

Tatton Asset Management plc Corporate governance statement

Statement of compliance with the QCA Corporate Governance Code

The Company has decided to apply the 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 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: 10 September 2020

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 across the Annual Report for the year ended 31 March 2020. There is information included in the Chief Executive's Review (page 6), Engaging with our Stakeholders (page 12), Our business model (page 16), Our strategy for growth (page 18) and Principal Risks (page 30). 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 Chief Financial Officer's Report.

As a public Company, TAM is focused on delivering value for all of stakeholders, including our shareholders, in a way that is sustainable, balanced and equitable. The Group's strategic objective remains focused on growth, both organic and through targeted acquisitions that will fit strategically and be earnings enhancing. We will continue to strengthen our existing IFA/client relationships and build new long-term relationships, seeking to strengthen and deepen our service proposition and expertise where appropriate. The Group also focuses on developing strategic partnerships/alliances as an additional distribution channel.

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

TAM is committed to open communication with all 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 for and involved in communicating with investors. Meetings via the Company's brokers are offered to both existing and potential 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, regulators and the community are understood and met.

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

The Company meets frequently with its partners, IFAs 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.

Further information on our Engagement with stakeholders can be found in our Annual Report on page 12.

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.

A risk management framework has been developed by the Board to ensure that all potential areas of risk to the business are identified, assessed and regularly reviewed and monitored. We continued to focus on embedding the ownership of risks within relevant divisions and teams whilst ensuring that the appropriate oversight and escalation process is in place. We carry out a robust assessment of the principal risk facing the Group, including those that would threaten our business model, future performance, solvency or liquidity.

The Board encourages a strong risk culture throughout the business. It believes an embedded risk culture enhances the effectiveness of risk management and decision making across the Group. The Board is responsible for setting the right tone and, through our senior management team, encouraging appropriate behaviours and collaboration on managing risk across the business.

Our internal governance structure includes departmental management reviews with dedicated risk registers, where each department is responsible for overseeing key investment, operational and corporate functions.

The Group's Audit and Risk Committee serves as the focal point for risk management activities, reviewing and challenging specific risks to the Group, and reviewing the effectiveness of frameworks in place to manage those risks. It also ensures that the principal risks of the Group are considered. The Audit Committee met four times during the financial year to 31 March 2020 and other Executive Directors and senior management are invited to these meetings as appropriate.

Risk management is explained in the Strategic Report of the Annual Report and Accounts and is set out on pages 28 to 31.

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 pages 36 to 37 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 an effective and appropriate 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. The Board has determined that all the Non-Executive Directors are independent in character and judgement and neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. 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.

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.

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 2020 sets out how the Company has applied all principles the Directors consider appropriate to a public Company of TAM's size quoted on AIM. The Board conducts a formal annual review of the performance of individual Directors, to monitor and improve effectiveness. The review of the Chief Executive is undertaken by the Non-Executive Chairman. In addition to individual reviews, the Board considers its overall performance as a body and the performance of its Committees. The review has confirmed that the performance of the Board and its Committees is effective and appropriate.

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. The Group ensures that social, environmental and ethical considerations are built into the Group's strategy across the whole of the business and we conduct our operations with integrity, fairness and transparency.

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, through internal training, apprenticeship schemes and professional qualifications. 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 Board encourages a strong risk culture throughout the business. It believes an embedded risk culture enhances the effectiveness of risk management and decisions making across the Group. The Board is responsible for setting the right tone and, through our senior management, team, encouraging appropriate behaviours and collaboration on managing risk across the business. This strong risk culture ensures that employees are able to identify, assess, manage and report against the risks the Group faces.

We value our reputation for ethical behaviour and integrity. The Company operates anti-bribery policies which extend across the Group and we are committed to conducting our operations free from bribery and corruption. We also have a whistleblowing Policy which encourages employees to report matters of significant concern to the Chair of the Audit and Risk Committee.

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.

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. The Board is responsible for the long-term success of the group and is ultimately accountable for the Group's strategy, risk management and performance. The Board's primary roles are to provide entrepreneurial leadership to the Group within a framework of prudent and effective control which enables risk to be assessed and managed, and to set the Group's strategic objectives and ensure that the necessary resources are made available so that those objectives can be met. The Board also 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.

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.

Responsibilities of each Board member have been clearly established and there is a clearly defined division of responsibility between the Chairman and the Chief Executive. The Chairman is responsible for leading the Board, ensuring that shareholders are adequately informed with respect to the Group's affairs and that there are efficient communication channels between management, the Board and shareholders. The Chief Executive is responsible for innovation, managing the strategy of the Group and leading the senior management team in developing and implementing the strategy to maximise shareholder value.

There are three standing Board committees – Audit and Risk Committee, Remuneration Committee and Nomination Committee. Each of these committees acts within defined terms of reference. 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 and at its AGM. 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 and shareholder and analyst presentations 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.