

Corporate Governance

General principles

The Board of Personal Group Holdings Plc supports the principles of, and is committed to, achieving high standards of corporate governance. As an AIM-listed company, Personal Group does not need to comply with the UK Corporate Governance Code 2014 (the Code) but nevertheless looks to do so. Personal Group Holdings is subject to the UK City Code on Takeovers and Mergers.

Board of Directors

The Board consists of two Executive and four Non Executive Directors. It meets regularly and is responsible for Group strategy and development, and the efficient management of its resources.

Before meetings, members are supplied in good time with information on financial, business and corporate matters, enabling them to fulfil their duties. All Directors have access to the advice and services of the Company secretary and are given appropriate training when required. There are also procedures in place for the Non Executive Directors to obtain independent legal or other professional advice at the Group's expense.

The Group has a formal schedule of matters reserved for decision by the Board. In addition, the Board has committees with written terms of reference, to fulfil specific functions as set out below. The matters reserved for the Board include the appointment of Directors and Senior Executives, meaning it does not consider a separate Nominations Committee necessary.

Audit Committee

The Audit Committee comprises four Non Executive Directors and is chaired by Mark Winlow. It meets at least twice a year, with the Chief Executive, the Chief Financial Officer and auditor usually in attendance. Its key responsibilities are to review accounting matters, financial reporting and internal controls (including the internal audit function), together with the interim and annual results announcements. It also agrees the scope of services provided by the internal audit function.

Remuneration Committee

The Remuneration Committee comprises four Non Executive Directors with the Chief Executive in attendance, and is chaired by Deborah Rees. It meets when required, but not less than once a year. Its key responsibilities are to review and make recommendations to the Board for the terms and conditions of employment of the Executive Directors (including performance-related bonuses, share options and incentive plans), and to set the framework for the remuneration of other Senior Executives.

The remuneration of the Non Executive Directors is fixed by the Board as a whole, but Non Executive Directors do not participate in discussions about their own remuneration.

It also reviews appropriate remuneration of front line sales in the insurance business.

Risk and Compliance Committee

The Risk and Compliance Committee (RCC) comprises four Non Executive Directors, the Chief Executive, and Chief Financial Officer with the Head of Risk normally in attendance. It is chaired by Mark Winlow. It meets as required, but not less than four times a year. It is responsible for overseeing the risk management and compliance function of the Group, and reports to the Board on a range of compliance and operational activities of the Group as a whole.

The Committee has also considered, challenged and reviewed the Own Risk and Solvency Assessment for the Group's general insurance underwriter.

Auditor independence

The Audit Committee reviews the nature and extent of non-audit services supplied by the external auditor to the Group, looking to balance objectivity and value for money. In determining the policy, the Audit Committee takes into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and does not agree to the auditor providing a service if, having regard to the ethical guidance, the result is that:

- The external auditor audits its own firm's work.
- The external auditor makes management decisions for the Group.
- A mutuality of interests is created.
- The external auditor is put in the role of advocate for the Group.

Internal control

The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system, however, is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

The Board has established a continuous process for identifying, evaluating and managing the Group's significant risks. This involves monitoring all controls including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from senior management and professional advisers to ensure that any significant weaknesses are promptly remedied.

More detail on these processes can be found on page 28. During the year, RSM (formerly known as Baker Tilly) continued to provide an internal audit function that is risk-based and focused on key areas agreed with the Board.

Relationship with shareholders

The Board attaches a high importance to maintaining good relationships with institutional shareholders and analysts, and aims to keep them updated fully on the Group's performance, strategy and management. In addition, the Board welcomes as many shareholders as possible to attend the Annual General Meeting, and encourages open discussions, both as part of the formal proceedings and afterwards.