

Chairman's Introduction to Governance

Dear Shareholder,
I am pleased to present our 2018 Corporate Governance report for the Group which includes reports from the Audit, Risk & Compliance, Remuneration & Corporate Social Responsibility, Nominations and Disclosure Committees on pages 38 to 57.

Stephen Karle
Chairman



The Board is committed to applying the highest standards of corporate governance and has adopted the main principles of the UK Corporate Governance Code (the Code), although as an AIM-listed company, we are not required to comply. The only exceptions are the Directors' Remuneration Report which has been prepared in accordance with AIM Rule 19 and the membership on the Board's committees of one Director who is not deemed to be independent. The Directors believe that this general approach is a firm foundation for good governance and clarifies not only the appropriate allocation of duties, authority and responsibilities but also the way the Group meets its legal and regulatory obligations.

Culture

The strapline of Morses Club PLC is 'putting you first'. During the year, the Board has been active in ensuring that this reflects reality and is not merely an aspiration. During late 2017, the Board commissioned an internal review of the Group's adherence to S172 of the Companies Act 2006 on how Directors have performed their duties to promote the long-term success of the Company. This review demonstrated that the Company has a culture of looking after its customers, employees and the community, while maintaining positive relationships with its suppliers and creditors.

Examples of Board activity in stakeholder engagement included:

- Monitoring customer satisfaction levels.
- Reviewing employee satisfaction surveys, with other updates from the HR team featuring prominently at meetings.
- Looking at trends relating to customer complaints and health & safety.
- The introduction of an employee-wide share option scheme, for which all staff with a minimum of one year's service are eligible.
- Reviewing engagement with the Company's shareholders, and asking for feedback from such meetings.
- Providing advice to the Executive Team concerning relations with the Regulator.

Board of Directors

Much work was done during 2016 to establish a Board equipped with the experience and expertise to drive forward the Group's future direction, strategy and culture prior to the Company's admission to AIM. The Board membership has remained stable and unchanged during the two years since three new Non-Executive Directors were appointed in April 2016. The Board currently comprises five Non-Executive Directors and two Executive Directors, whose biographies are presented on pages 34 and 35. All five Non-Executive Board members were recommended to the Board for an extension of their appointments for a further two years after an initial one-year term of office, and were re-elected at the Annual General Meeting in June 2017.

As independent Chairman, I carried out a formal Board evaluation process between November 2017 and February 2018. The performance of the other Non-Executive Directors was assessed against the quality of the discharge of their supervisory and stewardship roles. Their personal contributions at Board, in Committee and more widely were considered, and the collective performance of the entire Board was reviewed and personal development areas identified.

My conclusion was that the Group has a Board which is engaged, has a wide variety of relevant experience, and is focussed on outcomes – for customers, investors, employees, self-employed agents and other stakeholders.

The Board operates on a unitary basis, and we value the views of the Executive Management team whose members attend Board meetings to provide specialist knowledge and experience.

I look forward to another year where the Group continues to grow and develop, with a strong and experienced Board at its heart.

Stephen Karle

Chairman
26 April 2018