

## **Corporate Governance Compliance Statement**

As an AIM-listed Company, B.P. Marsh & Partners Plc intends to adopt as far as possible the principles of the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust.

The sections below set out the ways in which the Company applies the ten principles of the QCA Code in support of the Company’s medium to long-term success.

We will provide annual updates on our compliance with the QCA Code.

*This disclosure was last reviewed and updated on 27<sup>th</sup> September 2018.*

<b>QCA Code Principle</b>	<b>Application</b> (as set out by the QCA)	<b>What we do and why</b>
<p><b>1. Establish a strategy and business model which promote long-term value for shareholders.</b></p>	<p>The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>B.P. Marsh &amp; Partners PLC is a specialist investor in early stage financial services intermediary businesses, including insurance intermediaries, financial advisors, wealth and fund managers and specialist advisory and consultancy firms. It considers investment opportunities based in various parts of the world.</p> <p>The Group's aim is to be the capital provider of choice for the financial services intermediary sector and to deliver to its investors long-term capital growth alongside a sustainable distribution policy.</p> <p>The Group invests amounts of up to £5m in the first round. Investment structure is flexible and investment stage ranges from start up to more developed. The Group initially only takes minority equity positions and does not seek to impose exit pressures, preferring to be able to take a long-term view where required and work alongside management to a mutually beneficial exit route that maximises value.</p> <p>The Company's business model and strategy are set out in the Company's 2018 Annual Report.</p> <p>The key challenges to the business and how these are mitigated are detailed on pages 40-41 of the Company's 2018 Annual Report.</p>

<p><b>2. Seek to understand and meet shareholder needs and expectations.</b></p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>As a company listed on AIM, B.P. Marsh is responsible for ensuring that it is aware of shareholder needs and expectations. B.P. Marsh attaches great importance to maintaining good relationships with all of its shareholders and interested parties and seeks to ensure that they have access to correct and adequate information at all times. As such, B.P. Marsh established a dedicated Investor Relations function, appointing Camilla Kenyon as the Head of Investor Relations in 2009. As a director on the Board of B.P. Marsh, Camilla ensures a free flow of communications between shareholders and the Executive Team.</p> <p>The Company is aware that as stakeholders, its shareholders play a vital role in the fabric of the Company and therefore Camilla regularly engages in dialogue with the Company's shareholders and makes herself available for meetings with institutional and major shareholders following the release of B.P. Marsh's Annual and Interim Results. Other key Executives are available to accompany Camilla to these meetings if needed.</p> <p>Much of the Company's shareholder base is comprised of small retail shareholders holding shares through nominee accounts and therefore the identities of the underlying shareholders are not available to B.P. Marsh. The Company welcomes these, and all, shareholders to make contact with the Company via Camilla and provide any feedback or comments that they may have.</p> <p>The Board recognizes the Company's Annual General Meeting as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders at the AGM.</p> <p>The Company considers the role discharged by Camilla as fundamental to its success in engaging with its Shareholders.</p>
--	--	---

<p><b>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.</b></p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>As an AIM Listed Company, providing investment funding to the Financial Services Sector via its own cash resources, not third-party funding, through its wholly owned operating subsidiary B.P. Marsh &amp; Company Limited, the Company benefits from not having a large list of stakeholders with an interest in the Company.</p> <p>As such, the key stakeholders that have been identified are its Shareholders, its Investee Companies and its Employees.</p> <p>Camilla Kenyon, and the wider Investor Relations Department is in regular contact with the Company's Shareholders and provides a valuable avenue for feedback to be communicated to the Board of the Company.</p> <p>The Nominee Director placed on the Boards of the Investee Companies report to the Board of the Company whilst periodic meetings held between the Chairman's Office and the Senior Management of Investee Companies also serve as a direct forum for exchange of information and opinions.</p> <p>Operating as a small company of 15 members of staff based in the Company's offices, there are regular opportunities for members of staff to provide feedback to their line managers. Each department, when possible, has weekly meetings with the Chairman's Office where ideas are discussed.</p>
--	--	---

<p><b>4. Embedded effective risk management, considering both opportunities and threats, throughout the organisation.</b></p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>Our activities are underpinned by thorough risk identification, monitoring and mitigation across the business</p> <p>The key challenges to the business and how these are mitigated is detailed on pages 40-41 of our 2018 Annual Report.</p> <p>The Board considers risk to the business at every Board meeting (at least 4 meetings are held each year). The Company formally reviews and documents the principal risks to the business at least annually.</p> <p>The Board is responsible for reviewing and evaluating risk and the Board of the Company's operating subsidiary, B.P Marsh &amp; Company Limited meet at least bi-monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.</p> <p>The Board's risk management policy and internal controls are considered appropriate for a Company of its size and business activities.</p>
---	--	---

<p><b>5. Maintain the Board as a well-functioning, balanced team led by the Chairman.</b></p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors.</p> <p>Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit,</p>	<p>The Board of B.P. Marsh &amp; Partners Plc is responsible for the Group’s corporate governance policies and recognises the importance of high standards of integrity, and consistently seeks to apply the principles set out in the ‘Corporate Governance Code’ published by the Quoted Company Alliance to the extent that they are appropriate for, and applicable to, a company of B.P. Marsh’s size quoted on the Alternative Investment Market. The Company has identified three core stakeholders within its business model: its Shareholders, Investee Companies and Employees.</p> <p>The Company endeavours to provide the Members of the Board and Committee members with all the information necessary to allow them to effectively discharge their duties as directors.</p> <p>To date, the Group has taken a prudent approach and refrained from declaring its Non-Executive directors as being independent, due to various factors being in existence that might question their independence. The Company has identified the following factors that could give rise to an argument against the classification as independent, namely that Campbell Scoones, Pankaj Lakhani and Nicholas Walker are all shareholders in the Company and that Campbell Scoones and Pankaj Lakhani have a previous employment history with Executive Chairman Brian Marsh (between 1969-1989 and 1983-1991 respectively). The Company submits however that as each Non-Executive Director purchased their shares at market price, and did not receive these through any sort of incentive scheme, this should not count against their classification as independent. In addition, Nicholas Walker is a nominee director on the Board of one of the Group’s Investee Companies and therefore in receipt of payment from the Company other than the Directors fee payable for services as a Non-Executive. However, the Group notes that a decision as to the independence of its Non-Executive Directors rests with the Board itself, and upon further review it asserts that all of its Non-Executive Directors are independent as they consistently provide independent input and none of the aforementioned factors compromises their independence in practice. The Company accepts that the above statement is in conflict with its disclosure on page 24 of the Annual Report &amp; Accounts, but the revised decision had been made by the Board in light of the Corporate Governance Review undertaken as part of the Company’s compliance with the QCA Code.</p>
---	--	---

remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

Directors must commit the time necessary to fulfil their roles.

All directors are expected to dedicate as much time as is necessary for the satisfactory discharge of their duties. These include the preparation for the four scheduled Official Board Meetings per year, as well as engaging in the wider business as required for the approval of investment and follow on funding.

Attendance Record 2018

Director	Board of Directors
Brian Marsh	5 out of 5
Alice Foulk	5 out of 5
Daniel Topping	5 out of 5
Jonathan Newman	5 out of 5
Camilla Kenyon	5 out of 5
Campbell Scoones	4 out of 5
Pankaj Lakhani	5 out of 5
Nick Walker	2 out of 5 (Nick Walker was appointed to the Board on 6th September 2017 and attended the two Board meetings he was eligible to attend)

<p><b>6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.</b></p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>The Board has established a Nominations Committee for the purpose of overseeing the process of all Board appointments. Any appointment has been made with reference to objective criteria and based on the merits of the individual. The Nominations Committee keeps in its contemplation the requirement for the Board to have the necessary sector experience as well as the requisite skills set to form a fully rounded Board.</p> <p>The Board undertake an annual evaluation process where any concerns regarding experience or further training are raised.</p>
--	--	---



<p><b>7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</b></p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>The Chairman is responsible for reviewing the performance of the Board and the individual members of the Board. Reviews to date have been internal and at least annual.</p> <p>The Company operates an annual Board Evaluation process. Each Director is provided with a Questionnaire which is comprised of six sections, the headings of each section are Board Performance, Direction &amp; Strategy, Board Leadership, Board Composition, Board Meetings and Individual Performance. Each section is formed of between eight and twenty-one questions, the majority of which require a rating out of 5 to a particular statement concerning the section heading.</p> <p>The Company Secretarial Department collects the responses and provides a report to the Board on the results and makes suggestions as to how the Board can improve this area during the following year. At the Board Meeting which follows the conclusion of the Evaluation process, the Board is given the opportunity to discuss the findings and debate the recommendations.</p> <p>The Company Secretarial Department welcomes suggested improvements to the evaluation process from individual directors and has adapted the current content and format to address the feedback given to date.</p>
---	---	---

<p><b>8. Promote a Corporate Culture that is based on ethical values and behaviours.</b></p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team.</p> <p>Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	<p>The Company is fully committed to upholding a high standard of ethics and corporate social responsibility, and the Board regularly reviews the Company's values and behaviours to ensure that these are respected.</p>
--	--	---

<p><b>9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.</b></p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Corporate Governance Statement on pages 24 – 26 of the Company’s 2018 Annual Report details the Company’s governance structures and why they are appropriate and suitable for the Company.</p>
---	---	---

<p><b>10. Communicate how the Company is Governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</b></p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> <li>• the communication of shareholders' views to the board; and</li> <li>• the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the AGM and one-to-one meetings with large existing or potential new shareholders.</p> <p>A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website.</p> <p>Information on the work of the various Board Committees and other relevant information are included in the Company's Annual Report.</p> <p>The Company's financial reports can be found here: <a href="http://www.bpmarsh.co.uk/publications/">http://www.bpmarsh.co.uk/publications/</a></p> <p>Notices of General Meetings of the Company can be found here: <a href="http://www.bpmarsh.co.uk/aim-rule-26/">http://www.bpmarsh.co.uk/aim-rule-26/</a></p> <p>After each AGM, the Company informs the London Stock Exchange the outcome of the resolutions. Suitable explanations of any actions undertaken as a result of any significant votes against resolutions shall also be disclosed on the Company's website.</p> <p>The Company has undertaken a review of the previous five years of General Meetings and has reported the results on the Website, here: <a href="http://www.bpmarsh.co.uk/aim-rule-26/">http://www.bpmarsh.co.uk/aim-rule-26/</a></p>
--	---	--