

## Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

### Principle One

#### *Business Model and Strategy*

The Board has concluded that the highest medium and long term value can be delivered to its shareholders is to continue to provide the tools and information our customers require, be that equity share prices, FOREX data, index data or crypto coin prices and information. Together with news about the financial markets globally. We have subscription based products that allow customers access to premium data and Advertisers that wish to reach our subscribers and users of the site. Further details and information about our products can be found at [www.advfn.com](http://www.advfn.com).

### Principle Two

#### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its brokers, NOMAD and shareholders. Shareholder also have the opportunity to attend our AGM and can access current information about the Company via our IR website or at [www.advfn.com](http://www.advfn.com).

### Principle Three

#### *Considering wider stakeholder and social responsibilities*

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The finance team review this on a regular basis to ensure that there is close oversight and contact with its key resources and relationships.

### Principle Four

#### *Risk Management*

In addition to its other roles and responsibilities, the Audit and Finance team are responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders coupled with consistent messaging to our customers
	Inadequate disaster	Loss of key	Robust compliance

recovery procedures	operational and financial data	Secure off-site storage of data
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Activity	Risk	Impact	Control(s)
<b>Financial</b>	Liquidity, market and credit risk	Inability to continue as going concern	Reviewed by the Finance Team on a regular basis.
	Inappropriate controls and accounting policies	Reduction in asset values Incorrect reporting of assets	

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

**Principle Five**

*A Well Functioning Board of Directors*

As at the date hereof the Board comprised, the Executive Chairman and company Secretary Michael Hodges, CEO Clement Chambers, CFO and CTO Jonathan Mullins, Sales Director Matthew Collom and Non-Executive Director, Brain Basham. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. All the Directors bar Matthew Collom including the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

The Board meets regularly throughout the year (ordinarily 6 times). It has established an Audit and Finance team and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. Brain Basham is considered to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. While the Board considers to date the Board composition (including the executive role of the Chairman and the single non-executive director has been appropriate for the Company given the size of the business, the board will review further appointments as scale and complexity grows and in particular the potential appointment of an additional second independent non-executive director to meet the QCA recommendation..

**Principle Six**

*Appropriate Skills and Experience of the Directors*

The Board currently consists of Five Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Director's has experience in public markets.

The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

## **Clement Chambers**

### *Chief Executive Officer*

Co-founder of ADVFN plc, All IPO plc and Online Blockchain plc, Clem Chambers has been involved in the software industry for over 35 years as a pioneer of computer games, massively multiplayer games, multimedia and the internet. He is also director of Online Blockchain plc. He has written investment columns for Wired Magazine, Forbes, The Business, The Scotsman and broadcasts on investment matters for SKY News, CNBC and the BBC. Chambers takes an active role in all aspects of ADVFN, from product and staff development to revenue generation and the day-to-day running of the site. He is a member of the remuneration committee. He has been a Non-Executive Director of Avarae Global Coins PLC since November 2010.

## **Michael Hodges**

### *Chairman*

Co-founder of ADVFN plc, Michael Hodges has over 35 years experience in computer software development and publishing, while working with multi-user and Internet projects for many years. He Co-founded Online Blockchain plc, ADVFN plc and All IPO plc. He is currently Chairman of Online Blockchain plc, ADVFN plc and a director of All IPO plc. At ADVFN, Michael has responsibility for exchange liaison, all legal and contractual issues and general business development. He is a member of the audit committee and of the remuneration committee and part of the Finance team.

## **Jonathan Mullins**

### *CFO & CTO Director*

Jonathan Mullins has been involved in the development of a wide variety of on-line and internet services for over 20 years. He is responsible for the entire technical department of ADVFN and has overseen the growth of the website since its early days, including the development of the proprietary streaming service. He continues to direct all technical implementations for the site and as CFO is head of the Finance team.

## **Matthew Collom Sales Director**

Matthew Collom joined ADVFN in 2001 and has 20 years' experience within the on-line advertising industry. He became the Sales Director of the company in May 2014.

## **Brian Basham Non Executive Director**

Executive Chairman of Equity Development, Brian Basham brings a wealth of industry knowledge and experience to the ADVFN board, having founded a number of successful businesses since 1976, including Broad Street Associates (subsequently sold to BDDP in 1986) and Primrose Care (sold to BUPA in 1998). Basham has had a long career in the City having first worked as a financial journalist, working for the Daily Mail, The Times and The Telegraph.

## **Principle Seven**

### *Evaluation of Board Performance*

Internal evaluation of the Board, the Committees and individual Directors is to be undertaken in the form of appraisal and discussions to determine the effectiveness and performance as well as the Directors' continued independence.

## **Principle Eight**

### *Corporate Culture*

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their

views and expectations for the Company. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

## **Principle Nine**

### *Maintenance of Governance Structures and Processes*

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

### *Audit Committee*

During the financial year ended 30th June 2018 the Audit Committee comprised Jonathan Mullins and Michael Hodges which was chaired by Jonathan Mullins. This team has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit and Compliance Committee has unrestricted access to the Company's auditors.

### *Remuneration Committee*

The Remuneration Committee comprises Clement Chambers and Michael Hodges. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

### *Nominations Committee*

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

### *Non-Executive Directors*

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of

interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

### **Principle Ten**

#### *Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website, [www.advfn.com](http://www.advfn.com), and via Clem Chambers, CEO, who is available to answer investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.