

Share plc

Compliance with the QCA Corporate Governance Code

Introduction:

Share plc is the holding company for a number of subsidiaries engaged in retail stockbroking-related activities in the U.K. Share plc's principal operating business, The Share Centre, began operations in April 1991 to provide self-select share services for personal investors and is the main revenue-producing entity of the Group. The Share Centre is now one of the UK's leading independent retail stockbrokers with industry-leading, award-winning customer service levels. These achievements flow from our core values that we seek to embed in all our activities, internally with each other and externally with our shareholders, customers, suppliers, regulators and others: clarity, long-term stability, enterprise, empowerment, responsibility and respect for others.

The Share plc Board is ultimately responsible for ensuring that the Group is run along sound, sustainable lines for the benefit of our shareholders and other stakeholders with a culture built around our established values. Following good corporate governance practice is an important principle to help us establish our goals, minimise risk, maximise returns and do so in an ethical and socially responsible way with the right degree of transparency. To this end, the Board decided to adopt compliance with the QCA Corporate Governance Code ('the Code') in Summer 2018. This statement provides some detail about the way in which we seek to comply with the ten principles of the Code. Further information is provided (in line with Code recommendations) on our website and in our Annual Reports.

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

The Group's principal business is The Share Centre, predominantly trading through its website (www.share.com). The Share Centre provides services to personal investors (both its own customers and those of corporate partners) on a self-select basis - i.e. personal investors make their own investment decisions. Our overall purpose is to enable more people to enjoy straightforward investing. This drives a passion to serve the personal investor regardless of their wealth or experience and supports a vision to become the consumer's first choice for investment knowledge support, dealing efficiency and fixed fees.

Underpinning what we offer is a commitment to deliver consistently high quality services to our customers. We believe that our model is scalable and we want to continue to build the business to the benefit of all stakeholders. We summarise the three pillars of our strategy as follows:

- **Putting customers first** – our customer service levels and flat fee pricing structure are key features in differentiating our proposition from our peers;
- **Focusing on our core business** – we will keep building brand awareness and earning customers' loyalty to support further growth. We remain dedicated to building our 'own brand' customer base and assisting our customers to navigate their way through investment decisions in a simple straightforward way to arrive at products and services that most meet their need.

- **Strategic partnerships or acquisitions** – we continue to base our strategy on growth and we will look for new partners' brands to help us reach new customers while reviewing the market for acquisition opportunities.

We measure the success of the delivery of our strategy through metrics related to customer service, growth of market share, financial performance and regulatory compliance. We will continue to share our progress against these metrics with our stakeholders. We will also continue to review and refine our strategic targets (at Board meetings through the year including dedicated strategy meetings) to ensure that they remain relevant and appropriate against changing internal and external factors.

2. Seek to understand and meet shareholder needs and expectations

The Board recognises the importance of two way communications with shareholders and uses various mechanisms to ensure that a two way dialogue is maintained. In line with its goals of supporting the rights and interests of individual, personal shareholders, Share plc's Board actively promotes retail ownership of its own shares alongside institutional holders.

The Board uses the Annual General Meeting to communicate with all our shareholders and welcomes the participation of all shareholders in this event at which diverse aspects of our business are regularly discussed in detail. All directors are available at Annual General Meetings to answer shareholder questions and discuss the performance of the business. In addition, the CEO and CFO undertake 'roadshow' events at least twice annually to inform investors both directly and via journalists writing for industry media about the Company's financial performance and progress. The CEO and CFO also attend meetings with members of the Oldham Family concert party (representing approximately 68% of the Company's shares) to share information and exchange views about the Group's progress on a biannual basis.

Regular press announcements are also provided to keep shareholders and prospective investors informed and these are also posted on the Group's website as well as being released through the London Stock Exchange Regulatory News Service.

The Company also hosts events each year for the benefit of customers that are attended by many of our shareholder/customers through which these individuals obtain a better understanding of our product offerings and gain access not just to our directors but also to members of our wider management team.

The Board, in turn, is kept apprised of feedback from both institutional and personal shareholders after the meetings listed above. Any significant investment reports and opinion pieces published by analysts are also circulated to the Board by the Company Secretary.

Shareholders can contact our investor relations team at agm@share.co.uk.

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

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Given the significance of the services that the Company supplies to its retail customer base, the Board is acutely aware of the critical importance that its employees, contractors and suppliers play in meeting the high expectations of those customers. Accordingly, in addition to engagement with our shareholders, the Board has adopted a number of channels through which it can engage with all of the other stakeholders in the Company to understand their different perspectives in order to allow the Board to make more informed business decisions. We have also implemented various practices and arrangements to enhance the welfare of, and benefits available to our principal stakeholder groups. Details of our communication channels and wider stakeholder initiatives that we have adopted in 2017/18 are set out below.

Employees:

During 2017/18 we have:

- Overhauled our annual staff survey with the involvement of a new independent partner to seek improved quality of feedback from all of our employees about their working lives at The Share Centre;
- Held quarterly staff briefings for all staff to allow the directors to share details of the company's progress against strategic objectives with our people and receive feedback directly from them;
- Held regular "colleague lunches" to allow staff a more informal channel to interact and share thoughts and ideas with the senior management team;
- Received the *Investors In People* silver accreditation to recognise the way in which we engage with our staff;
- Increased the amount of professional training that we provide to develop our employees' knowledge and skills and implemented an improved online training tool to deliver that training; and
- Implemented various new benefit initiatives including subscription to the *Perkbox* services providing staff discounts at a wide range of retail outlets as well as introducing 'Fruit Tuesdays' involving supply of fresh fruit for all staff to enjoy every Tuesday.

Customers:

During 2017/18 we have:

- Held an increased number of events for customers, often in conjunction with our partners in the investment industry, both to educate our customers about their investments, investment opportunities and our wider business as well as to allow customers to provide feedback and ideas to our senior management team;
- Continued with the fundamental transformation of our website to provide a better experience for our customers as well as improvements to our App to allow customers to fund and deal on their account;
- Implemented *Stella Connect*, a system to capture real-time feedback from customers about their experience of contacting The Share Centre and provide greater insight into the quality of our customer service performance, thereby driving better service to our customers;
- Received six separate industry awards recognising the quality of our customer services including the prestigious "Best Stockbroker" award from Investment trends UK;

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- Further embraced the concept of Treating Customers Fairly through improvements in our staff training and taking a proactive approach to customer contact to resolve problems that customers may have at the earliest opportunity.

Suppliers:

During 2017/18 we have:

- Overhauled our standard due diligence checking processes to ensure that we achieve a better understanding of our suppliers and their businesses practices at the inception of our relationships;
- Implemented a modern slavery policy and adopted a process of enquiry about our suppliers' and contractors' approach to the issue of modern slavery;
- Undertaken rigorous monitoring of our key outsource suppliers in accordance with our responsibilities under the FCA's Client Assets Sourcebook (CASS) rules;

CSR, The Environment and Wider Charitable Initiatives:

During 2017/18 we have:

- Reaffirmed the Group's corporate and social responsibility policy which recognises the important role that the Group has to play in the local community;
- Continued to support the activities of The Share Foundation, a registered charity established by our Chairman, Gavin Oldham, which administers the Junior ISA scheme and the Child Trust Fund scheme for young people in care throughout the UK, in respect of which Gavin was awarded the O.B.E. in the 2018 New Year's Honours;
- Run the investment competition Shares4Schools, an initiative to help educate year 12 children in UK schools about investment and financial affairs;
- Through the initiative of our employees, supported many charitable causes, in particular our chosen charity of the year, Thames Valley Air Ambulance for whom our staff raised £9,000 in 2017;
- Sought to reduce our energy and resource usage by increasing our staff awareness about environmental impacts of our paper consumption and our electricity usage.

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

The Board recognises that the principal risks and opportunities facing the Group change over time as new threats and prospects emerge and others cease to be relevant.

The ongoing identification, understanding and mitigation of risks forms part of the Group's Internal Capital Adequacy Assessment Process (ICAAP) that we are required to carry out in accordance with FCA regulation and the Board has made this a core part of the decision making process within the Group. Our ICAAP is a living document that we review and update regularly and, in turn, share with various stakeholders including employees and our auditors. This process serves not only to educate our people about risks within the business, but also to allow feedback on those risks which can in turn be captured within the ICAAP and addressed by the business.

The Group's operational risk monitoring system consists of a combination of 'bottom up' monitoring work, evaluation of departmental controls and review by the Compliance Team. This is combined with a 'top down' approach undertaken by the Governance & Risk Committee (a new sub-committee of the Audit Committee that took over responsibility for reviewing risk during 2018). This sub-committee uses our risk register as a template for regularly capturing, examining and measuring each identified element of risk. The Governance & Risk Committee regularly reports to the Audit and Risk Committee and ultimately to the Board, ensuring that the Board regularly reviews and challenges the Group's risk profile.

The new Governance & Risk Committee was set up in 2018 with a view to bringing broader management participation and debate into the 'top down' risk review process that had previously been the remit of a more narrowly-focused risk sub-committee.

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

The Share plc board consists of the chairman, two executive directors and three non-executive directors whose biographies are available on the Company's website. Our board directors have a broad range of experience and calibre to bring independent judgment on issues of strategy and performance which helps the board to carry out its supervisory and stewardship functions effectively and to discharge its responsibilities to shareholders for the proper management of the Group. The three non-executive directors at Share plc also sit on the board of The Share Centre Limited, the Group's principal operating company, which allows them a more detailed insight into the operations of the core business, its risks and opportunities, the people involved, our systems and processes as well as progress in meeting our strategic targets.

The Board considers Gareth Thomas and Francesca Ecsery to be independent non-executive directors. Notwithstanding the fact that he has served as a non-executive director for over [15] years and therefore does not meet current independence criteria on longevity, the Board continues to value highly the perceptive contributions and challenging yet supportive demeanour of Richard Tolkien as our third non-executive director. During 2017 our Board members attended all meetings of the Share plc Board and its committees (5 board meetings, 3 Audit & Risk Committee, 2 Remuneration Committee, 2 Nomination Committee meetings, 2 Investment Committee meetings). Our non-executive directors are contracted to give [2] days of their time per month to the Company.

Board membership has not altered over the past year although there have been a number of executive changes to the board of the Group's principal operating company, The Share Centre Limited, with the departure of Darren Cornish as Director of Customer Experience, the appointment of Richard Stollery as his successor and the appointment of an internal candidate, Linda Roberts, to the new role of Director of Partnerships and Change. This new role on our executive board reflects the importance of third party partnerships and strategic acquisitions to the Company's growth strategy.

During the course of the last year, as part of establishing the Nominations Committee as a stand-alone entity, the Board also clarified its approach to new Board appointments with the adoption of a policy on succession planning and appointment of non-executive directors as well as refreshing the terms of reference of the Nominations Committee. These documents provide a framework for the

approach to new appointments that reflects current best practice including the benefits of seeking diversity in the Company's leadership team.

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

We are confident that the mix of experience, skills and capabilities of our Board directors is both effective and appropriate in meeting the Company's current needs. Our current non-executive directors bring expertise of particular relevance to support our current growth strategy in consumer-focused businesses, online retail, marketing and service delivery, finance, corporate finance, customer service and the regulated investment banking sector. These skills complement the experience of the executive management team and combine well with the lifelong experience of the Chairman and founder in the retail stockbroking sector.

Each of our executive directors is required to undergo regular training to ensure that they stay up to date with applicable regulation and legislation affecting our sector, much of which is run in-house via a new online training system implemented during the course of this year. Our directors are also regularly invited to (and do) attend industry forums to ensure they are aware of challenges and opportunities affecting the sector – we are members of industry bodies such as PIMFA which not only lobby on behalf of members but also run courses and seminars to educate directors and staff. Our Chairman also chairs the PIMFA Retail Markets Committee. All of our non-executives have also spent time in our offices during the past year engaging with our employees outside of regular board or committee meetings to keep abreast of company progress.

Our external advisers (including our auditors Ernst & Young LLP and our solicitors, Dechert LLP) and our internal specialists (including our Head of Compliance and our Company Secretary) have provided advice and relevant information to our board and its committees on a range of issues during the last year. The advice has covered specific regulatory requirements such as compliance with new ICAAP rules and MIFID II rules. The Company Secretary also provides a regular update to Board members to cover changes in corporate governance requirements as well as keeping the Board aware of opinions about Share as expressed by analysts and commentators.

It is also worth noting that, as an FCA-regulated firm, our executive directors are required to meet continuous professional development training requirements every year. We will also be adopting the Senior Managers Certification Regime over the coming year. This will result in greater accountability of directors and other senior executives for their actions.

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

We are committed to the regular evaluation of our performance as a board, both collectively and individually. We do this in line with current best practice principles, by employing an independent assessor to assist with our evaluation at least once every three years. In 2017 we undertook an extensive review of our effectiveness with the help of an external, independent facilitator. The recommendations from this review included adopting certain formalities to allow the Chairman more effectively to express his views as a shareholder within the boardroom. It was also proposed

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that the Board should improve its succession planning arrangements for non-executive directors and 'up-weight' its company secretarial support.

Each of these recommendations has been acted upon over the last year. There is now a formal process whereby the Chairman can hand his chair responsibilities for an agenda item to one of the independent non-executive directors during a meeting should he wish to express his views to the board in his capacity as the major shareholder. In addition, the Board has adopted a policy on non-executive succession planning (as described above) and has taken on the services of a Company Secretary who was previous secretarial experience within two FTSE100 companies. In 2018, the Board is undertaking an internally-managed evaluation process led by the Company Secretary.

Details of our board succession planning policy can be found on the Company's website (www.share.com).

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

Share plc is committed to the highest standards of corporate behaviour from its directors and employees and the Board expects all employees to perform their duties with efficiency and diligence, treating others with care and courtesy. We have an explicit set of values to which staff are introduced during their induction and which comprise Enterprise, Respect, Empowerment & Responsibility, Long-term Stability and Clarity.

The Group has a strict conflict of interest policy and rules on the acceptance of any gifts which requires any material gifts to be recorded on a central register maintained by our Compliance team. All personal share dealing by staff is also monitored to ensure conflicts are avoided and regulatory duties met.

We are a people-business. Our staff are our most important asset and the Board therefore spends a significant proportion of its time focused on staff both at an individual level and also generally with a view to ensuring that the right cultural and ethical environment is in place to support our employees in their working life. We value feedback directly from our employees to help understand their views and monitor their wellbeing. Our annual (anonymised) staff survey is a valuable tool in helping us to achieve this.

Setting appropriate reward structures is a part of achieving the right cultural environment too and the Group pays bonuses and profit share to directors and staff. In 2017 these payments represented 7% of base salaries. It is Board policy that no member of staff is rewarded on the basis of sales or commissions in respect of transactions undertaken by individual customers.

It is also Board policy to invest significantly in the development of all our staff with a belief that they should share in the success of the business. We aim to provide a safe and supportive environment in which to work and all staff receive appropriate training and workstation assessments to ensure health and safety issues are addressed and personal risks mitigated. We operate a company-wide share incentive plan which provides the maximum permitted matching ratio to partnership shares acquired by employees.

Employees are kept informed of the Group's progress, including key performance indicators to which employees' performance contributes, primarily through quarterly presentations alongside information issued internally via emails and our intranet. As a relatively small company based entirely in one office, it is an important part of the board's monitoring process that we meet regularly with employees formally and informally via staff briefings and also regular 'colleague lunches'. The non-executive directors also know many of our senior staff through their roles on the Board of our major operating subsidiary, The Share Centre Limited and our regular strategy days attended by all heads of department.

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

The Board typically meets five or six times annually in addition to which our executive and non-executive directors all meet a further five or six times annually on the Board of The Share Centre Limited. The Audit and Risk Committee holds three scheduled meetings per annum and the Remuneration, Nominations and Investment Committees have two scheduled meetings each year. We aim to schedule these meetings to align with key dates in the Company's financial and operational calendar in order that directors can be apprised of the most recent financial and operational data on which to base their thinking and decision-making.

The Board as a whole is responsible for the supervision of the executive team and its running of the business. It is also responsible for stewardship of the Company's strategic direction. We have a clear division of responsibility between the Chairman of the Board who is responsible for managing the Board's agenda and ensuring that the Board is operating cohesively in the interests of the Company as well as contributing to the Group's strategy and the Chief Executive Officer who is responsible for proposing the strategic direction of the company to the Board and for implementing the ongoing execution of that strategy through effective management of the executive team. The Board has a documented list of issues that are reserved for its own oversight and approval. In addition, the terms of reference of all of our committees (including the new terms of reference for our Nominations Committee) are available for viewing on our website.

During 2017 we adopted an online portal system on which to record and allow board members secure access to board papers, meeting agendas and other key company documents at any time and any place via their portable devices. This system has helped to ensure board members have easier access to resources necessary to fulfil their roles.

In early 2018, at the behest of the CEO, the executive team reworked its decision-making structure by adopting four new committee forums (Governance & Risk, People, Customers and Operations). The purpose of this new structure was to align the executive team's oversight of the business more closely with both the board's operations and also to drive talent development and allow input to key decision-making by a broader range of managers. It is a good example of positive change coming about through outside challenge to the business in that it was partly prompted by the findings of our assessment by the Investors in People organisation (for which we received a silver accreditation).

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

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The Board views the annual report and accounts as well as our half year report as key communication channels through which progress in meeting our objectives and updating our strategic targets can be given to shareholders. In addition, the Board uses the Annual General Meeting as a primary mechanism to engage with our shareholders and to both give information and receive feedback about the Company and its progress. Indeed, there was a rich seam of discussion and debate during our 2018 AGM covering matters both specific to the Company and of a more general political and socio-economic nature that might have a more indirect bearing on the Company, its shareholders and our wider stakeholder base.

Our CEO and CFO undertake meetings with key shareholders, analysts and financial sector journalists following publication of both our full and half year results in order to answer questions and ensure that the key messages within our reports are properly understood and effectively communicated onwards. We typically share all of our key communications with shareholders in draft form before publication with our Nomad (Cenkos Securities) and also, as appropriate, with our advisers to ensure that they are accurate and effective.

We publish the outcome of all our General Meeting votes. At this year's AGM there were no meaningful votes against any of the resolutions (or abstentions). This was still the case even after accounting for the Oldham Family's majority holding in Share plc.

Gavin Oldham
Chairman