

## Overview

As Chairman of the Board of Directors of Equals Group plc ("Equals", "we", "the Company", "the Board", or "the Group" as the context requires), it is my responsibility to ensure that Equals has sound governance and an effective Board. This responsibility includes leading the Board and overseeing the Group's corporate governance. Good and timely information flows between Executives and Non-Executives with interactions that are both supportive and challenging are essential to this.

The goals we pursue are to create value for shareholders and customers, to monitor and improve our environmental and societal impacts and to adhere to good corporate governance.

## Governance Code and Compliance

Equals has adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code") in line with the London Stock Exchange's AIM Rules. This Statement follows the ten-point structure of the QCA Code and describes how we have applied the Code. The Group will provide updates not less than annually.

The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group. The Board recognises that even where the Group may not fully comply with a principle or general provisions of the Code, it uses the Code as a benchmark in assessing its corporate governance standards. Where the Group does not fully comply, it gives reasons for this. Details are given below and in the Corporate Governance Report in the Group's latest Annual Report.

Equals pursues a customer-driven, socially and environmentally responsible culture illustrated through its internal values and policies and its supplier and shareholder engagement. Equals believes that application of the QCA Code supports the Group's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

Key governance-related matters that have arisen over the past 12 months include:

- the appointment of Professor Christopher Bones as a Non-executive Director and Chair of the Remuneration Committee and a member of the Audit and Risk Committees
- the change in Company Secretary to One Advisory Limited

The Group's Investor Relations website ([equalsplc.com](http://equalsplc.com)) contains all documents required by AIM rule 6, notably:

- The Articles and Memorandum of Association
- Admission document
- Financial statements and annual reports
- Governance statements
- Details of directors and advisors.

Alan Hughes

Chairman of Equals Group Plc

December 2021

### **QCA Principle 1**

#### Establish a strategy and business model which promotes long-term value for shareholders

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders and customers through service innovation and business efficiency. Our strategy is to help more and more business and personal customers with better value payments and FX services delivered by personal contact and digital channels, using technological innovation for value and ease of use that forms an enduring platform for such services.

This will enable Equals to increase its share of the FX & payments infrastructure and grow revenues and profits as more customers take advantage of our platforms. Equals has acquired smaller competitors in our sector where we can add custom, use of our platforms and cost synergies in a way that is accretive for shareholders.

We intend to increase shareholder returns through capital appreciation over the medium and long term. There are three elements to the Equals Group strategy:

1. Attract and serve more business and personal customers to grow revenues and profit;
2. Increase the range of payment and FX services and their attractiveness by wider participation in payments networks so enabling the Group to offer lower-cost, better service and greater ease of use to its customers; and
3. Make tactical acquisitions to drive cost synergies and serve more Equals products to those customers.

The Group's ambition is to become a leading technology-led, independent payments provider of choice for SME's and the wealthy individuals.

Challenges to delivering the above are outlined in the Risk Management section below, as well as steps the Board takes to protect the Group and mitigate these risks, thus securing a long-term future for the Group.

### **Principle 2**

#### Seek to understand and meet shareholder needs and expectations

Equals seeks constructive relationships with investors and potential investors so it can understand the views of shareholders and so they know its goals and ambitions. Equals seeks to provide effective communication through Interim and Annual Reports along with Regulatory News Service ("RNS") announcements, all of which can be found on the corporate website, equalsplc.com.

Equals is committed to maintaining a healthy dialogue between the Board and all of its shareholders to enable them to come to informed decisions about the Group. The Chair, CEO and CFO act as a liaison for shareholders throughout the year and especially during the Annual and Interim Results cycles. The CEO and CFO invite investors to attend presentations and meetings, imparting information about the Group whilst listening to shareholder feedback and reporting comments back to the Board as a whole.

The AGM presents shareholders with an additional opportunity to communicate with the Board, to which Equals proactively encourages investors to attend and participate. The AGM is attended by the Board and is open to all the Group's shareholders (subject to record date filings). The COVID-19 pandemic's severe restrictions on public gatherings resulted in the Group regrettably needing to hold the 2021 AGM as a closed meeting.

Equals retains the services of Richard Davies Investor Relations ("RD:IR") to identify, analyse and mobilise the shareholder base and facilitate engagement with voters at the Group's AGMs. The results of voting at AGMs are disclosed on the Group's investor relations website. Over 70% of the shares in issue were voted at both the 2020 and 2021 AGMs.

The Group seeks to understand the motivation behind shareholder voting decisions. The Group receives ISS reports and provides feedback to this end, helping ISS to understand the reasoning behind those decisions. Equals receives an analysis of shareholdings each month from RD:IR, enabling the Group to identify and reach out to new shareholders.

Equals is always open to receiving feedback from stakeholders and will take action where appropriate. The Group's corporate website (equalsplc.com) is formally reviewed each month by the CFO and updated where required. A third-party hosting company, "Investor.com" actions any changes.

### **Principle 3**

#### Take into account wider stakeholder & social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Group is reliant upon the effective engagement with its employees, suppliers, consumers and wider society. The Board has put in place processes and systems to ensure that there is close oversight and contact with its key resources and relationships. Within the remit of the Group's business model, the Group prepares an annual plan and detailed budget.

All employees within the Group are valued members of the team, and the Group seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation.

Equals has in place Group-wide shared values which are in line with the Group's business pillars and brand values. These have been introduced to help guide behaviour throughout the Group and to ensure that key internal stakeholder relationships are maintained. They are informed by the results of Group-wide surveys. Further details relating to the values can be found in Principle 8 below. The Group has a Whistleblowing Policy in place to discourage illegal activity and unethical business conduct and to ensure its employees are protected.

Group companies are in constant contact with key customers and suppliers, ensuring good relationships are maintained. Equals undertakes regular reviews with its suppliers and proactively monitors its customer satisfaction through its Trust Pilot and Net Promoter scores.

By offering businesses and persons better payments and FX services, the Group seeks to facilitate international trade and collaboration, that is of benefit to the wider UK economy, customers concerned and other stakeholders. Equals considers environmental impact in its activities and resources. It supports employees in community work.

The Group considers requests for community or charitable donations carefully and fully disclose any that have been made in the Group's annual report.

We are conscious of our environmental impact. Equals is paperless and our technology platform helps customers to reduce their carbon footprint, be more efficient and do more business across borders with less.

#### **Principle 4**

##### Embed effective risk management, considering opportunities and threats throughout the organisation

Payments services are regulated by the FCA and HMRC, and additional legislation/regulations, including CASS ("Clients Assets Sourcebook") rules; anti-money laundering provisions; anti-corruption provisions and GDPR in the law. Equals monitors and complies with all relevant regulations and laws. Internal control mechanisms for these, to prevent fraud, protect client money and their data, are integrated into all Group companies' operations.

This is overseen by the boards of the operating subsidiaries where the various regulatory permissions are held. The whole is overseen by the Group board through its Audit and Risk Committees which are chaired by an independent non-executive director and comprise only independent non-executives; executive directors attend by invitation.

The Group operates risk management processes in its operating subsidiaries, again overseen by the **Risk Committee** on behalf of the Board. At Group this includes monitoring the boards of the operating subsidiaries.

Equals has a group-wide Executive Risk Committee comprising executives and management who meet regularly and when needed to identify, assess and monitor principal risks and efficacy of their mitigation. The Committee is responsible for reviewing the Risk Registers, evaluating the frequency and severity of identified risks. The Risk Committee reports any changes or new risks to the subsidiary board and the Group Board Risk Committee regularly. Through this process, the Group Board can determine if the risk exposure has changed during the year, and disclosures on this are included in the Group's Annual Report.

The **Audit Committee** of the Board is responsible for assessing and monitoring the Group's financial risks and reviewing the Group's financial controls. The Audit Committee has delegated responsibility to ensure that the Group's management has designed and implemented an effective system of internal financial controls throughout the operating subsidiaries and to review and report on the integrity of the consolidated financial statements of the Group and related financial information. The Audit Committee maintains effective working relationships with the Board, management, and external auditors and monitors the independence and effectiveness of the auditors and the audit.

The Group's most recent risk assessment matrix is set out in the latest Annual Report and categorises key risks, as well as outlining the mitigating actions that are in place. This matrix is updated as changes arise in the risks or the mitigating actions implemented, and the Board reviews risks regularly.

The Group has a very low-risk appetite for operational, compliance or legal risk. To date, the Group has operated a compliance function and external audit, but not an internal audit function given its size. This is under active review in given the increased scale and range of activities undertaken by the Group.

In 2021 the Board Risk Committee appointed third parties to give independent opinions on chosen topics that are regarded as potentially higher risk (for example, cybersecurity and money laundering).

In addition, the Group has a Security Council, chaired by the Chief Executive, which examines and reports on, attempted security breaches and the framework for preventing such issues.

## **Principle 5**

### Maintain the Board as a well-functioning, balanced team led by the Chair

The Board of Equals Group plc comprises; CEO Ian Strafford-Taylor, CFO Richard Cooper, and three independent Non-Executives, Alan Hughes the Chairman, Sian Herbert and Chris Bones. Equals considers all of its Non-Executives to be independent in character and judgement.

Meetings of the Board are open and constructive, with every Director expected to participate fully. Senior management are invited to these meetings from time-to-time to provide the Board with an update on those areas of the Group represented by those executives. The Board aims to meet at least six times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. Directors meet formally and informally both in-person and by telephone. Board and Committee document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board and Committee papers, including agendas, minutes, actions and financials, are combined into one document and circulated in soft copy, where possible, in advance, allowing time for full consideration and necessary clarifications before the meetings.

The Group Board has delegated authority to four committees: Audit, Risk, Remuneration, and Nomination. These Committees are made up of appropriate Directors and chaired by experienced Committee members possessing the necessary skills and knowledge to discharge their duties effectively.

The attendance record of each relevant Director at Board and Committee meetings during the financial year is disclosed in the latest Annual Report. The Non-Executive Directors are each expected to dedicate approximately 30 days per annum and otherwise such time as required.

The Group has procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors and changes to these commitments and interests are reported to and where appropriate agreed with the rest of the Board.

## **Principle 6**

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

The Group believes that the current balance of skills in the Board reflects a broad range of commercial, professional and technical skills, enabling them to provide the necessary guidance, oversight and advice for the Group to operate effectively. The Non-Executive Directors have broad sector knowledge, from accounting and digital, retail and banking payments, whilst the Executive Directors have extensive experience in the finance industry. The range of skills in this group is considered by the board to be appropriate for the Group's situation and business strategy.

Biographical details of the Directors can be found on the investor relations website of the Group (equalsplc.com). Each Director is required to retire should they have been appointed since the previous annual general meeting (article 67.1a) and, thereafter every three years at the Group's AGM. They may offer themselves for re-election.

The Company Secretary for the Group is responsible for ensuring that Board procedures are followed and that the Group complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. The Company Secretary, One Advisory Limited also provides support with MAR1 compliance.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Non-Executive Directors maintain ongoing communications with Executives between formal Board meetings. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their areas of expertise.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. The Nomination Committee will seek to take into account any Board imbalances for future nominations, with an area taken into account being diversity.

## **Principle 7**

### Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman operates an annual review of effectiveness internally each year with periodic external effectiveness reviews planned. Reviews consider:

- the range of duties of the board and its impact, including the effectiveness of directors' contributions; the commitment of directors and their capabilities; their independence of thought and judgement;
- the effective working of the board and sub-committees as a whole; the adequacy of the capabilities present in the Board as a whole; and the effective working of the operating subsidiary boards.

## **Principle 8**

### Promote a corporate culture that is based on ethical values and behaviours

The Group Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact performance. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees and managers behave towards customers and each other. The practice of a collaborative, constructive, challenging but supportive culture is critical for a service business such as Equals.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers such a culture and its long-term goals to shareholders, customers and society.

The Group's activities depend upon a constructive, open and respectful dialogue between managers, employees, customers, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its goals. The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group board is acutely conscious of the importance of this for its success.

Our group-wide values are summarised as:

- Make It Happen;
- Add Heart;
- Succeed Together;
- Be Brave.

The values are in line with the Group's business pillars and brand and are to help guide all behaviours in all Group companies. The Group believes such values are important when it comes to creating a strong and consistent internal culture, as well as being essential to driving Equals' overall success as a business.

The Group has invested in People Operations. Part of that remit is to ensure Equals has a working environment that is welcoming and inclusive. As Equals has grown it has put in place more formal processes, including the bi-weekly 'All Hands' meetings for all staff, together with an open question forum to the Executive team.

When we look at succession, recruitment and promotions we do conduct an EDI review to check that we have not applied any bias outside of a focus on rewarding performance.

Equals has adopted a Share Dealing Code for Directors and applicable employees of the Group to ensure compliance by such persons with the provisions of the AIM Rules and Market Abuse Regulation relating to dealings in the Company's securities (including dealing during close periods in accordance with Rule 21 of the AIM Rules). The Group's Whistleblowing and Anti-Bribery procedures and policies are monitored for effectiveness.

## **Principle 9**

### Maintain governance structures & processes that are fit for purpose and support good decision-making by the Board

The Board is committed to high standards of corporate governance and has chosen to adopt the QCA Code. The Board is responsible for the overall management of the Group including the formulation, approval and implementation of the Group's long-term objectives and strategy, the approval of budgets, the oversight of the Group's operations, the maintenance of sound internal control and risk management systems and regulatory compliance. The Board reviews the Group's corporate governance arrangements regularly and expects these to evolve, in line with the Group's growth. The Group will enhance its governance and reporting structures including the use of focused risk-based metrics. Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Group and its Board are acting in the best interests of shareholders, customers and wider society in a sustainable way. The leadership of the Board is undertaken in a manner which ensures that the Board retains integrity, effectiveness and, includes creating the right Board dynamic to ensure that important matters, in particular strategic decisions, receive adequate time and attention. The Chairman is also the main point of contact for shareholder and key stakeholder liaison, although the Executives meet shareholders regularly throughout the year.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategies and policies and the day-to-day management of the business. The CEO is responsible for developing corporate and ESG strategy.

The Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. Whilst the Board may delegate specific responsibilities, there is a schedule of matters specifically reserved for decision by the Board, including:

- material business contracts
- major corporate transactions and investments
- group strategy
- approval of budgets
- approval of Interim and Annual Reports

As already mentioned, the Board delegates authority to four Board Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet separately to Board meetings.

### **Audit Committee of the Board**

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues. It oversees the relationship with the external auditor (including advising on their



appointment, agreeing to the scope of the audit and reviewing the audit findings and setting fees. The Audit Committee meets regularly with the Group's external auditor. The Audit Committee meets at least 3 times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit comprises only Independent non-executive directors: Sian Herbert (Chair); and Chris Bones.

#### **Risk Committee of the Board**

The Risk committee monitors the effectiveness of the Group's internal control and risk management systems as well as its compliance responsibilities. The Risk Committee meets at least four times per year and as required.

The Risk Committee comprises only Independent non-executive directors: Sian Herbert (Chair); Alan Hughes; and Chris Bones.

#### **Remuneration Committee**

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the Chairman, the Executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. Each committee member brings professional and practical knowledge and experience which is relevant to the Group's business.

The remuneration of Non-Executive Directors is a matter for the Board. No Director is involved in any decision as to his or her remuneration.

The Remuneration Committee comprises only Independent non-executive directors: Chris Bones (Chair); Alan Hughes; and Sian Herbert. The Remuneration Committee meets at least twice a year and otherwise as required.

#### **Nomination Committee**

The Nomination Committee monitors the size and composition of the Board of Directors and the other Committees and is responsible for identifying suitable candidates to join the Board. Succession planning is a key responsibility of the Nomination Committee.

The Nomination Committee comprises of the three independent directors, Alan Hughes (Chair), Sian Herbert and Chris Bones, and the CEO Ian Stafford-Taylor. The Nomination Committee meets as and when required. The Chair and the Board continue to monitor and evolve Equals 'corporate governance structures and processes and maintain that these will evolve in line with the Group's growth and development.

#### **Principle 10**

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Group intends to have ongoing relationships with both its private and institutional

shareholders (through meetings and presentations) and for them to have the opportunity to discuss issues and provide feedback at meetings with the Group.

All shareholders are encouraged to attend the Company's Annual General Meeting.

The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. The votes for and against each resolution are released via RNS following each General Meeting.

At the 2021 AGM, there was a minority of votes against certain items triggered by the short qualifying period of the 2020 executive LTIP awards. The board has responded to this in 2021. The Group's LTIP scheme was duly replaced in consultation with major shareholders and is now compliant with best practice in terms of qualifying and holding periods and performance measures & thresholds.

The latest Corporate Documents (including Annual Reports) can be found on the Company's website. This website is formally reviewed each month, and kept update as required.

The Company issues notices to AIM via both RNS and RNS Reach. The Company's website has an investor alert link ([equalsplc.com/content/investors/alert](https://equalsplc.com/content/investors/alert)), which allows signed-up participants to receive all news from the RNS feed.

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