



## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT**

### **Overview**

As Chairman of the Board of Directors of Anexo Group plc (**Anexo, We,** or the **Company/Group** as the context requires), it is my responsibility to ensure that Anexo has both sound corporate governance and an effective Board. As Chairman of Anexo, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

Anexo has adopted the Quoted Companies Alliance Corporate Governance (**QCA Code**) requiring companies to adopt and comply or explain non-compliance with each of the principles. This report follows the structure of the QCA guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

Anexo understands that application of the QCA Code supports the Company's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

As Anexo registered in March 2018 and listed in June 2018, the Company's governance structure is newly formed. Recent amendments include the appointment of 4 Independent Non-Executive Directors.

### **QCA Principles**

#### **1. Establish a strategy and business model which promotes long-term value for shareholders**

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through the Company's growth strategy. As a specialist integrated credit hire and legal services group, Anexo provide replacement vehicles to consumers who have been involved in non-fault motor accidents. The Group has an integrated business model with a dedicated field sales team. Anexo's growth strategy is to grow market share in a consolidating market and take advantage of opportunities that may arise following the anticipated introduction of the Civil Liability Bill, as well as regional expansion through increasing the Company's resources. The Group intends to increase the number of solicitors, legal assistants, vehicles available for hire and sales staff to enable the group to take on more cases and bring more barristers in-house to allow streamlining of processes and increase efficiency and reduce costs.

The Group comprises four business units under two reporting divisions. Anexo's direct capture model can be found on the Company's 'About Us' webpage, and the Company's full growth strategy is outlined on page 23 of the Company's Admission Document.

The Company intends to deliver shareholder returns through capital growth and has adopted a progressive dividend policy to maximise shareholder returns. Challenges to delivering strategy and long-term goals include government actions and legal developments having a negative impact on the Company's operations, retention of key lawyers and market competition. These keys challenges, as

well as steps the Board takes to protect the Company, mitigate these risks and secure a long-term future for the Company, are outlined on pages 31-36 of the Anexo Group plc Admission Document and in the Risk Management section below.

## **2. Seek to understand and meet shareholder needs and expectations**

Anexo places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. The Company seeks to provide effective communication through Interim and Annual Reports, Regulatory News Service announcements and information on the Company website. Shareholders can also sign up to the Company's investor alert service to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.

Anexo also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. The Company is open to receiving feedback from key stakeholders, and will take action where appropriate. The key contact for shareholder liaison is Christopher Houghton, Senior Independent Director.

Information on the Investor Relations section of the Group's website, [anexo-group.com/content/investors/latest-results.asp](http://anexo-group.com/content/investors/latest-results.asp), is kept updated and contains details of relevant developments, press and corporate news and presentations.

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

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, regulators and other key stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares an annual strategic plan and detailed budget which takes into account a wide range of key resources including solicitors, sales staff and barristers.

All employees within the Group are valued members of the team, and the Company seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Board recognises the importance of ensuring that the management of the Group are effectively motivated and their interests are aligned with those of the Group. The Company has therefore put in place an Employee Share Plan incentivising the performance of key employees and members of senior management.

The Company has a Whistle Blowing Policy in place in order to discourage unethical business conduct, thus ensuring its employees are protected.

Anexo has no significant environmental or community impact, but will continue to monitor and will take action if this changes in the future.

## **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The Anexo Group plc Admission Document also outlines the key risks to the business, on pages 31-36.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the risk management objectives and policies to the Company's finance function. The Board receives regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Anexo also has a Risk and Regulation Committee to ensure that there is a robust process in place for identifying, managing, and monitoring risks to the Group. The Risk Committee will assess the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management.

Furthermore, the Company's Audit Committee also has delegated responsibility to review the Company's internal financial controls and monitor the integrity of the financial statements of the Company (including annual and interim accounts and results announcements).

The Company conducts a full risk assessment matrix and categorises all its key risks, and outlines the mitigating actions that are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions implemented. The matrix is distributed regularly to all Board members and the Board reviews risks on a frequent basis.

An internal audit function is not yet considered necessary as day to day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

## **5. Maintain the Board as a well-functioning, balanced team led by the Chair**

The Board comprises three Executive Directors, Alan Sellers, Mark Bringloe and Samantha Moss, and four Independent Non-Executives, Christopher Houghton, Richard Pratt, Roger Barlow and Elizabeth Sands. Alan Sellers is the Company's Chair. Alan Sellers is not considered Independent due to his Executive position, however the Board considers this to be appropriate in the immediate future as he has driven the strategy of the Group. In light of this, a Senior Independent Non-Executive Director (SID), Christopher Houghton, has been appointed to deal with matters including shareholder communication.

Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board aims to meet at least 8 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

The Company has three Committees, an Audit Committee, a Remuneration Committee and a Risk and Regulation Committee. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before the meeting.

All directors of the Board have sufficient time, availability, skills and expertise to perform their roles and this is regularly reviewed by the Board.

#### 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.

### **6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Non-Executive Directors have a breadth and depth of skills and experience across many different sectors, from fashion to finance and from private to public companies, enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term. The Board is not dominated by any person or group of people. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found on the Company's website.

Dawn O'Brien is Anexo's Company Secretary and Anexo has further engaged the services of ONE Advisory Limited to assist with ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. ONE Advisory also provides additional Company Secretarial support and assistance with MAR compliance and shareholder meetings.

Christopher Houghton has been appointed as the Company's Senior Independent Non-Executive Director to assist the Chair, particularly in relation to dealing with shareholder related matters.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. All the Directors have had recent AIM Rules and Directors Responsibilities training as part of the IPO process.

The Remuneration Committee is responsible for reviewing the composition of the Board, including evaluating the skills, knowledge and experience of Board members. The Committee will seek to take into account any Board imbalances for future nominations.

### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Remuneration Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

The Chair annually assesses the individual contributions of each of the members of the team to ensure that:

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

The Senior Independent Non-Executive Director reviews the performance of the Chairman against the same objectives as above.

Over the next 12 months the Company intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient manner, as well as reviewing the effectiveness of each Committee.

#### **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with employees, consumers and other key stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Company has adopted a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

#### **9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Board considers the Chairman's Executive position to be

appropriate for the immediate future as he has driven the strategy of the Group. As such, Christopher Houghton has been appointed as Senior Independent Non-Executive Director to deal with shareholder related matters. Christopher Houghton should be considered the key contact for shareholder liaison and all other stakeholders.

In Alan Sellers' capacity as Chairman, he has, through powers delegated by the Board, the responsibility for leadership of the management team in the development and execution of the Group's strategies and policies. The day-to-day management of the Company's two key divisions is carried out by the management board, which reports to the Anexo Board.

The Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- Review, formulate and approve the Company's strategy;
- Review, formulate and approve the Company's budgets;
- Review, formulate and approve the Company's corporate actions; and
- Oversee the Company's progress towards its goals.

The Board delegates authority to three Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

#### Audit Committee

The Audit Committee has three members, Roger Barlow (Chair), Christopher Houghton and Richard Pratt. The Audit Committee is responsible for:

- ensuring that the financial performance of the Company is properly reported on and reviewed;
- monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements);
- reviewing internal control and risk management systems;
- reviewing any changes to accounting policies;
- reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and
- advising on the appointment of external auditors.

The Audit Committee is expected to meet formally at least two times a year and otherwise as required.

#### Risk and Regulation Committee

The Risk and Regulation Committee has four members, Richard Pratt (Chair), Christopher Houghton, Roger Barlow and Elizabeth Sands. The Risk and Regulation Committee is responsible for:

- ensuring that there is a robust process in place for identifying, managing, and monitoring risks to the Group;
- assessing the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management; and

- the business of the Group is regulated by the SRA and it also offers credit hire products which the Risk Committee monitor to ensure regulatory observance.

The Committee will be assisted by Dawn O'Brien, Bond Turner CEO, in ensuring regulatory compliance. The Risk and Regulation Committee is expected to meet formally at least two times a year and otherwise as required.

#### Remuneration Committee

The Remuneration Committee has three members, Christopher Houghton (Chair), Richard Pratt and Elizabeth Sands. The Remuneration Committee is responsible for:

- determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chairman, the Executive Directors, senior managers and such other members of the executive management as it is designated to consider;
- determining (within the terms of the Company's policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer as appropriate) the total individual remuneration package for each Executive Director and other designated senior executives (including bonuses, incentive payments and share options or other share awards). (The remuneration of Non-Executive Directors will be a matter for the Chairman and Executive Directors of the Board. No Director or manager will be allowed to partake in any discussions as to their own remuneration);
- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning; and
- recommending new appointments to the Board.

The Remuneration Committee is expected to meet as required.

The Board has elected not to establish a Nominations Committee, preferring instead that the Board itself should deal with such matters, with the assistance of the Remuneration Committee, including succession planning and the balance of the Board.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

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

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders, consumers and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The Board already discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to publishing proxy voting results on its website in future. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, press and corporate news and presentations. As noted above, shareholders can also sign up to receive investor alerts to ensure that they receive all press releases, financial results and other key shareholder messages directly from the Company as soon as they become available.