

Corporate Governance Report & Statement of Compliance 2020



Strong governance provides an essential foundation for Numis to achieve its ambitions for sustainable growth and shareholder value.

Compliance with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 (the “QCA Code”)

The Board of Directors continues to adhere to and measures itself against the principles of the QCA Code in terms of the rules and spirit of good corporate governance. The standards of good governance and standards of good practice in relation to Board leadership and effectiveness, corporate culture based on ethical values and behaviours, remuneration, accountability and its relations and communication with shareholders/stakeholders is at the forefront of Numis’ philosophy. The Board supports the QCA Code’s corporate governance principles and believes they provide a mechanism that is sufficiently robust to add real value for Numis as well as flexibility to reflect the different governance needs and abilities of a quoted business like Numis.

The Board believes that it complied in full with all of the principles of the QCA Code. A copy of the QCA Code is available from www.theqca.com.

Introduction from the Chairman

I am pleased to present the Board’s Governance Report for the year ended 30 September 2020.

The Board’s primary objective remains to drive our strategy, ensuring that we can deliver the sustainable growth and success of our business. To achieve this Numis seeks to deliver growth in the medium to long term to enhance shareholder value and this we believe is achieved through having an effective governance framework and an efficient and dynamic management organisation. It is therefore essential for the Board to be highly engaged, able to support and challenge senior management and be committed to making the hard decisions required to achieve results that are aligned to the risk profile of the business and our values of best practice in governance, financial controls, risk and change management.

A strong governance framework provides an essential foundation for Numis to achieve its ambitions for sustainable growth and shareholder value. Promoting confidence and trust with shareholders, stakeholders and staff is key to delivering on our responsibility to create sustainable growth and shareholder value, whilst also reducing or mitigating risk. Our guiding values of partnership, creativity, dynamism and excellence in performance are fundamental to Numis’ corporate governance policy. The corporate governance framework which Numis operates is proportional to the size, risks, complexity and operations of the business and reflects the Group’s core values. To achieve the Group’s goals the Board remains committed to continue to develop best practices throughout the business. Our senior managers and Directors, lead by example, and set standards for behaviours and conduct expected of all staff in their actions within the business and in dealings with clients and stakeholders of partnership, excellence, dynamism and creativity. Corporate governance framework see [here](#), page 52 of the Annual Report.

The Board met on a number of occasions informally by phone and online since the COVID-19 pandemic ensuring the business was well placed to respond. The Board collaborated with senior managers and Directors to review in-depth scenario planning, resulting in the decision to move the whole firm to remote working early on, ahead of the national lockdown. It was an outstanding team effort for everyone to switch to working from home (WFH), seamlessly. This action provides a valuable snapshot of governance in action. A detailed overview of this governance, the teams involved and the individual decisions comprising our overall response to the COVID-19 pandemic can be found in the Risk Report [pages 38 to 40](#) the Annual Report.

The Governance section that follows outlines the methodology of our corporate governance framework, providing an insight to the workings of the Board and its Committees.

Governance Structure & Strategy

QCA 10 Principles of Corporate Governance

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication that helps to promote confidence and trust effective risk management, considering both opportunities and threats, throughout the organisation

Strategy	Reference
Deliver growth	
1. Establish a strategy and business model which promote long-term value for shareholders	 Read more on pages 62 to 65
2. Seek to understand and meet shareholder needs and expectations	 Read more on pages 22 to 25
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	 Read more on pages 62 to 65
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	 Read more on pages 38 to 41
Maintain a dynamic management framework	
5. Maintain the Board as a well-functioning, balanced team led by the Chairman	 Read more on pages 62 to 65
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	 Read more on pages 62 to 65
7. Evaluate Board performance based on clear and relevant objectives; seek continuous improvement	 Read more on pages 60 to 65
8. Promote a corporate culture that is based on ethical values and behaviours	 Read more on pages 54 to 61
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	 Read more on pages 62 to 69
Build trust	
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	 Read more on pages 20 and 21

Strategy

Our clients and shareholders are at the heart of the business to build long-term trusted relationships founded on integrity, trust and mutual ambitions. We execute our strategy through an integrated business model, where we harness the combined expertise of the firm to the benefit of our clients. Our first-class staff, who embody Numis' values, culture and conduct, are focused on growing and developing the business. Through our operating model, we are open to diversification into new business lines that complement and/or are closely aligned to our core business, while remaining cognisant that robust risk management is embedded into our culture and conduct. Investment in high-quality people is critical to sustaining success and achieving our medium- and long-term ambitions. Through selective recruitment and internal development initiatives, we will continue to seek to advance the quality of service we provide to all our clients.

Our strategy is embedded in a focus to concentrate on markets where we have a competitive advantage and the opportunity to make a tangible difference. By placing our clients' interests first and delivering exceptional client service in the provision of high-quality research combined with powerful international distribution, expert advisory and broking services delivered by highly talented and skilled professionals, we seek to deliver a strategy that benefits clients, shareholders and staff. Maintaining a rigorous and disciplined approach to our operational effectiveness and management of risk, through robust processes, systems and controls which are embedded in our culture and working practices, is key to achieving success in delivering shareholder value. We encourage an entrepreneurial, creative and dynamic commercial culture focused on generating value and the Board ensures that all relevant risk exposures are managed and mitigated.

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Leadership

Strong leadership is key to Numis' success. Our talented Executive Board has the ability to collaborate, delegate, inspire and communicate effectively combined with a passion for the business to be innovative and entrepreneurial.

Our values and culture

Since joining the Board in 2017 as Chairman I have had the pleasure of meeting with as many colleagues as possible, both managers and employees, across a number of sectors where we operate. I have been impressed with the hard work and commitment of our people in making us a trusted and respected partner in providing bespoke investment banking services. Given this role, the Company's core values of partnership, creativity, dynamism and excellence in performance remain integral as we seek to safeguard the business now and into the future.

The Board remains committed to promoting a culture with these core values at the heart, recognising that the Company will only continue to create value for its key stakeholders and benefit society if it can hold up to the most intense scrutiny. To remain relevant, successful and sustainable, the Company must demonstrate the highest possible standards; the conduct and behaviour of our people is as important as the products and services that we provide.

The Board is dedicated to leading and promoting a corporate culture where staff and clients are proud. The Board recognises that the Group's employees are its greatest asset and, ultimately, are the key factor in determining the long-term success of the business. A healthy corporate culture both protects and generates value. The Board actively promotes a corporate culture that embodies trust, honesty and integrity and is cognisant of its responsibility to ensure this culture is embedded in the fabric of the business through the behaviours of staff and relations with stakeholders.

 For engaging with our key stakeholders please see [page 22](#) of the Annual Report – here.

 For operating responsibly please see [page 26](#) of the Annual Report – here.

Employee Engagement

The Board appointed Catherine James, Non-Executive Director, as the champion for employee engagement and her appointment to this important role continues to provide the Board with valuable insight and understanding of our employee sentiment and engagement levels, especially at this time. Feedback to the Board discussed included emerging key themes including increased Town Hall meetings to improve communications, succession planning and leadership development, training opportunities, technology developments and the work environment, plus actions for programmes on personal development, office infrastructure and the future strategy of the business.

The imposed remote working in March this year has changed the way our staff work and interact with each other and our clients. Zoom meetings have now become part of our daily lives. Regular

Zoom Town Hall meetings, led by the Co-CEOs, allow staff to interact in a virtual space and feedback directly to senior management on the evolving response to COVID-19, plus update employees on the progress of the business, answer their questions directly and hear their feedback on a range of topics.

Working From Home Survey – completed by all staff regarding their working experiences and acting on outcomes on how to better facilitate and improve the working environment. We have also introduced a number of measures to try and ensure the physical and mental wellbeing of our staff by considering working conditions, provided equipment to allow staff to work effectively, comfortably and safely from their chosen environments and number of wellness initiatives for them and their families.

We also introduced regular online Town Hall style meetings to:

- Whilst some roles within the business were impacted by remote working and were no longer utilised, we took the decision to maintain our entire workforce, to redeploy staff underutilised during remote working temporarily into new roles. We also did not access the furlough scheme and ensured all our staff were paid in full throughout the pandemic
- New Office Survey – a Staff Committee was established to engage the views of a cross section of staff so that they had a say and influence on the design and layout of the new working environment. The results of the survey are key in shaping Numis' new working environment and we anticipate moving into our new offices during the second half of 2021

These engagement forums have provided the Board with insightful employees' views and feedback. These engagement mechanisms are discussed in Board meetings and form a part of the Board's decision-making. The Board will continue to monitor the effectiveness of informal and structured programmes of employee engagement during the coming year to review our progress, improve oversight and ensure employees' views are integrated into the work of the Board and the strategy of the business while supporting our employees' wellbeing.

Board meetings

Board meetings are an important mechanism through which the Directors discharge their duties, particularly under s.172 of the Companies Act 2006. The Board is responsible to the shareholders for the management of the Company and meets formally seven times a year and on an ad-hoc basis as required. The formal meetings are scheduled in advance at the start of the financial year and a formal agenda of matters for discussion is circulated in advance of each meeting. This agenda includes reviewing financial performance, assessing and reviewing the Group's strategy in the context of a broader market outlook, future forecasting, an update on investor relations and an update on any regulatory or compliance matters. All key operational and investment decisions are subject to Board approval. The Board provides overall strategic direction to the executive management by monitoring the operating and financial results against budgets and targets; reviewing the performance of management; assessing the adequacy of risk management systems; and monitoring their application.

Composition of the Board

The Board comprises four independent Non-Executive Directors: Alan Carruthers (Non-Executive Chairman), Catherine James, Robert Sutton and Luke Savage. The Non-Executive Directors provide a minimum time commitment of between 18–22 days per annum to the business and have during this period of volatility made themselves available at short notice to discuss a range of topics and I thank them for their commitment and enthusiasm. They as independent Non-Executive Directors assess, challenge and monitor the Executive Directors' delivery of strategy within the risk and governance structure as agreed by the Board, plus review the integrity of the Company's financial information, recommend appropriate succession plans, monitor Board diversity and set the Directors' remuneration.

The Executive Directors of the Board (each a full-time employee) comprise Alex Ham and Ross Mitchinson, the Co-CEOs (sharing the role of Chief Executive Officer), and Andrew Holloway, the Chief Financial Officer (CFO), who oversee strategy and Group financial performance. The Executive and Non-Executive Directors are collectively responsible for promoting the long-term success of the Group and setting and executing Numis' business strategy. The respective roles of Executive and Non-Executive Directors are strictly delineated.

The Company embraces diversity and is dedicated to encouraging inclusion. The Board membership comprises of individuals who have a wide range of diverse experience and skills and each bring a unique perspective to debate at Board level.

The Co-CEOs and Executive Directors have responsibility for the business operations of the Group and are responsible for implementing the strategy of the Board, execution of that strategy and managing the day-to-day business activities of the Company. The Non-Executive Directors are responsible for bringing independent judgement to Board decisions and add perspectives beyond the day-to-day operations. This includes making recommendations to the Board in respect of the execution of the strategy.

The role of the Chairman is to lead and oversee the Board, ensuring that the Board's decision-making is balanced, effective and is composed of the right mix of skills and experience. The Chairman is also responsible for promoting a culture of constructive challenge, openness and scrutiny, whilst ensuring adherence to good Board governance and performance is maintained.

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved through its own decision-making and by delegating responsibilities to the Board Committees and authority to manage the business to the Co-CEOs. The Board has collective responsibility for the execution of the strategy and day-to-day management of the Company's business is delegated, with the Board retaining responsibility for overseeing, guiding and holding management to account.

The Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively. All Directors receive regular updates and training on legal, regulatory and governance issues. External advisers and legal counsel present to the Board regularly on thematic topics, providing training that is relevant to the business and to keep them abreast with developments of governance and AIM regulations.

All Directors have access to the Company's NOMAD, Company Secretary, lawyers and auditors (internal and external) and are able to obtain independent advice from other external professionals as and when required. Internal and external training and development programmes have been designed and tailored to the specific requirements of the Directors to enhance their existing skills and are periodically revised to ensure training remains current and relevant. In addition, there are regular "deep dives" from across the business at Board and Committee level to ensure the Directors' understanding of the operational aspects and challenges faced by the business remains current.

Biographical details, skills and experience of each Director can be found on [pages 50 and 51](#) of the Annual Report.

Role of the Board

The Board is responsible for establishing the Company's values, strategy, promoting its culture, overseeing its conduct and for promoting the success of the Company for the benefit of its members and stakeholders. The Board is cognisant that it has a wider duty to a broad community of stakeholders whose support is essential and that the business has an impact on colleagues, customers, shareholders, suppliers and the communities in which it operates. [Pages 22 to 25](#) of the Strategic Report highlight how the Board and has sought to effectively consider and engage with our shareholders and stakeholders.

All Directors of the Board are required to attend each of the scheduled Board and Committee meetings and to devote sufficient time to the Company's affairs to fulfil their responsibilities and duties as statutory directors. All Directors are properly briefed to enable them to discharge their duties, via regular update calls, the provision of detailed management accounts, Board papers and Board packs which are distributed several days in advance of formal scheduled meetings. There were seven formal scheduled director meetings of the Board convened in 2020. Each meeting had a planned agenda of business for consideration/discussion.

Non-Executive Directors also attend, by invitation and on a rotational basis, the Board meetings of the main trading entity, Numis Securities Limited. There were eight formal director meetings of the trading entity, Numis Securities Limited, during the financial year and all of those meetings had a Non-Executive Director in attendance. By attending these meetings, Non-Executives gain valuable insights into the workings of the subsidiary Board and an understanding of the day-day business and operational challenges faced by the Executives.

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There are certain matters which are reserved for the Board as a whole to consider. A copy of the Matters Reserved for the Board is available [here](#) and on the Company's website www.numis.com. The Terms of Reference are reviewed and updated on a periodic basis.

Matters routinely discussed at the PLC Board meetings include:

- The Group's strategy and associated risks
- COVID-19 impacts and mitigation actions
- Acquisitions, disposals and other material transactions
- Financial performance of the business and approval of annual budgets, the half year results, Annual Report and Accounts, dividends and regulatory reporting
- Business updates
- Brexit and its impact (financial and non-financial)
- Office Move and property strategy
- Appointments to the NSL Board
- Risk management strategy and risk appetite/profile
- Remuneration policy
- Evaluation of its performance and that of its Committees
- Communication with shareholders
- Actual or potential conflicts of interest relating to any Director
- Changes relating to the Group's capital structure
- Annual General Meeting

Board meetings and process

The Board held 7 scheduled meetings during the year, and individual attendance is set out on [page 53](#) of the Annual Report. Additional scheduled meetings were held as and when required, for example in response to COVID-19 lockdown measures and remote working.

Start of the year

- A yearly planner is prepared by the Company Secretary to map out the flow of key items of business to the Board
- Board venues are agreed and invitations to present at formal Board meetings by senior management and operational staff are circulated. External professionals are also invited to present on topical regulatory or thematic points of interest as and when required

Agenda

- The Chairman holds meetings to review the draft agenda and planner with the Company Secretary and CFO, as well as meeting with a wider group of senior management to identify emerging issues
- The draft Board agenda is discussed between the Chairman and Co-CEOs
- Additional items may be added to the agenda in response to external events, internal business driven operational events, Non-Executive Director requests and regulatory initiatives

Board papers and distribution

- Board papers presented to the Board for discussion adhere to an in-house format to ensure consistency and high-quality information
- Board packs are uploaded and communicated to all Directors via a secure electronic portal typically four to five days in advance of each meeting, to ensure sufficient time to review the matters which are to be discussed and seek clarification or any additional information

Before the meeting

- Executive meetings are held ahead of all Board and Committee meetings to ensure that the matters under discussion have been through an appropriate discussion and escalation process
- Committee meetings are mostly held prior to Board meetings. The Chairman of each Committee delivers a formal report on the matters discussed to the Board
- Board meetings have a number of standing business items which include a report from each of the Co-CEOs, CFO on Group performance, from the HR Director and Head of Legal, Risk & Compliance. Additionally, reports from the Chairman of Committees and principal subsidiaries are delivered
- Topics for deep dives or additional items are discussed when required and include business, governance and regulatory updates
- The Board makes use of technology with teleconferencing, a Board portal and tablets/devices at its meetings

After the meeting

- Minutes and matters arising from the meeting are produced and circulated to the Chairman and Directors for review and feedback. An action list is created and those responsible for matters arising are asked to provide updates on a timely basis

Board independence

The Board reviews the independence of its Non-Executive Directors as part of its annual Board Review. The Chairman was considered to be independent on appointment and is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors who objectively challenge management. Numis considers there to be sufficient independence of the Board and that all the Non-Executive Directors are of sufficient competence and calibre to add strength, objectivity and constructive challenge to the Board, bringing considerable experience in terms of their respective knowledge and expertise.

Where necessary, the Company facilitates Non-Executive Directors obtaining specialist external advice from appropriate advisers as required.

Committees of the Board

The Board has a broad range of skills and capabilities required to direct the Group and has delegated some of the responsibilities to its Audit Committee, Risk Committee, Remuneration Committee and Nominations Committee.

Each Committee has appropriate Terms of Reference which have been approved by the Board. These can be found on the Company's website www.numis.com.

Audit Committee

The Audit Committee (the "Committee") is an independent Committee of the Board of Directors responsible for the overall financial reporting of the Company and the Group. It receives reports from the Group's management relating to the Group's risk exposures and mitigating controls as well as detailed findings arising from internal and external audit reviews. The Committee delivers a report on its activities to the Board at each formal Group meeting, appraising the Board on issues discussed with focus on the effectiveness of the internal controls and their operation, as well as issues of risk management and mitigating actions. Additionally, the Committee reports on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards.

In addition, it reviews the scope of internal and external audit, their effectiveness, independence and objectivity taking into account relevant regulatory and professional requirements. The Committee has direct and unrestricted access to the internal audit function and external auditors.

Risk Committee

The Risk Committee (the "Committee") is an independent Committee of the Board of Directors that has responsibility for the risk framework, internal control environment and for assessing the appropriateness of the risks that the Group proposes to take in executing its strategy. The Committee makes recommendations to the Board as to risk appetite and tolerance, taking account of the current and prospective macroeconomic and financial environment, drawing on financial stability assessments.

Additionally, the Committee considers Numis' risk management policies, operations and oversight of the business' risk management framework and will assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the business, the risk management and compliance framework and the governance structure that supports it.

The Audit Committee Report and the Risk Committee Report can be found [here](#) and on [pages 66 and 70](#) of the Annual Report.

A copy of the Terms of Reference of the Audit Committee is available [here](#) and on the Company's website www.numis.com.

A copy of the Terms of Reference of the Risk Committee is available [here](#) on the Company's website www.numis.com.

A copy of the Internal Audit Charter of KPMG is available [here](#) on the Company's website www.numis.com.

Remuneration Committee

The Remuneration Committee ("the Committee") comprises three Non-Executive Directors: Robert Sutton (Chairman of the Committee), Catherine James and Luke Savage. The Remuneration Committee is scheduled to meet four times a year. Other members of the Board, in particular the Chairman, the Co-CEOs, CFO and the Head of Human Resources may attend by invitation. The Committee's primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives and those members of staff who are designated as Code Staff under the FCA's Remuneration Code Regulations.

During the year the Board engaged external remuneration consultants, FIT Remuneration Consultants LLP, to assist the Committee and guide the Committee as an independent adviser around the increasing regulation, disclosures and enhanced corporate governance obligations especially regarding pay and reward of Executive Directors. The additional insight and experience of these external advisers has been especially helpful in delivering a new LTIP for senior Executives.

The Committee is responsible for determining the overarching remuneration policy applied by the Group, including the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments. The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.

A copy of the Remuneration Committee's Report can be found on [here](#) and on [pages 73 to 81](#) of the Annual Report.

A copy of the Terms of Reference of the Remuneration Committee is available [here](#) and on the Company's website www.numis.com.

Nominations Committee

The Nominations Committee ("the Committee") comprises Alan Carruthers (Chairman), Luke Savage, Robert Sutton and Catherine James who are all independent Non-Executive Directors. Other members of the Board and the Head of Human Resources may attend by invitation. The Committee considers appointments to the Board and to the subsidiary Board and meets as necessary to consider wider succession initiatives and succession planning across the business. The Committee is responsible for identifying and nominating candidates, for making recommendations on Board composition and for considering succession planning requirements to ensure that the requisite skills and expertise are available to the Board to address future challenges, opportunities and strategic objectives of the business.

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A copy of the Terms of Reference of the Nominations Committee is available [here](#) and on the Company's website www.numis.com.

Development and support

On joining the Board, new members receive a comprehensive induction, involving meetings with senior employees and the external advisers. Individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues. There is a regular flow of information to the Board to keep Directors up to date with the business. Both the Board and each Committee of the Board has access to independent advice at the Company's expense.

Board evaluation

Good governance is an essential factor in running a successful company. It builds upon strong foundations of legal and regulatory compliance by adding robust accountability, transparency and ethical behaviours. During the year, an evaluation of the performance of the Board, its Committees and its members was undertaken in line with the Committee's Terms of Reference. The evaluation process was conducted internally, facilitated with the assistance of our internal auditor guiding us in refreshing the questionnaire based evaluation process.

Numis takes governance seriously and supports the continuous improvement of its Board to lead the Company in delivering its objectives. Numis' Board is committed to learning and improving and undertakes a regular Board evaluation process as part of its commitment to achieving these goals. The process, we hope, will continue to reinforce that Numis' Board and Committees continue to act and oversee the business with integrity, honesty and creatively, in a collaborative management style which is inclusive and supports good culture and is a key factor of Numis' success.

Board evaluation process

The Non-Executive Chairman of the Board undertakes the formal internal annual evaluation process of the Board and of its own performance and that of its Committees. The evaluation process includes a written questionnaire and confidential one-to-one interviews between the Chairman and each Director. The review assesses the effectiveness of all aspects of the Board and of its Committees and includes composition, experience, dynamics, the Chairman's leadership, and the Board's role and responsibilities in connection with strategy, oversight of risk and succession planning. Directors are encouraged to provide feedback on their individual performance as well as on the other members of the Board and on their individual effectiveness. The formal evaluation process takes place annually and is supported by regular contact between the Chairman and each Director to allow any matters to be addressed on a timely basis.

The Chairman is responsible for assessing the feedback and reporting his findings to the Board. The outcomes and principal findings are discussed with the Board at a formal meeting and, where appropriate, an action list of objectives, targets and aspirations for the coming year is collated in order that the Board can measure its effectiveness in achieving those targets throughout the year. The performance of each Co-CEO is appraised annually by the Chairman and the performance of the Executive Director (CFO) is appraised annually by the Co-CEOs.

The Board is satisfied that the existing composition gives an appropriate balance of Executives and Non-Executive Directors. Each Director brings different skills, experience and knowledge to the Company, with Non-Executive Directors bringing additional independent thought, judgement and challenge. Succession planning to ensure the business has the appropriate balance of skill and expertise in order to carry out the strategy of the business will remain a focus during the evaluation process.

Following the 2019 Board Evaluation, each Director's performance, including the Co-CEOs, CFO and Chairman, has been internally reviewed and evaluated. The results of this process were reported to the Board which concluded that the Board and all of its Committees continue to operate in a constructive and dynamic way, which is collaborative and effective, demonstrating a passion for the business which is innovative and entrepreneurial.

Some of the main themes and recommendations resulting from the 2019 Board Evaluation include:

- Continued focus on strategy delivery/plan target implementation
- Regular presentations by senior staff and heads of department to the PLC Board
- Greater focus on succession planning (for senior and mid-level employees)
- Employee engagement process/reporting

The Board has continued throughout the year to measure progress against the recommendations resulting from the 2019 Board evaluations and will continue to assess its effectiveness in implementing new processes to achieve the desired targets.

External evaluation of the Board's performance has not been conducted to date, given the size and stage of development of the business, but is being considered as the business grows. However, the Chairman continues to assess the individual contribution of each of the members of the Board to ensure that their contribution is relevant and effective; that each Director remains committed and aligned to the business strategy and its corporate values and, where relevant, that they maintain their independence.

Relations with shareholders and other stakeholders

The Board believes that engaging with our shareholders and wider stakeholder groups through regular and constructive dialogue is central to delivery of our strategic objectives and building a sustainable business. By demonstrating how the Board has engaged with and have regard to stakeholders and other factors through inclusive and collaborative decision-making, Numis can ensure that we fulfil our obligations to those impacted by the business. Including our stakeholders in key business decisions is the right thing to do, and is a key driver in delivering value creation over the longer-term.

During 2020 we increased our focus on stakeholder engagement and in efforts to better consider the issues, factors and stakeholders relevant in complying with section 172, the Board determined our key stakeholder groups as employees, shareholders, clients, regulators and suppliers. In addition, environmental and community matters are also key areas of importance and in understanding our stakeholders and their priorities better, the Board has considered the potential impact of decisions on each stakeholder group and take account of their needs and concerns, as a part of Board discussions and decisions.

We engage actively with each of our stakeholder groups in various ways. The common aim is to be open and collaborative so as to build strong long-term relationships where everyone involved can share in the Group's success. More information on our stakeholder engagement can be found here and on [page 22](#) of the Annual Report.

Whistleblowing

Numis has a Whistleblowing Policy which is reviewed annually. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported in the year.

Trading subsidiary Board

The Board of the main trading subsidiary, Numis Securities Limited, chaired by Alex Ham and Ross Mitchinson, deals with the implementation of business strategy and day-to-day operational matters. It met 8 times during the year and receives information with respect to the financial performance of the Group together with departmental reports, risk information and other relevant items. This year has provided extraordinary challenges for the business and the executives of the trading subsidiary have worked tirelessly through the pandemic to keep the Board, staff, clients, shareholders and stakeholders updated on COVID-19 related responses and considered the financial and non-financial impacts on those communities.

Internal control

The Board is ultimately responsible for maintaining the Group's risk framework and system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, as such it can provide only reasonable but not absolute assurance against material misstatement or loss.

The Group's system of internal control has been actively managed throughout the year. The Group has a number of committees with formal Terms of Reference and a Compliance department responsible for the Group's adherence to the rules of the Financial Conduct Authority and other relevant regulators.

Environment and climate change

In my statement in the strategic section of the Annual Report, I committed to reinforcing, intensifying and raising awareness of environmental, social and governance matters. In the Directors' Report on page 84 you will see our reporting on greenhouse gas emissions. This is Numis' first year to report on carbon emissions under Emissions and Energy Consumption Regulations but it is a topic together with corporate ESG that the Board considers as high priority. Numis will be reflecting on the experience of the lockdown period to review all our activities: travel, recycling, resource usage and impact on society when reviewing energy and ESG policies.

The Board will be increasing focus in this area, as we seek to introduce new initiatives, improve our environmental reporting and do whatever we can to safeguard our environment.

Country-by-country reporting

The Group's obligation to publish reportable information under Article 89 of the Capital Requirements Directive 4 is fulfilled by the Company through the publication of relevant information on a consolidated basis.

The relevant information can be found on the Group's website, www.numis.com, within the Legal and Regulatory section.

This report was approved by the Board on 16 December 2020 and signed on its behalf by:



Alan Carruthers

Chairman

16 December 2020