

# Operating Responsibly

## We strive to have a positive impact on all of our key stakeholders.

### Lending responsibly to customers

Treating Customers Fairly is the foundation of our approach. As outlined on pages 16 to 17, our business model centres on responsible lending and collection of repayments. We assess every application for credit against stringent criteria, taking into account affordability and credit checks. A complete income and expenditure check is undertaken for every loan, and we only lend to customers who can afford the repayments.

Last year, c. 70% of loan applications were not progressed. We have a clear, uncomplicated charging structure, with no penalties or fees for delays in repayments, and self-employed agents are paid in commission based on collections, not sales.

### Supporting our people

#### Culture

The Group is built on trusted relationships and shared values that underpin our commitment to customers:

- Our customers will always be at the heart of everything we do.
- We will be honest and transparent in how we deal with everyone.
- Our systems and processes will be simple and clear.
- We will show forbearance and flexibility.

The culture that underlies these commitments is founded on behaviours that are honest, fair, responsible, supportive and understanding.

Given recent changes to the Group and as part of our ongoing work to ensure that we nurture an appropriate culture for all our employees, customers and key stakeholders, we are planning to undertake a cultural review. This will assess all aspects of the business, where possible providing benchmarks and measures, which together will form a cultural 'barometer' for the whole organisation.

### Learning and development

All employees, from the CEO to the most recent recruit, undertake regulatory training each month. In addition, many of our managers are involved in an Institute of Leadership and Management self-learning programme, which can lead to a degree level qualification. During FY21 we are planning to deliver further tailored training to our senior management. This will subsequently be cascaded through the organisation.

### Employee engagement

Each year, we give our colleagues the opportunity to provide feedback and suggestions on an anonymous basis via an annual engagement survey. Due to our teams working from home throughout this financial year, we carried out additional employee engagement surveys in order to

understand more about their experiences of working from home during lockdown.

When we went into lockdown, we engaged with every single employee to get a broad picture of their health and wellbeing, working environment and technology, and their views on coming out of lockdown, to ensure we knew how we could best support them and to help us to plan for a flexible future.

Our initial lockdown survey in May 2020 showed that employees were positive about their wellbeing and working experience, with the majority finding their work easy or very easy to do at home (78%), rating the support from their line manager as good or excellent (85%) and coping well or very well working at home in general (76%). Employees were positive about the prospect of continuing to work from home, with 83% confident Morses Club could effectively implement that.

With home working extended, we checked in again in October to see how things had changed. We found that satisfaction with working from home had increased, with large numbers coping well, a testament to our ongoing work to help our employees.

	May 2020	October 2020
Happy working from home, managing working hours and workload	85.9%	89.1%
Agree or strongly agree that they were happy with the structure of their working day	84.8%	90.7%
Daily contact with other members of their team	94.1%	95.5%



## Transformation of the Year

HR and Communications Director Tracey Mulligan won the Transformation of the Year award at the Women In Credit Awards 2020.

The Awards champion the work of women across credit and financial services, highlighting the importance of gender diversity within the industry.

### Health and safety

The health and safety of our employees and the self-employed agents we work with is paramount to the business. The majority of our workforce has been at home for the whole year, but whenever there was a change in government guidance during the pandemic, we undertook risk assessments and introduced protocols to ensure the safety of external agents entering customers' homes.

### Employee wellbeing

Employee wellbeing is important to us, especially during this year's unprecedented circumstances. All our employees have access to Perkbox, a platform offering employees rewards and offers, as well as confidential advice and assistance. To provide greater flexibility to employees we now offer them the opportunity to buy (and sell) annual leave. These, as well as the employee share scheme outlined below and plans to increase staff training still further, are examples of initiatives introduced as a result of suggestions in the annual employee survey.

### Employee shares

Employee share ownership is a key means of sharing the success of the business with colleagues. In January 2021, employees received Morses Club shares following the vesting of their 2017 share award. The Company subsequently issued shares to employees in 2018 and 2019 under a replacement Share Incentive Plan, representing 3.25% of base annual salary in shares. This plan was recognised by ProShare, winning one of their awards in 2019. No new shares were issued during FY21 due to the Company failing to meet its FY20 profit target, but the intention is to repeat the award to qualifying employees during FY22 and subsequent years, subject to the Company's profitability.

### Supporting our communities

In addition to the indirect contribution we make to communities across the country by providing financial inclusion to people who are precluded from borrowing from mainstream lenders, and work opportunities for self-employed agents, we also raise money for local charities. During the year, we raised c. £8,000 for local community initiatives.

### Minimising our impact on the environment

When changing our property strategy this year, we sought to balance the practical needs of our employees and business with the need to ensure that environmentally we make changes to support the UK government target of being carbon neutral by 2050. By massively reducing our estate footprint, we can deliver many improvements to our environmental performance, including reducing our emissions and waste. See our SECR disclosure on page 78 for more information on our environmental performance this year.