

Nucleus Financial Group plc

Corporate governance statement

Statement of compliance
with the QCA Corporate
Governance Code

Version two – September 2019

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Chairman's introduction

The Nucleus board acknowledges the importance of high standards of corporate governance and intends to comply with the principles of the 2018 Quoted Companies Alliance Corporate Governance Code ("the QCA Code") to support the company's governance framework.

It is our role to ensure that we set a vision and strategy that is readily translatable to long-term value for our shareholders, our platform users and our people. We value robust corporate governance, and its role in ensuring we create good outcomes for our customers and users, by managing risk, making effective decisions and adding value while we drive our business forward.

Angus Samuels
Chairman

Adoption of the QCA Code

Nucleus was pleased to join the AIM market on 26 July 2018 and felt that the ethos and principles of the QCA Code were most suited to our size and growth profile. This statement sets out how we comply or intend to comply, with the ten principles of the QCA Code. Where relevant, we have provided links to more detailed disclosures on our [website](#) and we will provide annual updates on our ongoing compliance with the QCA Code.

Principle one

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

Our goal is to create value through the strategic alignment of financial advisers and their clients and our strategy to achieve this is predicated on us having a compelling proposition for platform users, an attractive value proposition for shareholders and a motivating people proposition to inspire high-quality execution.

We have developed our business model to create the most efficient and scalable end-to-end user experience, delivered online through our investments in next-generation technology and offline with high-quality customer service.

Our executive team is tasked with executing our business plan and reports on progress and any changes to the commercial or regulatory landscape each quarter.

A more detailed description of the company's business can be found [here](#) and a description of the key risks and uncertainties facing the business can be found in the company's most recent annual report.

Principle two

Seek to understand and meet shareholder needs and expectations

Understanding the needs of our audience has always been a critical part of driving our business forward.

Nucleus is committed to building the same transparent and collaborative approach with our shareholders, to ensure our key value drivers are clearly understood.

We aim to build quality relationships with our shareholders and engage through investor roadshows and analyst presentations after full and half year results and through regular disclosures and reporting of material updates through regulatory announcements.

The board is kept informed of the views of shareholders by regular briefings from our company secretary. Shareholders can contact the company by emailing companysecretary@nucleusfinancial.com. For media enquiries, please contact the company's financial public relations agency, Camarco [here](#).

As well as welcoming many new institutional shareholders, we retain one of our original institutional investors, Sanlam UK Limited. Sanlam holds a 52% stake, and as a result, have entered into a relationship agreement with the company and our nominated adviser, which ensures that Nucleus and its business will be managed for the benefit of the shareholders as a whole and independently of the Sanlam group. Further details governing the relationship with Sanlam can be found in our 2017 [admission document](#).

Principle three

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

We believe long-term success requires us to run the business for the benefit of all stakeholders, including the financial advisers who use our platform, our customers, our people, our suppliers, our regulator and the wider society.

The needs, interests and expectations of our key stakeholders are direct influences on the actions and decisions we take. As well as receiving regular board reporting on the views of our key stakeholders across various reports, we have a number of initiatives to ensure that we invite and maintain a dialogue with each stakeholder group on the things that matter and take steps to demonstrate where we have taken action.

Platform users

The Nucleus wrap was built in collaboration with financial advisers and our product development and wider strategic development continues to be influenced by their input, whether this is captured through user sessions, platform development group, practice development group or other structured or informal feedback. In particular, we have re-established the terms of reference of our advisory board in November 2018. This will be formed of a group of financial advisers and business owners from our user firms, tasked with collating the feedback of the three platform user groups stated above, as well as representing our customers, and engaging with management on various issues from product development, regulatory change and to the impacts of industry reviews. The chair of the advisory board reports to our board quarterly, and we believe that this promotes effective two-way communication.

Our customers

We seek to maintain the right culture, policies and processes to deliver improved customer outcomes and governance and risk management frameworks to ensure these are operating effectively. In addition we have formed a customer insight team and partnered with Investors in Customers to help highlight what really matters to our end customers, and where we can do better. Members of our senior management team are also encouraged to hear directly from our end customers, whether through ad-hoc meetings or more structured events.

Principle four

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

Our people

We strongly believe in nurturing an inclusive, diverse and inspiring workplace, which gives our people the space and support to do their best work and we survey our people quarterly to assess engagement levels and target areas for improvement. We regularly share the results with our people as part of our fortnightly company-wide meetings. We also hold quarterly meetings for all our people, where our executive team each feed-back on our performance against plan and our future plans, as well as covering any other matters raised by our people for discussion.

In December 2017 we signed up to the women in finance charter. As champions of diversity and inclusion, Nucleus has partnered with Stonewall, established an internal LGBT network and implemented a flexible working policy. Our inclusion and diversity statement, including our diversity targets and progress against these, is available [here](#).

We aim to reward our people with fair compensation, aiming to strike a healthy balance between short and long-term reward while promoting a culture aligned to our values.

Our suppliers

Our vendor selection and management policies reflect our belief in having productive and positive relationships with suppliers, in which both parties respect the letter and spirit of the contract and are focused on good client outcomes.

Our regulator

We have several points of engagement with our regulator and we particularly endeavour to support efforts to promote transparency and better customer outcomes through our contribution to policy debate, whether through direct contact or participation in industry forums such as the UK Platform Group.

Wider society

Our people are given an opportunity to nominate and choose our annual charity partner and, supported by the company's charity committee, throughout the year will run various events and participate in community days.

The company has an anti-slavery and human trafficking statement to evidence a commitment to understand all potential modern slavery risks related to our business and to ensure steps are maintained to prevent them. The link to our anti-slavery statement and human trafficking statement is available [here](#).

We operate a clearly defined robust, scalable and enterprise-wide risk management and control framework through which we aim to identify actual and potential risks and amend our controls and safeguards accordingly.

The board has the responsibility for setting risk appetite and ensuring the maintenance of a sound system of internal control and risk management. The board supports a "three lines of defence" model in assigning responsibilities under the framework. The management team has first line responsibility for managing the identified risks through a sound set of policies, processes and controls; the second line of defence comprises risk and compliance assurance and oversight of first line activity, and the third line of defence is provided by a number of independent assurance providers that include a third party firm engaged as our independent internal auditor as well as other third parties that provide specialist internal audits in the areas of the management of client money and assets and information security, as well as external auditors, our board sub-committees and our regulator.

The Nucleus board has established both audit and risk committees to help monitor the board's oversight of the group risk management and internal control systems.

The audit committee meets at least quarterly and holds additional meetings as required. It is responsible for overseeing the effectiveness of internal and financial controls and the group's three lines of defence model. It sets and oversees the overall standard for financial reporting, compliance, internal controls and ethical conduct, reviewing and assessing the quality of the work done by professionals responsible for financial reporting, compliance and internal control, overseeing risk assurance work and monitoring the effectiveness of the compliance function and company organisational arrangements.

The risk committee also meets at least quarterly and holds additional meetings as required. It is responsible for the oversight of non-financial controls, advising the board on current risk exposure and future risk strategy, monitoring the effectiveness of business risk management processes and reviewing and assessing the quality of the work performed by professionals responsible for risk management. It also has responsibility for reviewing and approving the approach and methodology of the group's annual ICAAP process and reviewing and approving the company's policy framework.

Principle five

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

The board comprises the independent non-executive chair, two executive directors (the chief executive officer and chief financial officer), two non-independent non-executive directors who are shareholder representatives (in line with the Relationship Agreement between the company and Sanlam UK) and three further independent non-executive directors. Further information on each of our directors is available [here](#).

Save for those non-executive directors that are appointed by our major shareholder, Sanlam UK Limited, all our non-executive directors are considered by the board to be independent. In particular, while our chairman, Angus Samuels, has served as a director of the company since inception (13 years) and as chairman since 2017, and holds a number of directorships within the Sanlam group, the board highly values Angus's considerable experience and contribution.

The rest of the board have confirmed that, in their opinion, Angus demonstrates the characteristics of independence, such as challenging management, independence of character and decision-making, and providing a valuable independent contribution to the board. The board has therefore determined that he is independent for the purposes of the QCA Code.

All directors are encouraged by the chair to actively voice their views, use their independent judgement and challenge matters. To this end, the Nucleus board meets quarterly and holds additional meetings as required, including an annual strategy day. It is responsible for the leadership and management of the group, deriving its powers from its schedule of reserved matters, company articles of association and other supporting constitutional documents. The board has established four committees (remuneration, nomination, audit and risk) to help it discharge its responsibilities and the company secretary works closely with the chair (along with the chair of each board committee) to ensure agendas are carefully constructed, appropriate time is given to relevant matters, and that directors receive good quality information in a timely manner.

The company has effective procedures in place to prevent, manage and monitor 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 regularly and, where appropriate, approved by the rest of the board. A schedule of meetings and attendance is available [here](#). We also keep our directors' time commitments under review to ensure they can commit the time necessary to fulfil their roles effectively.

Principle six

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

The board is satisfied that, among the directors, it has an effective and appropriate balance of skills and experience. The board makes decisions regarding the appointment and removal of directors, supported by the nomination committee, and there is a formal, rigorous and transparent procedure for any board appointments. The directors regularly monitor the composition of the board and the mix of skills and experience of the directors in light of the company's current and future needs.

In implementing our nominations policy in respect of all new board and executive appointments, we have not only taken steps to create a more gender-balanced board, but we are also able to recognise the value of cognitive diversity, and support strong decision-making by ensuring we always seek to have an appropriate balance of traits, skills and experience, as well as addressing other areas of diversity.

Given the adoption of new company articles of association on the company's admission to AIM, each of our directors are required to retire at each AGM and put themselves forward for re-election (as appropriate).

The company supports the directors' skills and development by offering training to complement each director's own training and development programmes, and has recently offered training on matters such as the FCA's Client Assets Sourcebook (CASS), cyber security and the senior managers and certification regime, along with regular briefings from senior management on areas of interest.

The chair and the company secretary also ensure that each new director receives a comprehensive, tailored induction, where they meet with our executive and other people across the business, and are also given the opportunity to meet with other stakeholders such as our platform users and suppliers.

All directors can take independent advice in support of their duties at the company's expense and under the board policy for obtaining independent advice. In addition, the directors have access to the advice and services of the company secretary.

Further details on the experience and qualifications of the directors can be found [here](#).

Principle seven

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

The board is committed to periodic evaluation of its performance, and carries out annual evaluations of its effectiveness and performance as a whole, including each board committee's performance. It is the responsibility of the chairman to evaluate the performance of each director. The chairman leads this process supported by the company secretary. The board is presented with all feedback received and spends time discussing the findings and agreeing next steps.

The nomination committee considers the structure and composition of the board annually, and this includes both consideration of board succession and senior management.

Principle eight

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

We pride ourselves on having a customer-centric, transparent and ethical culture and our people's commitment to this culture is evidenced in the results of quarterly people engagement survey.

The chief executive officer promotes a culture of individual accountability, designed to support effective communication and decision making through the executive team to the board and our people strategy focuses on developing our people leaders to support this. Our culture is underpinned by our core values which guide our reporting, recruitment and how we interact with each other. Our people nominate each other and vote quarterly for our great colleague awards and annually on our "brilliant people" awards, where each category aligns with each of our values. Our culture is one of the regularly cited reasons that people choose to work at Nucleus.

We strongly discourage unethical values or behaviours and such conduct would be penalised.

Principle nine

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

The board is responsible for the long-term success of the company. Its decision making is supported by a schedule of reserved matters, and is facilitated by four board committees (remuneration, nomination, audit and risk). It is responsible, amongst other things, for overall group strategy, setting the group's risk appetite, approval of significant investments and material contracts, approval of annual and interim results, dividend policy, annual budget, remuneration policy, division of responsibility between board, chair, the chief executive officer and the executive team, and board structure. Summaries of the roles of each committee can be found [here](#) on pages 30-41.

The board delegates executive responsibility for delivery of the strategy and approved business plan to the chief executive officer and the executive team whose biographies can be found [here](#).

The executive team is supported by a structure of internal execution groups to ensure that the business is run effectively, that there is sufficient oversight of the business at management level and to align with our culture through ensuring a focus on our customers and robust management of assessed company risk to mitigate poor decision making.

The processes behind our board cycle ensure that the board has an appropriate agenda and is provided with quality information in a timely manner to enable directors to be fully prepared for discussion and to appropriately challenge the executive. Any director concerns may be raised separately with the chair and actions from all board, board committee and internal management meetings are captured and followed up by company management.

Principle ten

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

The board of Nucleus enhanced its reporting to shareholders and broader stakeholders through the development of its 2017 annual report and financial statements under IFRS and enhanced reporting and disclosures further in its 2018 annual report and financial statements in line with the QCA Code.

The company's website has also been developed to give shareholders and broader stakeholders more information on the people involved in running Nucleus, the company's purpose and current business activity. The company announces any significant shareholder information to the market and communicates with its shareholders through results presentations and at its AGM. All our shareholder and analyst presentations are maintained on our website, along with our financial calendar, which sets out our schedule of regular trading updates that support our interim and final results announcements.

Further governance-related information can be found in the company's most recent annual report [here](#).

