

Statement of Compliance with the QCA Corporate Governance Code

Changes to corporate governance regime

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board has decided to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. This report sets out, in broad terms, how we comply at this point in time. Going forward, we will provide annual updates on our compliance with the code.

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

Marlowe plc is an AIM-listed company formed to create sustainable shareholder value through the acquisition and development of businesses in targeted outsourced service sectors across the UK.

The Board conclude this is best achieved thorough:

- Identification of target sectors which fit with the Marlowe investment criteria
- Organic investment and swiftly executed, value-enhancing, add-on M&A
- Market consolidation within our Divisions bringing efficiencies and economies of scale to our operations
- Agile decision making and continual enhancement of operational and financial systems to drive increased efficiencies and growth
- Collaboration across the Group to realise synergies and competitive advantages

The Group's latest Annual Report and Admission Document provide further detail on the Group's strategy and business model, as well as the key challenges faced by the Company in achieving its goals.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company ensures a strong relationship is maintained with its shareholders with the Chief Executive and Group Finance Director having regular dialogue with institutional and major shareholders throughout the year including meetings following the announcement of the Group's annual and interim results. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. By understanding the requirements of our shareholder base we are able to refine our business strategy to ensure maximum value is delivered.

Corporate information (including all Company announcements) is available to shareholders, investors and the public on the Company's website.

Investors are encouraged to access current information through the Company's website and are able to contact IR@marloweplc.com with any queries.

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

Forming long-term relationships with our stakeholders and understanding their needs is

imperative to the Company's success. Aside from our shareholders, the Board has identified its employees, customers and suppliers as key stakeholders of the business and seeks to incorporate their views as follows:

- The Board has implemented processes and procedures to ensure these relationships are maintained and developed
- Throughout the organisation each employee, customer and supplier has a designated contact to ensure performance is evaluated and feedback is obtained
- The Board takes a zero tolerance approach towards slavery which is outlined in our Modern Slavery Statement, which can be found on our website
- The Board is updated on stakeholder feedback during the year to ensure the Company is delivering on its strategy.

Under the guidance of the Group's Head of HR employee feedback processes are constantly under review to ensure all businesses that join the Group provide suitable feedback channels to their employees. The Board acknowledges the importance of two-way communication to ensure each employee maximises their potential at Marlowe and staff are encouraged to hold regular meetings with their reporting manager to ensure their performance is discussed and evaluated. All key relationships with other stakeholders, such as our suppliers and customers, are designated an account manager to ensure relationships are maintained and any queries or concerns are addressed in a timely fashion.

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

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Board's financial risk management objectives involve safeguarding the Group's assets by identifying, managing, monitoring and reporting the critical risks across the business.

The key procedures that have been established and which are designed to provide effective control are as follows:

- *Management structure* – the Board meets regularly to discuss all issues and risks affecting the Group. This includes formulating and approving the Group's strategy, budgets, corporate actions and overseeing the Group's progress towards its goals through reviews of financial reports, forecasts, KPIs and non-financial information, such as Health and Safety reports. The Company has an established Audit Committee comprising the Non-Executive Chairman and Non-Executive Directors who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor
- *Investment appraisal* – the Group has a clearly defined framework for investment appraisal, including key risks for proposed transactions, and approval is required by the Board where appropriate

The Board regularly reviews the effectiveness of the systems of internal control and consider the major business risks and the control environment. The Board considers that, in light of

the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

The Group's latest Annual Report and Admission Document provide further detail on the key risks faced by the Group.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises of two Executive Directors and three Non-Executive Directors (including the Chairman). The roles of the Chairman and the Chief Executive are separated, and their responsibilities are clearly defined. The Chairman is responsible for leadership of the Board and ensuring its effectiveness while the Chief-Executive is responsible for the day-to-day running of the Group's activities. The Board retains a range of commercial and financial experience and there is a good balance of skills and knowledge of both the Group and the sectors in which it operates. Biographical details of the current Directors may be found in the Annual Report which is available on the Company's website. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Board considers Derek O'Neill and Charles Skinner to be independent.

The Board meets at least eight times per annum and has established Audit, Remuneration and Nomination committees.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied it has an appropriate balance of sector, financial and public market skills and experience, as well as an appropriate balance of personal qualities and capabilities. All Directors receive regular and timely information on the Group's operational and financial performance, thus enabling them to utilise their skills and expertise to further the Group's strategy.

The Board considers and reviews the requirement for continued professional development. The Board undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates. The Nomad and external advisers also support this development, by providing guidance and updates as required.

Biographical details of the current Directors, highlighting their experience and skills, may be found in the Annual Report which is available on the Company's website.

The QCA Code provides details on the roles and responsibilities of the Company Secretary within a Company. The Company Secretary for the Group is Matthew Allen.

Matthew performs the function of Company Secretary as outlined in the Code. The role includes preparing for and running effective board, including the timely dissemination of appropriate information. In addition, the Company Secretary is responsible for assisting the Directors in ensuring that the group entities are managed, controlled and administered within

the parameters of their governing documents and are compliant with regulatory requirements and filing obligations.

Matthew has established direct lines of communication with each of the Directors and provides information, advice and guidance as required. Matthew plays an active and central role in ensuring good governance and provides an additional point of contact between the Company and its advisors on matters of governance and investor relations.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman currently assesses the performance of the Board on an informal continual basis taking into account the contribution each Director makes to the business. Directors are also encouraged to provide feedback on all areas of the board efficacy, having due regard to the balance of skills, experience, independence and knowledge contributed by members of the Board, as well as the successful operation of the Board as a unit, its diversity and other factors relevant to its effectiveness.

All aspects of the Company's Corporate Governance shall be kept under review going forward.

Since the Company is at its early growth stage no formal processes have been established with respect to succession planning.

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

The Board promotes a culture of excellence in the services provided to our customers, to support its organic and acquisitive growth strategy. The Company strives to deliver services to the highest standard across all its Divisions to ensure all customers are satisfied and continue working with Marlowe for the foreseeable future.

The Board recognises that the Group's ethical values and behaviours are key to its success and staff are aware that any unlawful or unethical practices will not be tolerated and will result in dismissal. Through open dialogue and developing a culture of honesty and integrity from within the Company, the Board is committed to providing the highest level of service to all our customers.

Feedback from all stakeholders in the business, as set out in Principle 3, allows the Board to assess the state of its corporate culture, as well as performance against the Company's internal targets.

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

The Board meets at least eight times each year in accordance with its scheduled meeting calendar. The direction of these meetings is underpinned by the "Matters Reserved For The Board" statement which has been adopted by the Company. This ensures the focus of the meeting is on the overall management of the Group with matters ranging from scrutinising the current Group's operations to approving new acquisitions or equity raisings being discussed. An agenda and papers consisting of financial information and Divisional reports is circulated to the Directors in advance of each meeting to enable suitable preparation.

This enables rigorous discussion and decisions to be made on an informed and timely basis. Each Director is able to challenge any proposal and a decision can only be made with a majority being in agreement. Any Director who feels an issue has remain unresolved may request this to be noted in the minutes of the meeting, which are then circulated to all Directors for approval. Any specific actions arising from such meetings are agreed by the Board and then followed up by the Company's management. During the year, delegated authority limits for the Group were approved by the Board to ensure only items material in nature or value were tabled for approval at these meetings.

Since the Company is highly acquisitive additional meetings take place, as required, to approve specific transactions or discuss other ad hoc matters.

The Chairman is responsible for leading the Board and ensuring appropriate focus is given to strategy and the key operational and financial issues in the business. The Chief Executive is responsible for implementing strategy and managing the Company through its Divisional Executive Teams.

Board committees

The Board is supported by the Audit and Remuneration Committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The Audit Committee is responsible for monitoring the quality of internal controls and financial reports, and reviewing the scope and results of the audit, its cost effectiveness and independence of the auditor. The Remuneration Committee is responsible for the consideration and approval of the terms of service, remuneration, bonuses, share-based incentives and other benefits of the Executive Directors and other senior executives. Further detail on the Company's committees is set out in the Company's Admission Document.

A Nomination Committee consisting of the three Non-Executive Directors has been established and is responsible for leading the process of appointments and ensuring there is an appropriate balance of skills on the Board.

The Company is in the process of updating the terms of reference for each of its board committees, and these shall be available to view on the Company's website in due course

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

The Company communicates with shareholders through the Annual Report and Financial Statements, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information is also available to shareholders, investors and the public on the Company's website.

The Directors' remuneration report and independent Auditor's report form part of the Company's Annual Report, which is available to view on the Company's website, along with all other historical annual reports and notices of meeting.

September 2018