

## **QCA Corporate Governance Code**

Aeorema Communications PLC

2018 overview

### **Corporate Governance statement**

The board recognises the importance of good corporate governance and has agreed to adopt the QCA (Quoted Companies Alliance) Corporate Governance Code. This document sets out how the Company complies with the QCA Corporate Governance Code and the Company's compliance with the code will be reviewed annually by the board.

My role as chairman is to lead the board and to oversee its function and direction. I have ultimate responsibility for implementing the Company's corporate governance arrangements and am accountable to shareholders for the Company's delivery on its strategy.

The Company is committed to delivering returns for shareholders whilst looking after its stakeholders and recognises the importance of a culture which encourages ethical and fair behaviours. This culture is led by the Company's senior management team.

This document sets out how we consider that Aeorema currently complies with the QCA Corporate Governance Code and explains areas in which we depart from this code. We consider that our approach is appropriate for a company of our size and stage of development and will endeavour to evolve our corporate governance arrangements in line with our growth as a company. We do not consider that any key governance related matters have occurred during the year and the main change to our governance arrangements has been our adoption of the QCA Corporate Governance Code.

### **Mike Hale, Non-executive Chairman**

#### **Delivering growth**

The board is focussing on two key areas of growth within the current strategy and business model.

- To increase revenue streams within the existing limited company (Aeorema Ltd) through key hires, focused account management and new business development.
- To grow the PLC's portfolio of companies through acquisitions and mergers.

The organic challenge relies on retaining key accounts and maintaining the balance between internal delivery teams and revenue streams. Attracting the right talent on both a permanent and freelance basis is critical for creating the right impact for all clients and ensuring growth is sustainable.

The board has made a promise to shareholders to ensure any merger or acquisition is completed at the right price and benefits the future of the organisation. Therefore, thorough due diligence is key to achieving the right result for the Group.

Communication will continue with shareholders on several levels. The Chairman is available to speak to directly and the company's broker will set up key shareholder meetings or conference calls directly after half year and full year results are announced.

The board considers that this approach to shareholder engagement has worked well and was pleased to see a good attendance of shareholders at its last AGM. Announcements will continue to be released through regulatory channels and made on the [aeorema.com](http://aeorema.com) website.

The business is focussed on building strong relationships with clients, staff, suppliers and freelancers. Company account managers/directors continually gain feedback from clients and report back to management. Staff appraisals are regularly held, but the company also has an open-door policy for staff feedback direct to management. Suppliers and freelancers are reviewed on an annual basis and relevant feedback is reported back to management. Management and heads of departments review strategy on a regular basis and the board is informed with regular business update at each board meeting.

As well as identifying opportunities, the board and senior management review risk at all levels on a regular basis. Key risks and challenges to achieving the Company's strategy are identified as; correct staffing levels to meet demand, senior staff retention and on-going staff training, supply chain, client relationships, potential non-repeat business, major changes within key clients' businesses, major shifts within the industry due to economic changes, industry trends, company reputation, IT and physical security. Risk management is a day to day challenge and senior management, along with the board, review all aspects on a regular basis and have implemented various disaster recovery plans as well as strategies to recruit and retain key staff members.

### **Maintaining a dynamic management framework**

The aim of the board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value. The board currently consists of two executive directors and three non-executive directors. The Company does not have a Nomination Committee; the board collectively undertakes the functions of such a committee. The details of each board member along with their background and their role is listed on the website [aeorema.com](http://aeorema.com). Both Stephen Haffner and Richard Owen exercise independent judgement in all matters relating to the Company.

The board and the Company's senior management team has a mix of relevant industry experience, public company experience and financial expertise which enables it to deliver on its strategy.

There is an Audit Committee consisting of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen. The terms of reference of the Audit Committee are to assist the board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Stephen Haffner chairs the Audit Committee and meetings are held twice a year. Its duties include maintaining an appropriate relationship with the company's auditors, keeping under review the scope and the results of the audit and its effectiveness.

The Remuneration Committee consists of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen, and meetings are held at least once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Company and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company. Richard Owen chairs the Remuneration Committee.

The board will continue to meet at least six times a year to review, formulate and approve the Company's strategy, budget, corporate actions and major items of capital expenditure. Board attendance from all board members is currently 85%-100%.

The Company currently departs from the QCA Code in a number of respects, and in particular:

(i) Board evaluation: the board currently runs a self-evaluation process on board effectiveness. It is intended that the board will create a more formal process with annual reviews which will focus more closely on objectives and targets for improving performance;

(ii) Induction, training and succession planning: the Company receives advice from its nominated adviser and external lawyers. The board will consider the introduction of a facility for directors to receive training on relevant new developments on a more regular basis. The Company has not adopted a policy on succession planning but has recently made changes to its board whereby two members of senior management joined the board as Joint Managing Directors in replacement of the exiting founders of the business. The board proposes, to further consider succession planning as part of its regular review of board effectiveness;

(iii) Board diversity: the Company is committed to a culture of equal opportunities for all employees regardless of gender and considers that it has a diverse workforce. The board aims to reflect this diversity over time in terms of its range of cultures, nationalities and international experience.

(iv) Senior Independent Director: the Company does not have a director designated as a Senior Independent Director. In light of the size of the board, and the Company's stage of development, the board does not consider it necessary to appoint a Senior Independent Director at this stage, but will nevertheless keep this under review as part of the board's evaluation on board effectiveness;

(v) Results of Shareholder voting: The Company has not historically announced the detailed results of Shareholder voting to the market. It intends to follow the QCA guidelines in this regard from now on.

1. The board intends to monitor its governance framework as the Company grows and will consider introducing additional board committees such as a nominations committee and potentially expanding its investor relations capabilities.

**Date of last update:** 26 September 2018