

AFM Corporate Governance Code



Marc Bicknell, Railway Enginemen's FS

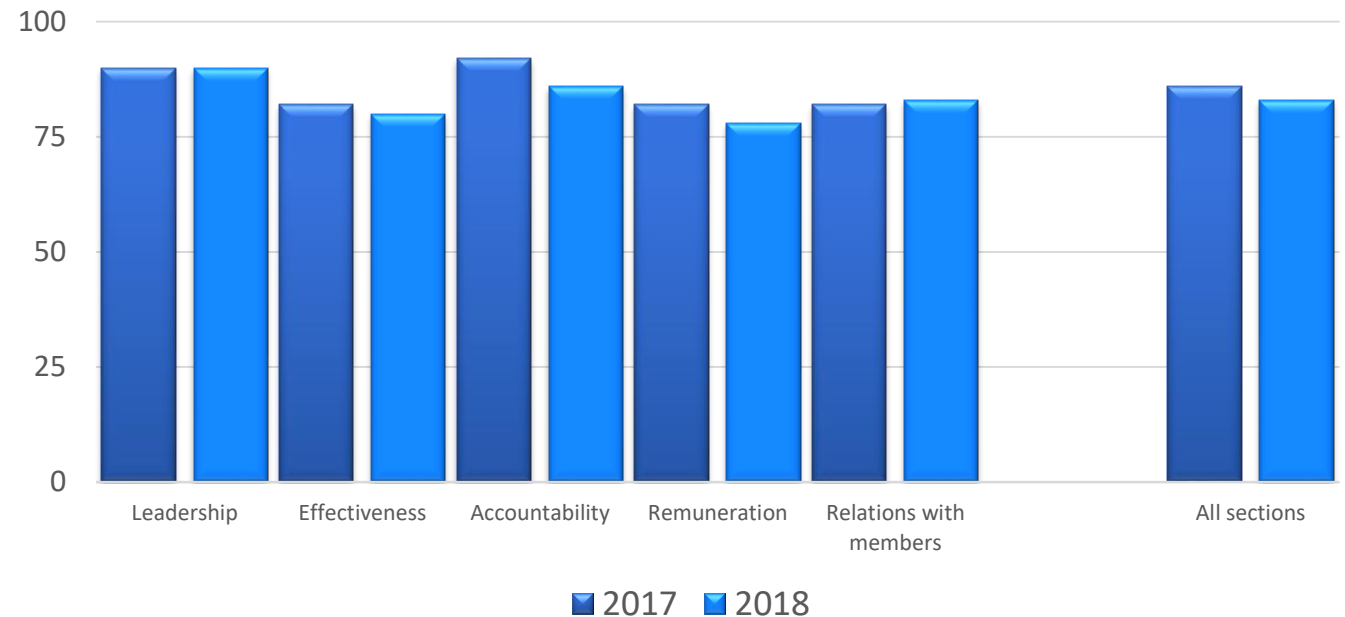
Martin Shaw, AFM

Old Code



Since 2007 we have maintained an annotated version of the code for listed companies.

All member performance, 2017/18



In 2018, members on average complied with 85% of the 54 Code provisions, and provide explanations where they did not comply.

THE NEW AFM CODE IS FOCUSED ON SIX PRINCIPLES



Purpose &
Leadership



Board Composition



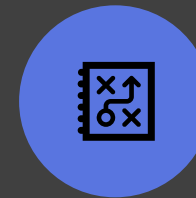
Director
Responsibilities



Opportunity and
Risk



Remuneration



Stakeholder
Relationships and
Engagement



APPLY AND EXPLAIN

- Members should demonstrate how they apply each of the six principles.
- Provide a supporting statement for each principle in the directors' report
- Written in a way designed to appeal to the interests of all key stakeholders
- The guidance in the Code gives non-exhaustive aspects to consider.

A dark, semi-transparent background image showing a group of business professionals in a meeting. A woman in the center is pointing at a document on a table, while others look on attentively.

DEMONSTRATING APPLICATION

2019/20

Based on new AFM Code

Firm-based approach based on six principles

Apply and explain statement in report and accounts

Audit: if required



‘Purpose and Leadership’

An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.

Code guidance explores this further:

- A well-defined purpose
- Tone from the top
- Dialogue with employees around purpose
- Behaviours of employees
- Strategy and business model
- Healthy corporate culture
- The ways we monitor culture
- Strategy to facilitate long-term sustainable value
- Managing conflicts of interest

AFM Operational report 2018/19:

“AFM was established in 2010 to advocate the values of mutuality and through this, promote the expansion of the sector.

The AFM Board has a clear focus on the purpose of AFM and operates against six key activities, agreed by members in 2016. The Board has approved a business plan for 2019/20, which seeks to deliver across these activities.

Regular CEO Forums ensure we share progress with members and seek their views on our work.

The Chief Executive provides secretariat support to the Board, but is not a Director.”

A man and a woman are standing in a meeting room, looking at a whiteboard covered in colorful sticky notes. The woman is on the left, wearing a red and black plaid shirt, and the man is on the right, wearing a dark jacket and glasses. They are both smiling and appear to be in a collaborative discussion. The whiteboard is filled with various colored sticky notes, including yellow, pink, purple, and green. The background is slightly blurred, showing more of the meeting room.

Actions

- Start planning for 2019 year-end
 - Content
 - Audiences
 - ESG considerations
- Agree report format within executive
- Verify audit approach
- Update board



Polling question



Apply and Explain:

- A better fit with the needs of AFM members
- Relevant but complicated
- Preferred comply and explain
- Can't we leave it all to regulation?



Questions?