

## Statement of Compliance with the QCA Corporate Governance Code

March 2024

## 2 | Chair's Statement



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 I am pleased to confirm that the Company has complied with the QCA Code during the year. Reporting against the ten principles of the QCA Code is set out below, with further information about the Company's compliance with the QCA Code included in the Annual Report and on our corporate website.

**Anderson Whamond**

Chair

19 March 2024

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. In 2023, we achieved a milestone in the execution of our diversification strategy with the launch of TISE Private Markets. TISE Private Markets provides unlisted companies with a more efficient way to trade their shares and we expect this service to prove highly attractive.

## 3 | Principles

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

Built on a culture of responsiveness and innovation, TISE provides financial markets and securities services to public and private companies.

Our strategy remains 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, providing sustainable business growth and mitigating business concentration risk in the future.

In 2023, we launched our new offering for the private markets. TISE Private Markets provides unlisted companies with a dedicated marketplace through which they can access an integrated set of tailored electronic solutions, including trading, settlement and registry management. We expect this innovative offering to be highly attractive to unlisted companies and it represents a significant landmark in the delivery of our strategy to grow and diversify our business and revenues.

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 information to shareholders and the market throughout the year and responds to queries from shareholders on an ongoing basis.

The Board publishes periodic trading updates and market announcements in accordance with the Listing Rules and uses the annual and interim financial statements, the news and investor relations pages on the corporate website and the Group's social media channels to provide further information to current and prospective shareholders.

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.

## 4 | 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 stock 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.

Alongside our shareholders, these relationships are integral to the long-term success of the Group we use our unique position to proactively engage with our network through a variety of communication channels 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.

As part of our commitment to deliver a business model which is sustainable over the longer term, the Board has set Net Zero targets and commitments for the Group and introduced new policies to help improve our environmental performance. Our target is to be Net Zero on Scope 1 and 2 (operational) emissions by 2050. We have also committed to take practical steps to minimise our Scope 3 (value chain) emissions, while offsetting any remaining Scope 3 emissions. We will continue working to reduce emissions from our business operations and provide reporting on the progress we are making against our targets and commitments.

Further information about our approach to corporate sustainability is included in the Annual Report and on the corporate social responsibility (CSR) page of our corporate 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.

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.

## 5 | Principles

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

The Board comprises four independent Non-Executive Directors (including the Chair) and two Executive Directors (the Chief Executive Officer and Chief Financial Officer). Details of the background, experience, skills and time commitment of each of the Directors are included in the Annual Report. 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 in overseeing development and delivery of the strategy. The Board takes decisions collaboratively and there is collective responsibility for achieving success.

The Board has determined that all Non-Executive Directors are independent. This includes Guy Coltman, who was first appointed to the Board in 2014 and whose re-election was approved by shareholders at the 2023 Annual General Meeting. 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 focused reporting to enable the Directors to comprehensively 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 three interim calls scheduled and supplements these with additional ad hoc meetings as required. 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 infrastructure, corporate services, corporate finance, listed company obligations, 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.

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.

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

## 6 | Principles

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

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 Nominations Committee and Board and, where areas for improvement are identified, remedial actions are agreed. The Nominations Committee and Board also review progress made against the actions agreed during the prior year's evaluation.

The Nominations Committee reviews the results of the Board and committee evaluations and the summarised Director skills matrix 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 reviews succession planning in conjunction with the Board performance review and Director skills matrix, 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.

### 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. As a small company with a flat management structure, 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 solicits and receives feedback from staff and other stakeholders which it uses to assess and monitor business performance and conduct.

## 7 | Principles

### 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 experience, responsibilities and skills, as well as the roles of the various Group committees.

#### Board of Directors

The Board has four meetings and three 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 focused 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.

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 senior management team 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.

## 8 | Principles

### 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 Philip Braun (Non-Executive Director, Authority), 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 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 oversees the relationship with the external auditor and makes recommendations to the Board on the appointment, reappointment and removal of the external auditor. The committee assesses the external auditor's independence and objectivity, and the effectiveness of the audit process.

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. The committee is also responsible for assessing whether an internal audit function is required.

#### Risk Committee

The committee is chaired by Nick Bayley (Non-Executive Chair, Authority), with Philip Braun, Guy Coltman and Gill Morris appointed as members. The Chief Executive Officer, Chief Governance Officer, Head of Listings 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 2023, the committee's activities focused in particular on the project to replace the Group's core technology platform, cyber security measures, preparations for Guernsey's MONEYVAL assessment and greenwashing risks. 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.

#### Nominations Committee

The committee is chaired by Julia Chapman, with Guy Coltman, 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 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.

During 2023, the Committee's recommendations included the appointment of Julia Chapman to the Board, the appointment of Nick Bayley as Chair of the Authority, the appointment of Philip Braun to the Board of the Authority and changes to the Committee membership.

## 9 | Principles

### Remuneration Committee

The committee is chaired by Guy Coltman, with Julia Chapman 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. The committee reviews the level and structure of the remuneration, bonuses and incentives for staff more broadly and oversees any material changes to employee benefits.

During 2023, the committee's activities included an assessment of market conditions and the competitiveness of remuneration across the Group, the design and introduction of a new employee share option scheme and a review of Non-Executive Director fees. No remuneration consultants were engaged during the year.

### Matters Reserved for the Board

In order to safeguard those areas which are material to the delivery of the Group's objectives, the Board maintains a schedule of matters reserved for its decision. The schedule of matters reserved is subject to annual review and approval by the Board and includes:

- Strategy and Performance
  - » Approval of the Group's strategy, business plan and budget
  - » Review of performance against the approved strategy and objectives
  - » Approval of major transactions as well as any extension or closure of the Group's operations
- Financial
  - » Approval of annual budgets and major capital projects
  - » Approval of the Annual Report and Accounts, Interim Report and any other announcements which contain financial statements
  - » Approval of major changes to the Group's capital structure
  - » Approval of material contracts
  - » Approval of the dividend policy and the declaration or recommendation of dividends
- Risk Management
  - » Maintaining a sound system of internal control and risk management
  - » Approval of the Group's risk appetite statements
- Governance
  - » The appointment and removal of Board members, selection of the Chair and, where appointed, Senior Independent Director
  - » Approval of non-routine resolutions and corresponding documentation to be put to shareholders
  - » Ensuring an open and objective dialogue with shareholders and other stakeholders
  - » 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 to 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 Board releases information to shareholders and the market throughout the year and responds to queries from shareholders on an ongoing basis. 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.

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. Conferencing facilities are provided for the 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

March 2024

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

T: +44 (0) 1481 753000 - E: [info@tisegroup.com](mailto:info@tisegroup.com) - W: [tisegroup.com](https://tisegroup.com)

PO Box 623, Helvetia Court, Block B, 3rd Floor, Les Echelons, St Peter Port, Guernsey, GY1 1AR

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