

IPO AND BEYOND: A CORPORATE GOVERNANCE ROADMAP

Is your company on
the road to listing?
We're here to help.

There are many aspects to consider when preparing to list. But have you thought about what is needed from a governance perspective?

Appropriate corporate governance controls, frameworks and reporting need to be in place to ensure your board is well positioned for the exciting new environment your business will operate in. Here at Link Group we can guide your board and management with:



- Pre-IPO preparations



- Navigating the pre- and post-IPO landscape



- Implementing the reporting and regulatory environment of a listed company

Becoming 'IPO-ready' is a big step culturally and organisationally and we will be there every step of the way.



Link Group have proudly helped

36%

of newly listed companies in the UK begin their journey between July and September 2021.



YOUR TEAM

Do you have a Company Secretary in post? Or is the role currently part of the Financial Director's or General Counsel's remit?

A qualified Company Secretary is a pivotal part of a listed company, and you will need to make some decisions about how you resource this vital area. All PLCs require a Company Secretary by law, which can be an individual or a corporate body. The directors must be confident the individual or corporate body has the requisite knowledge, experience and qualification to perform this role.

The vast majority of our listed clients who appoint Company Matters, Link Group's Company Secretarial and governance advice business, as their Company Secretary do so because of the benefits this provides their business:

- Appointing a corporate body to hold office as Company Secretary gives our clients the advantage of enabling more than one qualified person to represent the company, giving them access to a more extensive knowledge base
- Outsourced Company Secretary providers have the necessary qualifications, experience and capacity to act as the named Company Secretary, supported by a wider team of professionals
- Professional outsourced solutions have experience of a wide range of sectors, companies and best practice and are able to bring this wider knowledge and experience to the client
- As appointed Company Secretary, we would expect to attend all board and committee meetings. This benefits the client as the Company Secretary will be in the room to facilitate the full meeting cycle, take minutes and provide listed company and governance advice in real time



ARE YOU READY FOR YOUR NEW REGULATORY ENVIRONMENT?

As a listed company, you will have a number of key external regulatory relationships to maintain after floating, including regulators such as:

- FCA and Takeover Panel
- Financial Reporting Council
- Institutional shareholder bodies and proxy voting agencies
- Companies Act (depending on where your company is incorporated)
- Market Abuse Regulation
- FSMA
- CMA

The Company Matters team helps with numerous events that require disclosure to the market, as well as documents that must be sent to the FCA and shared with shareholders.



YOUR MAJOR SHAREHOLDERS AND INVESTOR ENGAGEMENT

Decisions made at IPO regarding KPIs, financial disclosures and guidance will define what analysts and investors expect going forward.

We guide and help our clients to develop a planned programme of investor engagement to ensure there are no surprises in your annual report disclosures and AGM resolutions.

Shareholders must disclose their holdings to the company when their interest reaches a certain level. Do you have procedures in place to capture these notifications and release the information to the market?

Do you have a controlling shareholder? It will be imperative to be aware of the additional requirements under the Listing Rules regarding your relationship, and the process at AGMs for electing independent directors.



YOUR WIDER WORKFORCE AND STAKEHOLDER ENGAGEMENT

There are a number of options suggested by the UK Corporate Governance Code. Which one is best for your organisation?

As a listed company you will have to formally disclose your approach to workforce engagement. You may already do this very well, but the disclosures and interest around this will be magnified.

Your s.172 statement will expect you to set out your approach to engaging with your wider stakeholders. Who are they and what are the feedback mechanisms back to the board?



FINANCIAL REPORTING AND INSIDE INFORMATION

The content of your annual report will grow considerably upon listing. Have you thought about how you and your advisers will navigate the rules around the content and deadlines for release of financial information?

You will also be required to release a half-year report and whilst quarterly reporting is no longer a legal requirement, many listed companies like to update the market quarterly.

Insiders will be prohibited from dealing in the company's shares during closed periods until the relevant financial information is announced.

The production, release and distribution of your annual report to shareholders ahead of the AGM will require project management skills. The corporate calendar will be finely tuned to take account of regulatory deadlines and corporate governance guidelines. This may be the first time you need to take account of electronic reporting under ESEF and XHTML and so key stakeholders should be engaged early on.



SYSTEMS, CONTROLS AND PROCEDURES – INSIDE INFORMATION

Do you have adequate systems, controls and procedures in place in relation to the identification and disclosure of inside information to the market?

Directors must ensure they have appropriate systems and controls in place to identify inside information, and whether it should be disclosed. Usually, the Company Secretary takes responsibility for these matters and they will have authority to call board meetings at any point to opine on information and make decisions about its release.

Listed companies must have robust share dealing processes in place for their directors, senior management and their contacts for approval of share dealing and the management of inside information.

Being a listed company involves a step change in your approach to sharing financial information.



YOUR BOARD

As a listed company, the size of your board will grow to include a balance of independent non-executive directors. Have you planned what type of induction and regular training directors will receive on their duties under the Companies Act and as directors of a listed company?

The board will set out a framework of matters reserved to it, the split of responsibility between the Chair and CEO and role profiles for the Chair, CEO, CFO and senior independent non-executive director. This framework should be reviewed at least annually.



WHAT COMMITTEES WILL YOU NEED AFTER LISTING?

The 'standard' committees of Audit, Remuneration, Nomination and Disclosure are a given, but depending on your sector, you may also need to delegate some board responsibilities to other committees managing areas such as Risk, ESG, Investment, Management Engagement, Health & Safety. All committees must have agreed terms of reference and must be managed in accordance with their terms of reference.

We can help to create the corporate governance framework, draft terms of reference and disclosures in the prospectus, applying best practice along the way.



YOUR CORPORATE GOVERNANCE FRAMEWORK

Which code will you adopt? How will you evidence compliance?

Your company will be required to disclose which corporate governance code it has adopted, and explain how it has complied with the code's principles in its annual report.

The UK Corporate Governance Code contains principles of good corporate governance and a code of best practice around areas such as director and board composition, training and performance evaluation, directors' remuneration, relations with shareholders and accountability and audit.



REGISTERS AND RECORDS

Do you have the right registers in place?

Private companies are of course required to maintain numerous registers under the Companies Act. As a listed PLC, the number of registers will increase to include, for example, a register of directors, PDMR and PCA interests in shares and options of the company, a register of major shareholdings, related party registers, a register of directors' conflicts/other interests.



BOARD AND COMMITTEE MEETINGS

How often should your boards and committees meet?

This will be determined by their governing documents and forward-looking agendas. Your meetings should be minuted by an appropriately experienced and qualified professional minute-taker as they will be subject to increased scrutiny by your other advisers and regulators. Consider using a board-paper portal for ease of electronic access to meeting papers.



DIRECTORS' REMUNERATION AND EVALUATION

The spotlight will be on your executive directors' remuneration – are you ready to disclose your remuneration policy in your prospectus and put it to shareholders for approval at your first AGM?

You will be expected to review and report on your board's and individual directors' effectiveness and performance on an annual basis. This can be conducted internally, but your investors will expect an externally-facilitated evaluation on a regular basis.



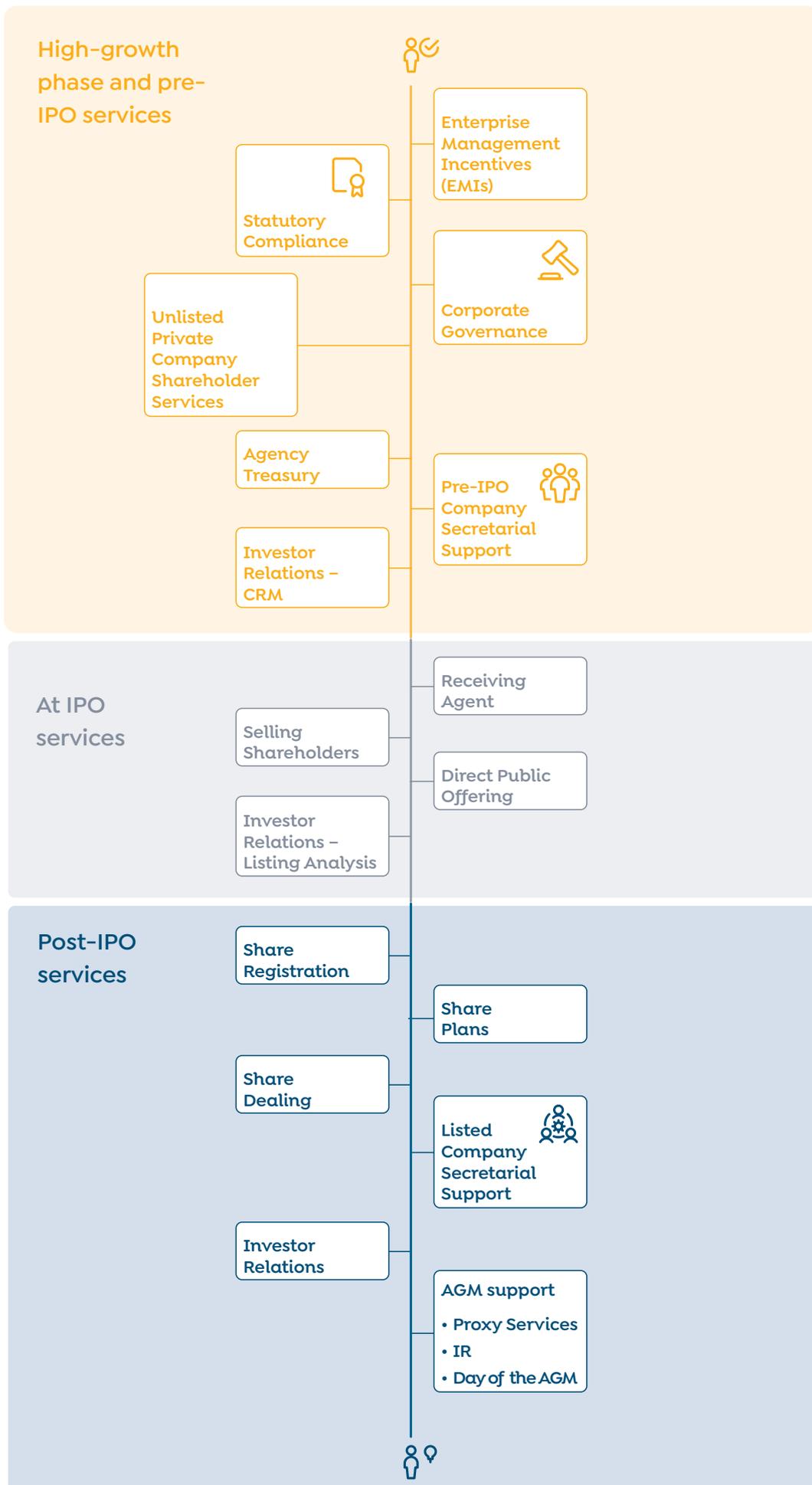
YOUR MAJOR SHAREHOLDERS AND INVESTOR ENGAGEMENT

Decisions made at IPO regarding KPIs, financial disclosures and guidance will define what analysts and investors expect going forward. Within Link Group we have several specialist teams to guide and help our clients to develop a planned programme of investor engagement from a governance, investor relations and proxy perspective.

Shareholders must disclose their holdings to the company when their interest reaches a certain level. Do you have procedures in place to capture these notifications and release the information to the market? Do you have support in place to track your evolving shareholder base at a beneficiary and investment management level to ensure you are speaking to the right key stakeholders.

Do you have a controlling shareholder? It will be imperative to be aware of the additional requirements under the Listing Rules regarding your relationship, and the process at AGMs for electing independent directors. Link can also assist in ensuring there are no surprises in your annual report disclosures and you receive the appropriate support for your AGM resolutions.

Link Group corporate markets service map



Contact us

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A global, digitally enabled business connecting millions of people with their assets – responsibly, securely and safely

From equities, pension and superannuation to investments, property and other financial assets, we partner with a diversified portfolio of global clients to provide robust, efficient and scalable services, purpose-built solutions and modern technology platforms that deliver world class outcomes and experiences.

We help manage regulatory complexity, improve data management and connect people with their assets, through exceptional user experiences that leverages the expertise of our people combined with technology, digital connectivity and data insights.

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