

**Sensyne Health plc**  
**Corporate Governance**

**Statement of compliance with the UK Corporate Governance Code**

The UK Corporate Governance Code (the “Code”) sets out the principles of good practice in relation to corporate governance. The Code is published by the Financial Reporting Council (FRC) and the 2016 version of the Code can be found on their website ([www.frc.org.uk](http://www.frc.org.uk)).

The principles of the 2016 version Code are divided into five sections. Each section sets out the main principles relating to Leadership, Effectiveness, Accountability, Remuneration, and Relations with Shareholders. This Statement explains how Sensyne Health has applied these principles in relation to the period covered by the 2019 Annual Report, and will be updated to explain the Company’s application of the principles of the 2018 version of the Code on publication of our 2020 Annual Report.

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**Compliance with the Code**

**1. 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 meets regularly to help ensure it discharges its duties effectively. There were five formal meetings during the 2019 financial year; supplementary meetings were scheduled as required.

Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings.

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 terms of reference of each Committee were approved by the Board prior to admission to AIM. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best

practice. Each Committee is comprised of Non-Executive Directors of the Company. The Company Secretary is the secretary of each Committee.

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 Interim 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, supported by an Executive Committee, is 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 Interim Chairman's responsibilities 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 Interim Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors, as well as maintaining good working relationships between all Directors.

The Board considers Sir Bruce Keogh to have been independent on his appointment as Interim Chairman.

### **A.4 Non-executive directors**

Mary Hardy 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 Interim Chairman or the CEO) have failed to resolve or where those channels are not appropriate. She will also be available to the Interim Chairman as a sounding board and to serve as an intermediary between the Interim Chairman and the other directors when necessary.

The non-executive directors scrutinise the performance of the CEO and the Executive Committee in meeting agreed goals and objectives and monitor the reporting of performance.

## **2. Effectiveness**

### **B.1 Composition of the Board**

The Board comprises five Directors, one of whom is an executive Director and four of whom are non-executive Directors. For the purposes of the Code, the Board regards Mary Hardy, Dr. Vishal Gulati and Sir Bruce Keogh as independent non-executive Directors. The Company therefore complies with Code provision B.1.2 as half of the Board (excluding the Interim Chairman) is comprised of independent non-executive Directors. Sensyne is currently running a process to appoint a Non-executive Chair and additional independent Non-executive Directors.

Professor Lionel Tarassenko is not considered independent as he is employed by the Group as Director of R&D, and is an employee of the University of Oxford which has a material business relationship with the Group.

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 appointments of new Directors are subject to a formal, rigorous and transparent procedure led by the Nomination Committee.

The Board has established a Nomination Committee, comprising Mary Hardy (as Chair) and Sir Bruce Keogh.

Sensyne Health recognises the importance of a diverse workforce and Board. The Board considers appointments based on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, age, educational and professional background. The Company's diversity policy promotes principles of equality and diversity in all its dealings with employees and protects employees against unlawful discrimination. At 30 April 2019 the Board had two female Directors representing 22% of the composition of the Board.

## **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.

The Board, advised by the Nomination Committee, is satisfied that the Interim Chairman and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

In the appropriate circumstances, the Board, acting on advice from the Nomination Committee, may authorise Executive Directors to take Non-Executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience. The acceptance of appointment to such positions is subject to the approval of the Remuneration Committee. Currently, Lord Drayson serves as a Non-Executive Director of Airbus SE, a position he held prior to admission.

## **B.4 Development**

On joining the Board, new Directors receive a comprehensive induction. New members are also introduced to senior employees and, as appropriate, external advisers.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's other professional advisers where appropriate. Non-Executive Directors are encouraged to

raise any personal development or training needs with the Chairman or through the Board evaluation process.

### **B.5 Information and Support**

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate, timely and clear information. Board and Committee materials are compiled and distributed to Directors in a timely manner and in a form and quality to enable the Directors to discharge their duties. The CEO provides 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.

Directors have access to independent professional advice at the Company's expense. The Company Secretary is responsible for advising the Board through the Interim Chairman on corporate governance matters.

### **B.6 Evaluation**

The Board intends to undertake an internal formal evaluation process during the financial year ended 30 April 2020, as well as a review of the Interim Chairman led by the Senior Independent Director.

### **B.7 Re-election**

In accordance with the Company's Articles of Association and the Code, all the Directors were submitted for re-election at the annual general meeting of the Company held on 30 October 2019.

## **3. 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 have been established to enable the Board to discharge this responsibility. Appropriate disclosures have been 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 ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board, in conjunction with the Audit and Risk Committee, considers and carries out a robust assessment of the principal risks facing the Group including those which would threaten its business model, future performance, solvency or liquidity and to review how these risks are being managed together with any mitigating actions. The principal risks facing the business are set out on page 18 of the Annual Report 2019. However while the system is designed to manage risk, it cannot eliminate all risk and therefore it provides reasonable, not absolute, assurance against material misstatement or loss. The Board, on the advice of the Audit and Risk Committee,

considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors;
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and rapid implementation whilst minimising risks;
- a comprehensive annual budgeting process, producing a detailed profit and loss, balance sheet and cash flow, which is approved by the Board;
- detailed monthly reporting of performance; and
- central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice and Code guidance, whilst also having regard to its size and the resources available. The Group has an established Quality Assurance and Regulatory Affairs (QARA) department which monitors compliance with relevant standards and certification and undertakes reviews of internal processes. Taking into account the current nature of operations and the experience and skill of the management team, the Board, on the advice of the Audit and Risk Committee, considers that the introduction of an internal audit function is currently not appropriate. This position is reviewed regularly as the business continues to grow.

### **C.3 Audit Committee and Auditors**

The Board has established an Audit and Risk Committee, comprising Mary Hardy (as Chair) and Vishal Gulati, 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.

## **4. Remuneration**

The Company's remuneration policy is set out in the Remuneration Committee Report. The Board believes the policy is sufficient to attract, retain, and motivate Directors of the quality required to run the Group successfully.

## **5. Relations with shareholders**

Meetings with major shareholders were held by the CEO and CFO following the publication of our half-year results in January and on an ad hoc basis as appropriate. The CEO and CFO held further meetings with major shareholders following the publication of our full-year results in this Annual Report. The whole Board is briefed on the outcome of these meetings. Furthermore, the Group communicates to all shareholders through our interim and full-year results, all of which are available on our website alongside our analyst results presentation slides.

The Chairman and Senior Independent Director are contactable at the Company's registered office. The AGM is a key opportunity for the Board to engage with shareholders.

**March 2020**