

Engaging with our Stakeholders

Our key stakeholder groups

Customers

The continued performance of our business would not be possible without understanding our customers' needs.

Self-employed agents

Our network of self-employed agents is our interface with customers in communities around the UK, and develops valued relationships with customers.

Employees

Our experienced, diverse and dedicated workforce is a key asset of our business.

We continue to seek to create the right environment to encourage and create opportunities for individuals and teams to realise their potential and career aspirations.

Suppliers

Our suppliers are essential to provide our divisions with the goods and services required to enable us to continue to meet our customers' needs. They play a vital role in our operations so it is important that we develop strong supplier relationships with them.

Debt providers

Our providers of debt facilities, along with our retained earnings, allow us to lend money to customers at competitive rates.

Regulator and government

The nature of our customer base and the market in which we specialise makes the building and maintaining of open and trusting dialogue with policy makers and our regulators, the PRA, FCA and CBI, critical to a sustainable business model.

Shareholders

Our investors provide capital without which we could not grow and invest for future success.

Communities and environment

We are committed to making a positive contribution to the communities within which we operate, including through payment of taxes, reducing our environmental impact and creating employment opportunities.



To secure our long-term success, it is important to engage with our stakeholders and take account of their perspectives.

Listening and engaging with stakeholders helps us to create a better business and improve outcomes for customers, society and the environment. The Board also proactively engages with stakeholders including customers, employees, debt providers and investors to understand their views across a range of issues; see pages 34 to 35 for more information.

In the table overleaf we set out our key stakeholder groups, the material issues that matter to them and how we engage with them. By understanding our stakeholders, we can factor into boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

The Board's statement on s172

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard to a range of matters when making decisions for the long term.

Key decisions and matters that are of strategic importance to the Company are informed by s172 considerations. The subjects of s172 and Directors' duties are included together as a standing item on the agenda of every Board meeting.

Through an open and transparent dialogue with our key stakeholders, we are able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider:

a) Long-term impacts

The likely consequences of any decision in the long term

b) Our employees

The interests of the Morses Club employees

c) Our business relationships

The need to foster relationships with suppliers, customers and others

d) The community and environment

The impact of our operations on the community and the environment

e) Our reputation

The importance of maintaining a reputation for high standards of business conduct

f) Acting fairly

The need to act fairly as between members of the Company

Engaging with our Stakeholders continued

OUR STAKEHOLDERS	WHAT STAKEHOLDERS WANT	HOW WE ENGAGE	HOW THEY LINK TO OUR STRATEGY
CUSTOMERS	<ul style="list-style-type: none"> Affordable and accessible credit. Simple, transparent charging structure, with no penalties or late payment fees. Support and forbearance during short-term difficulty. 	<ul style="list-style-type: none"> Monthly customer satisfaction survey, the results of which are reviewed by the Board. Quarterly good customer outcomes. Survey across a randomised selection of customers to gather views on how well the service operates at each stage of the loan issue and collection service, as well as the service delivered by agents. The Company achieved an overall score of 97% across all nine regions which moved to six divisions in November 2020, and the same performance score has been maintained. Ad hoc surveys, such as customer views on our online portal. Future surveys will include customer views on what they want from an online e-money current account. Mystery shopping. We are developing further approaches to reviewing customer satisfaction within Shelby Finance Limited for FY22. 	<p>Non-standard customer base central to our products and services strategy across the Group.</p> <p>Digitalisation of service and offering complementary products based on market demand and customer need.</p>
SELF-EMPLOYED AGENTS	<ul style="list-style-type: none"> Ability to work flexibly in the local community. Support and tools to work efficiently, effectively and flexibly. Competitive remuneration. 	<ul style="list-style-type: none"> Regular virtual meetings with field managers. 	<p>Provide important interface with customers and maintain local community relationships for our target demographic.</p> <p>Link to local communities and to ensure that we offer best in class service responsibly and in line with our customer needs.</p>
EMPLOYEES	<ul style="list-style-type: none"> Opportunities for personal development and career progression. A culture of inclusion and diversity. Remuneration and benefits. 	<ul style="list-style-type: none"> Open, collaborative culture with regular Company updates and opportunities for questions and feedback. Annual appraisal process. Regular surveys during the year to check engagement and that the adaptations to working practices are in line with our cultural values and customer service needs. Development of a detailed cultural review for FY22 so that our approach is tailored to the changes in ways of working as a result of Covid-19. Whistle-blowing hotline, available to all employees. 	<p>Increased cross-functional working across the Group to deliver a cohesive customer service and digital strategy.</p> <p>Ensure that our service model responds to customer needs, linked to development of remote and digital complementary products.</p>
SUPPLIERS	<ul style="list-style-type: none"> Professional and consistent relationship. Alignment of business culture and customer service model. Reliable and adhere to contractual terms. 	<ul style="list-style-type: none"> Due diligence conducted for all suppliers. Check quality of products and services. Ensure policies and procedures in place. Maintain regular contact through procurement and account management approaches. Annual reviews of the service and regular feedback. 	<p>A range of suppliers used to support our products and services.</p> <p>Ensure that our suppliers provide products and services in line with our customer needs.</p>

OUR STAKEHOLDERS	WHAT STAKEHOLDERS WANT	HOW WE ENGAGE	HOW THEY LINK TO OUR STRATEGY
DEBT PROVIDERS	<ul style="list-style-type: none"> Financial performance. Transparency. Proactive communication. Credit rating. 	<ul style="list-style-type: none"> Monthly covenant reporting including loan book quality analysis. Monthly submission of finance Board papers and additional schedules. Monthly conference calls to discuss current performance and future expectations. Quarterly independent review of lending process and loan book quality. 	<p>Funding solutions to support the development of our overall business strategy.</p> <p>Ensure that the business can expand and offer complementary products and services.</p>
REGULATOR AND GOVERNMENT	<ul style="list-style-type: none"> Clear and transparent communication with the regulator. Proactive approaches on any regulatory matters. Clear TCF approaches in line with the market sector and customer needs. 	<ul style="list-style-type: none"> Regular dialogue with the regulator. Proactive communication with the regulator regarding our approaches on lending and remote working due to Covid-19. Respond proactively to feedback requests. Member of the Smaller Business Practitioner Panel through the CEO. Programme of contact with MPs through the CEO to share insights and ensure the business model is fully understood. 	<p>Delivery of regulatory framework which supports good customer outcomes.</p> <p>Ensure that our products and services are delivered responsibly and ethically.</p>
SHAREHOLDERS	<ul style="list-style-type: none"> Strong cash generation and attractive dividend policy. Responsible, sustainable and low-risk business model and strategy. 	<ul style="list-style-type: none"> Twice-yearly virtual road shows by the CEO and CFO at the time of the interim and annual results. Ad hoc queries and feedback from shareholders, dealt with by the CFO. The Chairman and the Senior Independent Director also make themselves available, and discuss feedback at Board meetings. 	<p>Support of our ongoing strategic direction for our targeted customer demographic.</p> <p>Provision of a range of complementary products and services to grow the business in line with customer demand.</p>
COMMUNITIES AND ENVIRONMENT	<ul style="list-style-type: none"> Responsible lending and collecting of repayments. Helping local economies by promoting financial inclusion. Fundraising for local charities. Minimising environmental impact. 	<ul style="list-style-type: none"> Acting in a fair and responsible manner is a core element of our business. Read more on page 37. The Company's SECR Report is on page 78. 	<p>Presence in communities across the UK to support the needs of our customers.</p> <p>Fulfil our strategic direction of growing the business, whilst delivering our commitment to deliver products and services responsibly and ethically.</p>

How stakeholders influenced Board decision-making

We define principal decisions as those that are material to the Group, but also to any of our key stakeholder groups. In making the principal decisions outlined below, the Board considered the outcome from its stakeholder engagement as well as the need to maintain high standards of business conduct and to act fairly between the members of the Company. The Board's procedures have been updated to require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of our stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s172 of the Companies Act 2006 and

provides the Board with assurance that the potential impacts on our stakeholders are being carefully considered by management when developing plans for Board approval.

The principal decisions made during the year relate primarily to the Company's conduct during the height of the Covid-19 pandemic. All administrative and support properties were operationally closed as part of our duty of care to employees, and following careful risk assessment under our Health and Safety obligations. Remote lending and collection facilities were rolled out rapidly in order to continue to serve our existing customers, prior to introducing systems that allowed us to offer loans to new customers. The Board was made fully aware of staff and customer feedback as part of the

Company's highly successful response to the challenges of the pandemic. The Board decided that it was not appropriate, nor necessary, for the company to put any staff on furlough, nor apply for any other government assistance. This followed careful review of the schemes available. During the year, the Board also continued the agreed strategy of the continued enhancement of our digital capabilities with regard to e-money current account services and credit offerings. This is in line with feedback from customers as part of our regular independent customer research.

The Board has agreed to propose a final dividend based on the profitability of the Company in FY20 and FY21 and its continued confidence in the agreed business strategy.