

# STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

**FOR THE YEAR ENDED 31 DECEMBER 2021**

Dublin. Guernsey. Isle of Man. Jersey. London.

[tise.com](https://tise.com)

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# Chair's Statement

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The Board recognises the importance of corporate governance and its contribution to promoting the long term success of the Company. As Chair, I have overall responsibility for the leadership and governance of the Board and for promoting high standards of integrity, probity and governance throughout the Group.

The Group's vision, mission and values articulate the ambition for our business and define our common beliefs. The Group's values of being responsible, curious and connected foster a culture of accountability, efficiency and innovation which supports sustainable business growth, underpins delivery of our strategy and promotes the Group's success over the long-term.

The Board determines the Group's strategy and overall commercial objectives, ensuring that our organisation is run effectively for the long-term benefit of our shareholders and other key stakeholders. The Group's strategy is based on developing our existing proposition within the international bond markets and expanding our product and service offering to enlarge and diversify our revenue streams and mitigate business concentration risk.

As Chair, I am responsible for setting the Board's agenda and for ensuring that all Directors have the necessary time, information, understanding and support to effectively contribute their skills and experience to inform Board discussions and shape the Group's strategic direction. I am also responsible for ensuring that the views of our shareholders are communicated to the Board as a whole and I am pleased to make myself available to any shareholder wishing to discuss matters.

The Board has continued to adopt and apply the ten principles of the Quoted Companies Alliance Corporate Governance Code (QCA Code) throughout the year. The Board has reviewed the governance framework and confirms that the Company has complied with the principles of the QCA Code during the year. Further details of our compliance with the QCA Code are set out in the Annual Report, as well as in the investor relations section of our website.

## **Charlie Geffen**

Chair

24 March 2022



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# Principles

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

Built on a culture of responsiveness and innovation, TISE is a leading European stock exchange for listing international bond issuances.

Our strategy is focused on maintaining our market leader position in specific segments of the international bond markets, such as high yield bonds, and expanding our geographical reach to scale up our listing business in the UK, Europe and internationally. The expansion of our product and service offering will help to enlarge and diversify our revenue streams and mitigate business concentration risk in the future.

Further information about our strategy and business model (including key challenges and risks) is included in the Annual Report.

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

The Board is committed to ensuring that it communicates with shareholders in a transparent and timely manner through the provision of accessible and high-quality information. The Board releases announcements to the market in accordance with the Listing Rules and uses the annual and interim financial statements, the investor relations page on the website and media releases to provide further information to current and prospective shareholders. During 2021, the Board adopted the practice of publishing periodic trading updates with the aim of providing more up to date information about the Group's performance.

The Chair is responsible for ensuring that the views and concerns of shareholders are communicated to the Board as a whole. The Board reviews proxy voting reports and, where there is any significant dissent, seeks to engage with the relevant shareholders to understand and resolve any issues. Outside of formal engagements, contact details for the Chair and Chief Executive Officer are included on the website to enable shareholders to communicate with the Board should they wish to share their views. The Chair makes himself available to shareholders at all times.

The Annual General Meeting is the Company's primary forum for communicating with shareholders. Notice of the Annual General Meeting is issued at least ten days prior to the meeting and shareholders are encouraged to attend. The Chair and Chief Executive Officer make themselves available for further discussion both prior to and following the meeting. The Chair and, where possible, the other Non-Executive Directors attend the Annual General Meeting and are available to answer questions raised by shareholders. All resolutions are voted on separately and a market announcement is published confirming whether the resolutions proposed have been passed.

A relaxation in COVID-19 related restrictions in Guernsey allowed a welcome return to in person gatherings for the 2021 Annual General Meeting. Conferencing facilities were provided for the Annual General Meeting to enable the Board to engage with all shareholders through an online presentation and live Q&A session.

# Principles

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

Our role as the operator and regulator of an international Exchange connects us with a broad range of external stakeholders, including market participants (investors, issuers, members, brokers, introducers) regulators, industry associations, governments and communities both large and small.

These relationships are integral to the long-term success of the Group we use our unique position to proactively engage with our network at a local and international level.

The Board receives and solicits feedback from stakeholders to stay abreast of market trends, assess the Exchange's products and services, and inform its decision making.

Further details are available on the corporate social responsibility (CSR) page of our website.



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

The Group has implemented an enterprise-wide risk management framework to identify, assess, manage and control its actual and potential risks. The effectiveness of the internal controls is regularly reviewed by management, the Audit Committee, the Risk Committee and the Board.

The Board determines the Group's strategy, commercial objectives and budget, and monitors the performance of the Company and management against the goals and objectives it has set. The Board determines the financial structure of the Company, maintaining a prudent capital base to support the Group's operations, including meeting all regulatory obligations, and to invest in delivery of the Group's strategy. The Board receives timely and comprehensive reporting to enable the Directors to assess the financial and operational performance of the Group and its key risks throughout the year.

The Audit Committee reviews the Company's financial reports and recommends them to the Board as presenting a fair, balanced and understandable account. The committee reviews the adequacy and effectiveness of the Group's internal controls and risk management practices to identify, assess, manage and control financial risks. The committee oversees the relationship with the external auditor and assesses their performance, resources and independence together with the effectiveness of the audit process.

The Risk Committee reviews the Group's significant risks within the context of the approved strategic objectives and overall risk appetite of the Group. The committee reviews the adequacy and effectiveness of the internal controls and risk management practices to effectively identify, assess, manage and control key business and non-financial risks. The committee reviews the Group's non-financial controls such as regulatory compliance, data protection, business continuity and cyber security.

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# Principles

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The Board has overall responsibility for establishing high standards of business conduct and behaviour, risk management and the internal control framework. However, such systems of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board considers that the Group's internal controls are appropriate to the size, complexity and risks posed by its activities.

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

The Board comprises the Chief Executive Officer and five independent Non-Executive Directors (including the Chair). The Board is considered to be a suitable size and includes an appropriate combination of skills, experience, independence and other characteristics which promote a diversity of perspectives and ensure that it operates effectively. The Board takes decisions collaboratively and there is collective responsibility for achieving success.

The Board has determined that all Non-Executive Directors are considered to be independent. All Directors are aware of and fulfil their duties and by doing so exercise, both individually and collectively, objective and independent judgement. In arriving at this conclusion, the Board also considers other relevant qualities, such as the Directors' experience, knowledge, professional background, integrity and ethics.

The roles of the Chair and Chief Executive Officer are distinct and separate with a clear division of responsibilities, which are set out in writing. The Chair is responsible for the leadership of the Board and for creating the conditions for overall Board and individual Director effectiveness. The Chair ensures that all Directors actively participate in Board and committee meetings and effectively contribute their skills and experience to inform discussions and shape the Group's strategic direction. The Chief Executive Officer has overall responsibility for leading the development and execution of the Group's strategy, for implementing the decisions of the Board and for managing the day-to-day operations of the Company within the appetite and strategy set by the Board.

The Board and each of the committees receive timely and comprehensive reporting to enable the Directors to assess the financial and operational performance of the Group and its key risks throughout the year. The Board papers include detailed information on business activities and financial performance, including the activities and performance of the Authority.

The Board has four meetings and four interim calls scheduled and supplements these with additional ad hoc calls and meetings as required. Outside of the meeting cycle, the Chair engages with the Directors both collectively and individually to discuss matters of business. The Nominations Committee reviews the time required from Non-Executive Directors and whether they are spending enough time to fulfil their duties.

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

The Board benefits from Directors with specific expertise in financial markets, corporate finance, accountancy, law, marketing, technology and change management. The Board comprises Directors with the collective experience, skills, capability and other characteristics which are required to develop and deliver the Group's strategy for the long-term benefit of our shareholders and other key stakeholders. Details of the background, experience, skills and time commitment of each of the Directors are included in the Annual Report.

Directors are provided with a comprehensive induction upon appointment and undertake ongoing professional development to ensure that their knowledge remains current and they are up to date with industry trends. Where development needs are identified, either individually or collectively, the Group supports individuals seeking training or additional information to perform their role.

The Board has implemented a rigorous and transparent process to identify candidates for appointment as a Director. Upon the recommendation of the Nominations Committee, the Board makes decisions regarding the appointment and re-election of Directors as well as on their removal.

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Although there is no standing requirement for the Directors to offer themselves for re-election at given intervals, the Board has determined that all Directors should be subject to election by shareholders at the first Annual General Meeting following their appointment and to re-election thereafter at intervals of no more than three years. Resolutions for the re-election of each of the Directors were proposed and passed at the 2021 Annual General Meeting.

All Directors have access to the advice and support of the Company Secretary and may seek external advice, at the Company's expense, should they require it. The Nominations and Remuneration Committees are both authorised to engage external consultants to assist them with their work.

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

The QCA Code does not set out an expectation that board performance should be reviewed on an annual basis however, it has been customary for the Board's performance to be formally reviewed at the beginning of each year. With three of the six Directors having only recently been appointed (Charlie Geffen as Chair, Cees Vermaas as Chief Executive Officer and Gill Morris as a Non-Executive Director), it was determined that it would not be an effective or appropriate use of resources to undertake a formal performance review in 2021.

The Board performance review has been reinstated for 2022. The performance of the Board and individual members is formally evaluated using a self-assessment questionnaire. The summarised and anonymised results of the evaluation are considered by the Board and, where areas for improvement are identified, remedial actions are agreed. The Board also reviews progress made against the actions agreed during the prior year's evaluation.

The Nominations Committee reviews the results of the Board and committee evaluations as they relate to the following areas:

- composition of the Board;
- commitment required from Non-Executive Directors and whether they are spending enough time to fulfil their duties;
- plans for succession, both Executive and Non-Executive Directors; and
- the re-appointment of any Non-Executive Director under the "retirement by rotation" provisions having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

The Board's performance evaluations to date have been internally facilitated. This is considered to be the most efficient use of the Company's resources and proportionate to the size of the Board and Group. Nevertheless, the Board is mindful of the benefits of undertaking an externally facilitated evaluation from time to time and will keep this under review.

The Nominations Committee considers succession planning on a regular basis and makes recommendations to the Board. The Board benefits from having Directors with a variety of lengths of service and succession is managed as circumstances arise. The Board seeks to maximise the development of internal talent but recognises that the Group's modest size creates dependencies upon external recruitment processes.

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

The Board approves the Group's vision, mission, values and strategy, effectively setting the 'tone from the top'. The Group's values of being responsible, curious and connected foster a culture of accountability, efficiency and innovation which support the Group's vision and mission and promote a corporate culture based on ethical behaviours and conduct. The Chief Executive Officer is a visible advocate of the Group's values and actively encourages all staff to demonstrate the values within their everyday working practices.

The Group maintains and regularly reviews its Financial Crime policies (including money laundering; tax evasion; terrorist financing; fraud; bribery and corruption; and market abuse), Health and Safety policy and Whistleblowing arrangements and provides training for staff in these areas.

The Board recognises the importance of building a strong, healthy corporate culture and the benefits which this brings to the organisation. The Board receives feedback from staff and other stakeholders which it uses to assess and monitor ethical behaviours and conduct throughout the Group.

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

The Group is committed to high standards of corporate governance and has implemented an effective governance framework. The Group's legal structure ensures that the supervisory and regulatory activities of the Authority are appropriately ringfenced within the broader commercial interests of the Group. The segregation of potentially conflicting interests is achieved on a day-to-day basis through the operation of ethical walls and information barriers.

The Corporate Governance Report within the Annual Report provides further information about Board members' specific responsibilities and skills, as well as the roles of the various Group committees.

## Board of Directors

The Board has four meetings and four interim calls scheduled and supplements these with additional ad hoc calls and meetings as required. An agenda plan is produced prior to the start of each year which ensures that all matters of importance to the Company are considered by the Board and appropriate meeting time is allocated to enable proper debate.

Timely and comprehensive papers are circulated prior to each substantive Board and committee meeting. This enables Directors to prepare adequately and give proper consideration to the items. The Board papers include detailed information on business activities and financial performance, including the activities and performance of the Authority. Matters of concern and decisions required are highlighted, and background information provided to facilitate a relevant and robust discussion at the meeting. Any actions arising from such meetings are recorded by the Company Secretary and followed up by the senior management team. The Company Secretary prepares comprehensive minutes which are circulated to the Directors following each meeting and submitted for approval at the next meeting.

Outside of the meeting cycle, the Chair engages with the Directors both collectively and individually to discuss matters of business.

## Roles of the Board, Chair and Chief Executive Officer

The Board is responsible for directing and supervising the management of the Company and for enhancing long term shareholder value. The Board has overall responsibility for establishing high standards of business conduct and behaviour, managing risks and ensuring that internal controls are implemented to meet ongoing compliance with applicable legislation, rules and codes.

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The roles of the Chair and Chief Executive Officer are distinct and separate with a clear division of responsibilities, which are set out in writing. The Chair is responsible for the leadership of the Board and for creating the conditions for overall Board and individual Director effectiveness. The Chair ensures that all Directors actively participate in Board and committee meetings and effectively contribute their skills and experience to inform discussions and shape the Group's strategic direction.

The Chief Executive Officer has overall responsibility for leading the development and execution of the Group's strategy, for implementing the decisions of the Board and for managing the day-to-day operations of the Company within the risk appetite and strategy set by the Board.

The Board determines the Group's strategy, commercial objectives and budget, and monitors the performance of the Company and management against the goals and objectives it has set. Comprehensive performance reporting, including variances from plans and forecasts, is provided to the Board on a quarterly basis. Results are reported against budget and the prior year performance, and forecasts for the current financial year are revised from time to time when actual performance makes it appropriate to do so. The directors of the board of the Authority and members of the senior management team attend Board meetings where appropriate to present their papers.

The Chief Executive Officer is supported by an established senior management team with significant expertise in their respective fields. The Group Operating Committee meets regularly to review operational performance and discuss developments affecting the Group as a whole. Any member of the senior management team may raise matters with the Chief Executive Officer for discussion by the Board.

Upon the recommendation of the Audit Committee, the Board has determined that, within the overall context of the Group's scale, risk management framework and the work of Compliance, Finance and the external auditor, an internal audit function is not currently required. This will be kept under review as the Group develops.

## Roles of the Group Committees

The Board, together with the board of the Authority, has established four Group committees to oversee specific areas and activities: Audit Committee, Nominations Committee, Remuneration Committee and Risk Committee. Each of the committees has terms of reference detailing their roles and responsibilities and these are reviewed by the Board at least annually.

The Board is represented on each of these committees by at least two Non-Executive Directors and the committees provide regular reporting to the Board on their activities. Whilst these committees may provide advice and make recommendations to the Board in respect of any areas within their remit, it remains the responsibility of the Board to agree and approve any action required.

### Audit Committee

The committee is chaired by Gill Morris, with Nick Bayley (Non-Executive Director, Authority), Charlie Geffen, and Anderson Whamond appointed as members. The Chief Executive Officer and Chief Financial Officer have standing invitations to attend committee meetings, and do so, but the committee holds at least one meeting with the auditor and without management present.

The committee meets at least three times per year and reviews the Company's financial reports, recommending them to the Board for approval. The committee considers the integrity of the financial reporting and whether it presents a fair, balanced and understandable account to assess the Company's financial performance, business model and strategy.

The committee reports to the Board on any significant financial reporting issues or judgements which the reports contain. The committee reviews the adequacy and effectiveness of the Group's internal controls and risk management practices implemented by management to effectively identify, assess, manage and control financial risks.



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## Nominations Committee

The committee is chaired by Anderson Whamond, with Guy Coltman, Charlie Geffen, Rob Trefny (Non-Executive Chair, Authority) and Stuart Turner appointed as members. Where appropriate, the Chief Executive Officer and Head of HR are invited to attend committee meetings and do so.

The committee meets at least twice per year and reviews the structure, size, balance and composition (including the skills, knowledge, experience and diversity) of the Boards. The committee makes recommendations to the Boards in respect of candidates for appointment as Director and may be assisted in this selection process by external consultants. Where relevant, the committee makes recommendations regarding the re-election of Directors, having due regard to their performance and ability to continue to contribute to the Board. The committee monitors the leadership needs of the Group and considers succession planning for the Directors and other senior executives.

## Remuneration Committee

The committee is chaired by Guy Coltman, with Charlie Geffen, Rob Trefny, Stuart Turner and Anderson Whamond appointed as members. Where appropriate, the Chief Executive Officer and Head of HR are invited to attend committee meetings and do so.

The committee meets at least twice per year and reviews the remuneration strategy of the Group, including the balance between fixed and performance related, immediate and deferred remuneration, within the context of the Group's strategic objectives and risk appetite. The committee reviews and makes recommendations to the Board on the total compensation package of each of the Directors and senior executives, and may be assisted in this process by external consultants. The committee also makes recommendations to the Board in respect of share awards and, where relevant, associated performance conditions.

## Risk Committee

The committee is chaired by Stuart Turner, with Nick Bayley, Guy Coltman and Rob Trefny appointed as members. The Chief Executive Officer, Managing Director of the Authority and Head of Market Regulation have standing invitations to attend committee meetings and do so.

The committee meets on an at least quarterly basis and reviews the Group's significant risks within the context of

the Group's approved strategic objectives and overall risk appetite. During 2021, the committee's activities focused in particular on the processes supporting regulatory decision making, cyber security arrangements and the ongoing programme of work to renew and enhance the Group's technology and system capabilities. The committee reviews the adequacy and effectiveness of the internal controls and risk management practices implemented by management to effectively identify, assess, manage and control key business and non-financial risks.

## Matters Reserved for the Board

There is a formal schedule of matters reserved for the Board which includes items such as:

- Responsibility for the overall leadership of the Company;
- Approval of the Group's strategic aims and objectives, vision, mission and values;
- Approvals of the Group's strategy, business plan and budget;
- Approval of the extension of the Group's activities into new business or geographic areas;
- Approval of major investments including the acquisition or disposal of interests or any decision to cease to operate all or any material part of the Group's business;
- Approval of major changes relating to the Group's corporate or capital structure;
- Approval of any changes to the Company's listing;
- Approval, following recommendations from the Audit Committee, of the Annual Report and Accounts, Interim Report and any other announcements which contain financial statements;
- Approval of the dividend policy and the declaration or recommendation of dividends;
- Approval, following recommendations from the Audit Committee, of any significant changes in accounting policies or practices;

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# Principles

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- Ensuring the maintenance of a sound system of internal control and risk management;
- Approval of the Company's and Group's risk appetite statements and oversight of the Group's risk and control process;
- Approval of major capital projects;
- Approval of contracts which are material, strategically or by reason of size, or which are not entered into in the ordinary course of business;
- Ensuring a dialogue with shareholders and other stakeholders occurs based on the mutual understanding of objectives;
- Approval of non-routine resolutions and corresponding documentation to be put forward to shareholders;
- Approval, following recommendations from the Nominations Committee, of the appointment and removal of Board members, selection of the Chair and, where appointed, Senior Independent Director;
- Appointment, reappointment or removal of the external auditor to be put to shareholders for approval following the recommendation of the Audit Committee;
- Determining the remuneration policy for the Directors (and other senior management) to be put to shareholders for approval following the recommendation of the Remuneration Committee; and
- Reviewing the Group's overall corporate governance arrangements.

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

The Board's approach maintaining a dialogue with shareholders and other relevant stakeholders is set out in principles two and three.

The Board is committed to ensuring that it communicates with shareholders and other stakeholders in a transparent and timely manner, and believes that by doing so it demonstrates the importance it places upon the views of all stakeholders.

The Chair and, where possible, the other Non-Executive Directors attend the Annual General Meeting and meet with shareholders upon request. Shareholders are encouraged to attend the Annual General Meeting and to ask questions. Contact details for the Chair and Chief Executive Officer are included on the Group's website and the Chair of the Company makes himself available to shareholders at all times.

A relaxation in COVID-19 related restrictions in Guernsey allowed a welcome return to in person gatherings for the 2021 Annual General Meeting. Conferencing facilities were provided for the Annual General Meeting to enable the Board to engage with all shareholders through an online presentation and live Q&A session.

Reports from each of the Group committees are included in the Annual Report.

# STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE



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