeting.

The Board is supported by its Audit and Risk Committee, Remuneration Committee and Nominations Committee. The number of Board and Committee meetings held throughout the course of the financial year, the attendance record of each director at those meetings and further details of these committees are set out in the Corporate Governance section of the Annual Report and Accounts.

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

The Board of Directors section in the Annual Report and Accounts identifies the members of the Board at the time of publication and describes the relevant experience, skills and qualities they bring. The Chairman believes that the Board has a suitable mix of skills and competencies covering all essential disciplines bringing a balanced perspective that is beneficial both strategically and operationally and will enable the Company to deliver its strategy.

The Board consists of three Executive Directors and two Non-Executive Directors, all of whom are independent. While all board members have significant experience and depth of skill in their specific field the nature of the Company's business requires the Directors to keep their skillset up to date. The chairman is responsible for ensuring directors continuing professional development and every director is entitled to received training and development relevant to their responsibilities and duties. The directors take advantage of relevant seminars and conferences and receive training and advice on new regulatory requirements and relevant current developments from the company and professional advisers. Periodic updates to the Board on regulatory matters are given by Company's professional advisers.

The Company's Nomad, Accountants and lawyers are consulted on any significant matters where the Board believes external expertise is required. External advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company and the markets in which it operates.

Currently the role of Chief Financial Officer and Company Secretary is not split as set out in best practice guidance under the QCA code. While the board feel this is manageable at this time due to the nature and size of the Group the Board will keep this under regular review.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board of Directors section in the Annual Report and Financial Statements identifies the members of the Board at the time of its publication and describes the relevant experience, skills and qualities they bring.

The Corporate Governance statement in the Annual Report and Accounts for the year ended 31 March 2018 sets out how the Company has applied all principles the directors consider appropriate to a public company of TAMs size quoted on AIM. The Board recognises that the disclosure in the Annual Report and Accounts for the year ended 31 March 2018 with regards to board performance evaluation can be improved and there is scope to provide more detail in future in line with the new standards of the QCA Code, this will be addressed and disclosed in the Annual Report and Accounts for the year ended 31 March 2019.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

The Board firmly believes that sustained success will best be achieved by adhering to our corporate values.

To be trusted to provide the highest achievable levels of service to financial advisers and their clients by: -

- The accumulation of a knowledge base and corporate memory appropriate to the requirements of clients, colleagues, and shareholders.
- The management of risk by the identification, and regular review, of those scenarios likely to have an impact on TAM.
- The drive for continual improvement through career progression opportunities structured to encourage intended behaviours. In summary we strive to be appropriately knowledgeable, to be conscious of risk, and to continually improve.

TAM encourages its staff to be transparent, honest and open, without pretence, straight forward, adaptable and consistent.

The Executive Directors take the lead in developing the corporate culture and encourage all employees to contribute to its evolution. The Board believes that achieving a common awareness across all employees plays a major role in maintaining good employee relations. The Board recognises that the disclosure in the Annual Report and Accounts for the year ended 31 March 2018 with regard to setting out the Company's corporate culture and approach to ethical values and behaviours does not fully comply with the new standards of the QCA Code and this will be addressed in the Annual Report and Accounts for the year ended 31 March 2019. The relevant disclosures will also be included on the Company's website in due course.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The business and management of the Company and its subsidiaries are the collective responsibility of the Board.

As a recently listed Group the Board believes it maintains governance structures and processes in line with its corporate culture and are appropriate to its size, complexity and risk tolerance.

At each Board meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

The Board of Directors page and the Corporate Governance report in the Annual Report and Accounts sets out individual board members' specific responsibilities and skills. There are three standing Board committees – Audit, Remuneration and Nomination. Each of these committees acts within defined terms of reference and the roles of the Audit and Risk Committee and the Remuneration Committee are set out in the Corporate Governance section of the Company's Annual Report and Accounts.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company reports formally to its shareholders and the market generally twice each year with the release of its interim and full year results. The full year results are audited by an external firm of auditors with the interim statement subject to a review by the same external auditors. These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects and the reports are made available via the Company's website to anyone who wishes to review them. Interim announcements are made to the market as required under AIM.

The Company maintains a regular dialogue with stakeholders including shareholders to enable interested parties to make informed decisions about the Company and its performance. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

Historical annual reports and other governance related material, including notices of all general meetings over the last five years can be found on the Company's website. The roles and responsibilities of the committees supporting the Board are set out in the Corporate Governance section of the Annual Report and Accounts.