



## **CORPORATE GOVERNANCE STATEMENT**

**This statement was last updated on 27 September 2018**

### **Introduction:**

Anton Lane and James Reynolds (“Board of Directors”) of MBL Group Plc (“the Company”) recognises the importance of sound corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the ‘QCA Code’), which they believe is the most appropriate recognised governance code for a company with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained. The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the Company.

### **Chairman’s Corporate Governance Statement:**

As Chairman of the Company I have a keen interest in ensuring that an effective and focused Board leads the Company. Strong corporate governance helps underpin the foundations of a solid and successful company. The Board is committed to ensuring good corporate governance. Following the revisions to the AIM Rules for Companies in March 2018, pursuant to which all AIM companies are required to comply with a recognised corporate governance code, the decision has been made by the Company that it will adopt the Quoted Companies Alliance Corporate Governance Code 2018. The Directors believe that the QCA Code is the most appropriate recognised governance code for the Company.

There have been a number of Key Corporate Governance related matters which have occurred during the last year. These have included Board changes, a temporary suspension (and restoration) of trading in the Company’s shares, the Company becoming an AIM Rule 15 Cash Shell, notification of a public censure and fine of the Company (in relation to matters prior to the appointment of the current Board) and a proposal for cancellation of admission to trading on AIM. Further information on all of these matters, which were the subject of RNS announcements and a circular to shareholders is available on our website. The Company remains an AIM Rule 15 Cash Shell; in the event that the Company does not complete a reverse takeover under AIM Rule 14 within six months of becoming a cash shell, the Exchange will suspend trading in the Company’s ordinary shares pursuant to AIM Rule 40 on 17 December 2018.

As Chairman it is my duty to ensure that good standards of governance are delivered. The Board, as a whole, looks to ensure that good corporate governance continues to be present within the Company and that integrity and strong principles are maintained for the benefit of all stakeholders.

Anton Lane  
Chairman  
27 September 2018

The following paragraphs set out MBL Group's compliance with the 10 principles of the QCA Code.

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

The Board seeks to engage with shareholders regarding the future of the company with the hope of increasing shareholder value. The Board sought direction from the shareholders at the 5 September 2018 General Meeting, at which shareholders shared that they wish the Company's shares to remain admitted to trading on AIM.

Further information of the Company's strategy and business model can be found in the Annual Report on the company's website, link here:

<http://mblgroup.co.uk/uploads/documents/215/Annual%20Report%20and%20Financial%20Statements%202018.pdf>

**Principle Two - Seek to understand and meet shareholder needs and expectations.**

The Company's Annual Report and Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from the Company's website. The next AGM is on 12 October 2018, please find a link to the AGM Notice dated 13 September 2018 here:

<http://www.mblgroup.co.uk/uploads/documents/217/AGM%20Notice%202018.pdf>

The AGM is an opportunity for shareholders to meet with the Chairman and other members of the Board and is open to all shareholders, giving them the option to ask questions and raise issues during the formal business or more informally following the meeting.

At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code.

Shareholders are kept up to date via regulatory news flow ("RNS") on matters of a material substance and regulatory nature.

**Principle Three: Take into account wider stakeholder and social responsibilities and their implications for long term success**

The Board values the feedback it receives from the shareholders and it takes every opportunity to ensure that where possible the wishes of shareholders are considered. The Board recognises its prime responsibility under corporate law in England and Wales is to promote the success of the Company for the benefit of its shareholders as a whole. The Board will endeavour to take into account, where practical, the social, environmental and economic impact of its actions.

**Principle Four: Embed effective risk management, considering both opportunities and threats, throughout the organisation.**

Ultimate responsibility for the process by which risk in the Company is managed rests with the Board. The principle risk and uncertainties facing the Company, as well as mitigating actions, are set out on pages 2 – 9 of the Annual Report. A link can be found here:

<http://mblgroup.co.uk/uploads/documents/215/Annual%20Report%20and%20Financial%20Statements%202018.pdf>

The risks of the Company are considered by the Board sitting as the Audit Committee.

**Principle Five: Maintain the board as a well-functioning, balanced team led by the chair; and Principle Six: Ensure that between them the directors have the necessary up to date experience, skills and capabilities**

The Board comprises a non-executive Chairman and a non-executive director:

#### **Anton Lane, Non-Executive Chairman**

Anton is a chartered tax adviser and has 22 years' experience in practice. He has worked for some of the largest professional services firms dealing with contentious issues. Anton has also sat on the board of investment funds and advised such boards relating to difficult shareholder issues.

#### **James Reynolds, Executive Director**

James has been with the business since 2008 and performs a prominent role in the financial and operational functions of the Group.

Please find further information about the Company's directors at the following link:

[http://mblgroup.co.uk/aim\\_rule\\_26.aspx](http://mblgroup.co.uk/aim_rule_26.aspx).

The composition of the Board of the Company differs from that advised in the QCA Code due to the fact the board only has one non-executive director and one executive director. The Board also does not have an Independent Non-Executive Director. However, given the size of the Company and the fact it is an AIM Rule 15 Cash Shell, the Board believes that its current balance can achieve the Company's strategic future in the best interests of the shareholders, but will keep this position under review and consider change as appropriate.

The Board is kept abreast of developments of governance, legal and accounting changes and AIM regulations. The Company's lawyers provide updates on governance issues to the Board, the Company's NOMAD provides Board AIM Rules refresher training as well as the initial training as part of a new Director's onboarding.

The Company is mindful of the issue of gender balance, although Board appointments are made with the primary aim of ensuring that the candidate offers the required skills, knowledge and experience.

**Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors consider seriously the effectiveness of the Board, Committees and individual performance. The Board meets formally several times a year with ad hoc Board meetings as the Company demands. The Agenda is set with the consultation of the Board, with consideration being given to both standing Agenda items and the strategic and operational needs of the Company. Papers are circulated well in advance of the meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

The current chair of the Board was appointed on 24 October 2017 and the current non-executive Director was appointed on 21 December 2017. The composition of the Board continues to be monitored.

On-going review of the functioning of the Board and ensuring that the highest level of governance is maintained by the Board whilst being mindful of the size and stage of development of the Company.

The Directors have a wide knowledge of the business and requirements of directors' fiduciary duties. The Directors have access to the Company's NOMAD, lawyers and auditors as and when required. They are also able, at the Company's expense, to obtain advice from external bodies if required. The Board as a whole is mindful of the need for considering succession planning.

## **Principle Eight: Promote a corporate culture that is based on ethical values and behaviours**

The Board is committed to adherence to the highest ethical values and behaviours across the Company as a whole and in the Company's dealings with its Directors, employees, Shareholders and promotes observance of such values by all of the Company's Stakeholders. The Directors takes all issues of ethical behaviours extremely seriously and will investigate matters accordingly. Issues of bribery and corruption are taken seriously. The Company has a zero-tolerance approach to bribery and corruption to protect the Company, its Stakeholders, Directors and any third parties to which the business engages with. There are mechanisms put in place (including strong financial controls across the business) to ensure ongoing monitoring.

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

The Board retains ultimate accountability for good governance and no one individual director has unfettered powers of decision. The Chairman has the responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The Chairman engages with shareholders to ensure a strong relationship between them and the Company.

The Board sits on the following committees:

### **Remuneration Committee**

The Chairman is responsible for setting the remuneration policy of the other members of the Board and the other Board members set the remuneration policy for the Chairman. These policies are reviewed on an annual basis.

### **Audit Committee**

The Chairman acts as the independent point of contact for the Group's auditors. The Chairman has responsibility for liaising with the auditors to review the financial information to be distributed to shareholders, determining the strength of the internal controls of the Group and overseeing the audit of the Group's financial statements

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues. There is no separate Nomination Committee, the whole Board will act on this as required.

## **Principle Ten - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

In light of the Company's current strategic aims regularly discussions are being held with shareholders. In particular, the Chairman's report in September 2018 clearly sets out to the shareholder's the future of the Company. A link can be found here:

<http://mblgroup.co.uk/uploads/documents/215/Annual%20Report%20and%20Financial%20Statements%202018.pdf>

If a significant proportion of votes was ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

## Annual Report disclosures:

The table below provides details of the Company's annual report disclosures as required under the QCA Code

QCA Code Principle	Required disclosure	Reference
1	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	2018 Annual Report: pp 2-6
4	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	2018 Annual Report: pp 2-6
5	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	The Company currently has no independent Non-executive director. Although this a deviation from the QCA code, the Board believes, given the size of the Company and the fact it is an AIM Rule 15 Cash Shell, that its current balance can achieve the Company's strategic future in the best interests of the shareholders, but will keep this position under review and consider change as appropriate.
	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	The directors are expected to devote such of their time to their duties with the Company as necessary for the proper performance of their duties.
	Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	There were 16 board meetings to our knowledge between 1 April 2017 and 31 March 2018. There have been 8 board meetings since 1 April 2018, attended by all Directors.
6	Identify each director.	2018 Annual Report: pp 7
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender	<a href="http://mbigroup.co.uk/aim_rule_26.aspx">http://mbigroup.co.uk/aim_rule_26.aspx</a>

	balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.	
	Explain how each director keeps his/her skillset up-to-date.	<a href="http://mblgroup.co.uk/aim_rule_26.aspx">http://mblgroup.co.uk/aim_rule_26.aspx</a>
	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	N/A
	Where external advisers to the board or any of its committees have been engaged, explain their role.	N/A
	Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.	The Company Secretary has frequent communication with the Chairman and is available to members of the Board as and when required.
<b>7</b>	Include a high-level explanation of the board performance effectiveness process.	No performance effectiveness process has taken place this year. This will continue to be monitored in the future.
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	The Board has not undertaken any formal training during the year. This will continue to be monitored.
<b>8</b>	Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	<a href="http://mblgroup.co.uk/aim_rule_26.aspx">http://mblgroup.co.uk/aim_rule_26.aspx</a>
<b>10</b>	Describe the work of any board committees undertaken during the year.	<a href="http://mblgroup.co.uk/aim_rule_26.aspx">http://mblgroup.co.uk/aim_rule_26.aspx</a>
	Include an audit committee report (or equivalent report if such committee is not in place).	2018 Annual Report: pp 10-15
	Include a remuneration committee report (or equivalent report if such committee is not in place).	2018 Annual Report: pp 30-31
	If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures	N/A

	must be identified and the reason for their omission explained.	
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