

Sensyne Health plc

Corporate Governance

Statement of compliance with the UK Corporate Governance Code

The Board is committed to achieving high standards of corporate governance, integrity and business ethics, and has agreed to follow the principles of the UK Corporate Governance Code (the “Code”). As the Company was admitted to AIM on 17 August 2018 (“Admission”), there are a number of areas of the Code where it is not possible to have achieved full compliance until we publish our first Annual Report as an AIM listed company, due in 2019. In that first Annual Report we will provide a full update on our compliance with the Code.

This report sets out in broad terms how the Company currently complies with the principles of the April 2016 version of the Code. We are aware that a new version of the Code was published in July 2018 and we intend to report compliance against that version of the Code in respect of our financial year commencing on 1 May 2019.

A full version of the Code is available from the Financial Reporting Council [website](#).

Compliance with the Code

A. Leadership

A.1 Role of the Board

The Board is responsible for formulating, reviewing and approving the Group’s strategy, budgets and corporate actions, and is collectively responsible for the long-term success of the Company. Certain matters are specifically reserved for decision by the Board and documented in a written schedule which will also be reviewed annually, and these include:

- Setting the Company’s values and standards;
- Reviewing and approving risk appetite and determining the nature and extent of the significant risks it is willing to take to achieve strategic objectives;
- Overseeing controls, audit processes and risk management policies;
- Approving the financial statements, revenue and capital expenditure; and
- Approving material agreements.

The Board will meet regularly, with supplementary meetings scheduled as required.

The Board has established an Audit and Risk Committee, a Remuneration Committee and Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference. Further details, including links to each committee’s terms of reference, are available [here](#).

The Company has arranged appropriate insurance cover in respect of legal action against its directors.

A.2 Division of responsibilities

There is a clear division of responsibilities at the head of the company, with the roles of the Chairman and CEO not exercised by the same individual and the responsibilities of those roles documented in writing and approved by the Board. The CEO and the CFO, supported by an

Executive Committee, are responsible for the day-to-day management of the Company's operational activities, and for the proper execution of strategy, as set by the Board.

A.3 The Chairman

The Chairman's responsibilities are as set out in his letter of appointment, and include ensuring the effectiveness of the Board in all aspects of its role, facilitating the effective contribution of the non-executive directors and promoting a culture of openness and debate.

The Board does not consider the Chairman, Professor Sir John Bell, to have been independent on his appointment due to his membership of the board of OUH NHS Foundation Trust. Therefore, the Company does not comply with provision A.3.1 of the Code that the chairman should on appointment be determined by the Board to be independent. After carefully considering the provisions of the UK Corporate Governance Code, the Directors determined that Professor Sir John Bell's appointment as Chairman would be in the best interests of the Company and its shareholders as a whole. Professor Sir John Bell is a highly respected scientist who has helped found a number of companies, has significant public company experience including membership of the board of Roche and is the author of the UK's life sciences industrial strategy.

A.4 Non-executive directors

Andrew Gilbert has been appointed as our Senior Independent Director and in that role will be available to shareholders if they have concerns over an issue that the normal channels of communication (through the Chairman, the CEO or the CFO) have failed to resolve or where those channels are not appropriate. He will also be available to the Chairman as a sounding board and to serve as an intermediary between the Chairman and the other directors when necessary.

The responsibilities of the non-executive directors are set out in their individual letters of appointment.

B. Effectiveness

B.1 Composition of the Board

The Board comprises nine Directors, two of whom are executive Directors and seven of whom are non-executive Directors. For the purposes of the Code, the Board regards Dr. Anna Lisa Jenkins, Mary Hardy, Andrew Gilbert, Dr. Vishal Gulati and Sir Bruce Keogh as independent non-executive Directors. The Company therefore complies with Code provision B.1.2 as more than half of the Board (excluding the Chairman) is comprised of independent non-executive Directors.

The Board has been structured to ensure that an appropriate mix of skills and experience are in place to allow it to operate effectively and to support the development of the Company's strategy and long-term objectives. The composition of the Board will be regularly reviewed by the Nomination Committee to ensure this balance of skills, experience and knowledge is maintained.

B.2 Appointments to the Board

All Board members were appointed prior to Admission. Any future appointments will be subject to a formal, rigorous and transparent procedure which will be led by the Nomination Committee.

The Board has established a Nomination Committee, comprising two independent non-executive Directors and chaired by Professor Sir John Bell.

B.3 Commitment

The time commitment required from each Director is set out in his/her letter of appointment. The Nomination Committee is responsible for considering annually whether each Director is able to devote sufficient time to their duties.

B.4 Development

On joining the Board, new Directors will receive a comprehensive induction. It is expected that Directors will receive regular updates on legal, regulatory and governance issues.

B.5 Information and Support

It is expected that Board and Committee materials will be distributed to Directors in a timely manner and in a form and quality to enable the Directors to discharge their duties. The CEO and CFO provide reports to the Board and other members of the Executive Committee prepare reports to the Board and may be invited to attend Board meetings to present on their activities. The Company Secretary is responsible for advising the Board on corporate governance matters.

B.6 Evaluation

As the current Board was only established shortly prior to Admission, there has not yet been a formal performance evaluation process. The appropriate timing for the first evaluation process will be considered before the end of the current financial year, however it may be decided that a meaningful evaluation can only take place after the Board has been working together for a reasonable time, and therefore any evaluation delayed until the financial year ending in April 2020. This will include consideration as to whether it is appropriate to carry out an externally facilitated evaluation process. An update will be provided in the Company's 2019 annual report.

B.7 Re-election

The Company's Articles of Association require directors to retire and submit themselves for annual re-election which is in compliance with provision B.7.1 of the Code.

C. Accountability

C.1 Financial and business reporting

The Board is aware of its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects, and arrangements will be established to enable the Board to discharge this responsibility. Appropriate disclosures will be made in the Company's annual and half-year financial statements in compliance with Code provisions C.1.1, C.1.2 and C.1.3.

C.2 Risk management and internal control

The Board has overall responsibility for maintaining and reviewing the Group's systems of internal controls and ensuring that those controls are robust and effective in enabling risks to be properly assessed and managed.

The Audit and Risk Committee has delegated responsibility from the Board to review annually the effectiveness of the risk management and internal control systems.

The schedules of annual activity for the Board and Audit and Risk Committee will be designed to ensure appropriate time and focus is given to these areas.

Disclosures in accordance with Code provisions C.2.1 and C.2.2 will be included in the Company's annual reports.

C.3 Audit Committee and Auditors

The Board has established an Audit and Risk Committee, comprising three independent non-executive Directors and chaired by Mary Hardy, who has recent and relevant financial experience. The responsibilities of the Audit and Risk Committee are set out in its terms of reference, approved by the Board, and described in more detail [here](#).

A separate section of the annual report will describe the work of the Audit and Risk Committee in discharging its responsibilities.

D. Remuneration

The Board has established a Remuneration Committee comprising three independent non-executive Directors and chaired by Andrew Gilbert. The responsibilities of the Remuneration Committee are set out in its terms of reference, approved by the Board, and described in more detail [here](#).

The activities of the Remuneration Committee in discharging its specific responsibilities under the Code will be described in a separate section of the 2019 annual report.

As an AIM company, the Company is not required to have a shareholder-approved Directors' remuneration policy. However, in keeping with our commitment to achieving high standards of corporate governance, integrity and business ethics, the Remuneration Committee has approved a remuneration policy for its Directors which it intends to operate on a voluntary basis. The remuneration policy is described on page 114 of the Company's AIM admission document available [here](#).

E. Relations with shareholders

Shareholder engagement activity will be developed during the first year following Admission and an update on such activity will be provided in the 2019 annual report. It is expected that meetings with major shareholders following both the full-year and half-year results will typically be held by the CEO and CFO. The whole Board will be briefed on the outcome of those meetings.

The Chairman and Senior Independent Director are contactable at the Company's registered office, and all of the Directors are expected to attend the AGM.

September 2018