

CORPORATE GOVERNANCE DISCLOSURES IN SATISFACTION OF AIM RULE 26

26 June 2019

Introduction

On 8 March 2018 the London Stock Exchange published its revised rules for AIM quoted companies. Rule 26 requires that AIM Listed companies apply a recognised corporate governance code on a comply or explain basis and make appropriate disclosures in satisfaction of this rule on their website.

The Company adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') in 2014 and since that time has continued to apply and report against the QCA Code in its Annual Report and Accounts.

The following disclosures set out the Company's application of the QCA Code for the year ended 31 December 2018. The disclosures remain un-changed as at the date of this release.

Any references to pages in the text refer to those pages of the 2018 Annual Report and Accounts.

The full 2018 Annual Report can be found [here](#).

PART 1. DELIVER GROWTH

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

The Group seeks to deliver differentiated investment strategies with clear objectives that meet the long-term needs of our clients. By positioning our business as offering 'genuinely active investing' we aim to achieve better outcomes for our clients. By delivering on this, we will grow the Assets under Management and further diversify the business, creating long-term value for our clients and shareholders.

The Group continues to seek out, cultivate and invest in the best talent across all areas of the business. The Group aims to provide the highest levels of transparent and straightforward customer service from a scalable platform operating in a robust and controlled environment. Effective communication of the Miton brand is key to communicating the attractiveness of our active management approach and in reaching a wider group of clients.

The strategic objectives of the Group are set out on pages 10 and 11, and the relevant KPIs and progress made against these during the current financial year are assessed. The Strategic report on pages 1 to 25, which includes the Chairman's Statement, Chief Executive Officer's Report and the Financial and Operating Review, describe the progress, and performance made during the current financial year and the future growth prospects of the Group.

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

The Executive Directors, together with the Group's joint brokers, are available to meet with existing and potential shareholders to gain an understanding of their views and to provide an update on the Group's business strategy and progress. Meetings are held with major shareholders after the announcement of both the annual and half-year results, and at other appropriate times during the year. The Board receives regular reports and feedback from the Executive Directors and the Group's joint brokers of any meetings with current or potential shareholders that have taken place. The Non-Executive Directors will also engage with key shareholders without the Executive Directors present where required.

Shareholders have the opportunity to attend and vote at the Annual General Meeting, at which the Board is available to answer any questions.

The Group's website (www.mitongroup.com) is regularly updated with information on the Group's fund range, governance arrangements, share price information, RNS announcements and shareholder reports.

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

The Board receives regular information on key clients, suppliers and external Authorised Corporate Directors ('ACD') or Unit Trust Managers ('UTM'). Meetings are held with senior executives and heads of departments, and feedback from all staff is received through the bi-annual staff surveys.

The Group's NOMAD reports to the Board on stock exchange, regulatory and shareholder matters.

Beyond the Group's internal efforts to ensure diversity and opportunity, it is recognised that wider societal engagement may support the broadening of the demographic of the financial services population over time and improves the balance of opportunity and contribution as a result.

The Group continues to support the National Youth Advocacy Service ('NYAS') as its corporate charity, whose work can make a real difference to the life outcomes of children in care in the UK.

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

The Board and the Audit & Risk Committee maintain overall responsibility for the Group's risk management and internal control systems. The Group has an established system of reporting for identifying, evaluating and managing the significant risks it faces and is compliant with the Code.

The risk appetite for the Group is set annually as part of the ICAAP process, which is approved by the Audit & Risk Committee and the Board. Significant risks are assessed and quantified as part of this process, along with the potential impact on the Group's financial position. The Board identifies and discusses the actions required to manage such risks. The Pillar III Disclosure document details the risk control environment and is available on the Group's website.

Consistent with many businesses operating in the financial services sector, the Group faces a range of risks and uncertainties that could impact its ability to deliver its strategic objectives; these are detailed on pages 10 and 11.

Monitoring work is carried out by the Group's finance and compliance departments. The Group has established risk-based audit and compliance programmes for reviewing and evaluating the internal controls and compliance procedures used in the management of risk.

PART 2. MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5. Maintain the board as a well-functioning, balanced team led by the chair

Composition

During 2018 and up to 15 March 2019, the Board comprised of a Non-Executive Chairman, Jim Pettigrew, three Executive Directors and three Non-Executive Directors including Jim Davies as Senior Independent Director ('SID'). The role of SID is to support the Chairman with any matters unable to be addressed via normal channels and to act as an important conduit for other Directors and shareholders, as necessary.

Biographical details of the Board are set out on pages 26 and 27.

In accordance with the Articles of Association, the Directors are required to stand for re-election every three years. Appointments and reappointments to the Board are considered and specified in the Nomination & Governance Committee Report on page 42.

Roles and responsibilities

The Directors are reminded at each Board meeting that they must comply with their duties as set out in sections 171 to 177 of the Companies Act 2006 and that in addition to their general duties to act in good faith, in a manner which would be most likely to promote the success of the Group for the benefit of its members as whole, they must have regard, amongst other matters, to each factor listed in section 172 (1) of the Act to the extent relevant.

Independence

All Non-Executive Directors are considered as independent in character and judgement. There is a clear separation of responsibilities on the Board between Executive and Non-Executive Directors.

Conflicts of interests

The Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits received from third parties in their capacity as a Director.

A register of conflicts is maintained and formally reviewed on an annual basis.

On appointment, new Directors are required to declare any potential conflicts of interests

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

New Directors are provided with all relevant information regarding the Group's operations, given the opportunity to meet with key executives prior to appointment and offered formal training if required. The Group operates an annual appraisal process, and the skills and experience of each Director is reviewed as part of this process.

A compliance training programme is operated by the Group, which includes online examinations which are completed by all staff and Directors.

Technical briefings are provided at Board meetings by both internal and external sources.

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

During the year, the Board completed an evaluation of the performance of the Board, and its Committees. This process was facilitated by a questionnaire completed by each Director. Results were discussed by the Board and Nomination & Governance Committee in November 2018. The

performance evaluation of the Chief Executive Officer is performed by the Chairman. The evaluation of the Chairman is performed by the SID.

The Board is scheduled to meet at least six times a year and convenes to deal with administrative matters as required. A statement of matters reserved for the Board has been agreed and was last reviewed in November 2018.

The attendance records of the Directors at the Board and Committee meetings during the year is shown on page 28.

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

The Group's culture is shaped by its leadership, its core values, and is the responsibility of the Board. At the heart of the Group's culture are the notions of transparency and accountability. Investment firms have a unique responsibility to manage the savings of investors, to engender trust and to act with the highest standards of integrity. The Group's culture and values are described in more detail on pages 18 and 19.

The Group continues to monitor its culture in several ways, one specifically being bi-annual staff surveys. Results are made available to all staff at the interactive quarterly staff update meetings, and specific progress is tracked and discussed at the Board. Enabling individuals to flourish means empowering everyone with the resources they need to perform well and feel confident. To attract and retain the best talent, and in particular to help build security for those in the early stages of their working life, the Group continues to benchmark its reward structures.

The Group strives to build a team that is representative of, and responsive to, a broad range of cultures and a wide age profile, where each individual can bring their whole self to work and where everyone has an equal chance to succeed. Maintaining diverse candidate shortlists and seeking a range of aptitudes and backgrounds; drawing on different perspectives builds a thinking, productive and inclusive workplace.

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

The Board is collectively responsible for the Group's activities and the execution of its strategy. The Board is supported by the Company Secretary, under the direction of the Chairman. The agenda and papers for Board meetings are prepared and circulated to the Directors at least five business days before each Board meeting. The Directors receive written reports from all heads of department in addition to regular updates from the Chair of each of its Committees.

Operational decisions are delegated to the Executive Directors and the senior management team meeting as the Senior Executive Group ('SEG') for implementation.

During the year, the Audit Committee revised its remit to include greater responsibility for risk. This was reflected in its revised terms of reference and the revision of its title to Audit & Risk Committee. Similarly, the Nominations Committee assumed a wider governance oversight role, becoming the Nominations & Governance Committee.

PART 3. BUILD TRUST

Principle 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group has a clearly defined governance framework which is set out on pages 32 and 33. This framework, along with a straightforward corporate structure, allows the Group to be transparent with all stakeholders, both internal and external.

At the core of the governance framework are the operational committees which are represented by employees from across all departments and levels of seniority in the business.