

## GOVERNANCE

## Corporate Governance Report

**Corporate Governance**

The Company's shares were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange on 17 March 2004. AIM listed companies are not required to comply with the disclosures of the UK Corporate Governance Code September 2014 (the "Code"). However, the Board is committed to maintaining high standards of corporate governance and has therefore sought to comply with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (the "QCA Code 2013"). The QCA Code 2013 adopts key elements of the Code, policy initiatives and other relevant guidance and then applies these to the needs and circumstances of small and mid-size quoted companies. In respect of the year ended 30 April 2016 the Board has sought to apply and comply with the provisions of the QCA Code 2013 in so far as it considers them to be appropriate to a company of this size, nature and structure, and has explained any areas of non-compliance with those provisions.

**Chairman's Governance Report**

As Chairman I am committed to high standards of corporate governance appropriate to the Group's current form and as it grows. I believe that applying sound principles in running the Group will establish and maintain trust with our shareholders and other stakeholders, will ensure the Group is well run and provide a solid basis for growth, for managing the risks we face and for achieving long-term success.

**Garth Selvey**  
Chairman

Below is a brief description of the Board, its role and its Committees followed by details of the Group's systems of internal control and shareholder relations.

**Board of Directors**

The Board of Directors is led by the Chairman, has overall responsibility for strategy and is responsible to shareholders for the governance of ANGLE plc and for the effective operation and management of the Group. Its aim is to provide leadership and control in order to ensure the growth and development of a successful business, while representing the interests of the Company's shareholders.

**Composition**

The Board comprises the Non-executive Chairman, one Non-executive and two Executive Directors. The QCA Code 2013 recommends there are at least two Non-executive directors. The Chairman was independent at the time of his appointment and under the QCA Code 2013 he also may count as an independent director.

Different Directors hold the roles of Chairman and Chief Executive and there is a clear division of responsibilities between them. The Chairman is responsible for corporate governance, for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring that the Non-executive Directors are properly briefed on matters. The Chief Executive has responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group through his management of the Executive Directors and senior managers. The Finance Director acts as the Company Secretary as the size and nature of the business activities does not justify a dedicated person or a need to outsource the activity; in this role he supports the Chairman directly on governance matters as well as dealing with legal and regulatory compliance.

The Board's current composition is geared toward the Group's current stage of development and priorities and will be refreshed as appropriate. The skill set of the Board therefore includes experience in non-executive director/chairman roles, listed companies, investor relations, fundraising, medical diagnostics, technology development and product commercialisation. Individual Directors possess a wide variety of skills and experience and biographical details of the Directors are set out on pages 30 and 31.

**Independence**

The Chairman and Non-executive Director are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. They do not have a significant shareholding (see page 40) or represent a major shareholder, they receive no remuneration from the Company other than directors' and consultancy fees, they have no day-to-day involvement in running the business and have never been employees of the Company, they have no personal financial and/or material interest in any other matters to be decided, such as contracts, and they have no conflicts of interests arising from cross-directorships or advisory roles. Each Board meeting starts with a declaration of directors' interest to identify potential or actual conflicts of interest. The Board considers that the Non-executive Director is of sufficient calibre to bring the strength of independence to the Board. The Board has not nominated a Senior Independent Director as it believes issues can be raised through the normal channels of the Chairman, Chief Executive and Finance Director and where necessary the Non-executive Director can be approached directly.

**Training and advice**

There is an induction process for new directors. All Directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary. All Directors also have access, at the Company's expense, to experienced legal advice through the Company's legal advisors and other independent professional advisors as required. The Company maintains appropriate insurance in the event of legal action being taken against a Director. No individual Director or Committee of the Board received external advice in relation to their Board duties in the year.

### Information

Management supply the Board and/or Committees with appropriate and timely information, including a business update and management accounts so that trading performance can be regularly reviewed.

### Matters reserved for the Board

The Board has a schedule of matters specifically reserved to it for decision, including the review and approval of:

- Group policy and long-term plans and strategy for the profitable development of the business;
- interim and annual Financial Statements;
- major investments and divestments;
- other significant financing matters such as fundraising, material contracts, acquisitions and capital item purchases;
- cash flow forecasts, annual budgets and amendments; and
- senior executive remuneration and appointments.

In addition certain other responsibilities have been delegated to the Committees of the Board, each of which has clearly defined terms of reference (see Company's website).

### Board effectiveness and evaluation

The Company supports the concept of an effective Board leading and controlling the Company. The Board therefore undertakes a periodic evaluation of its performance, its Directors and its Committees, the most recent of which was undertaken in June 2016. The review, led by the Chairman, involves each Board member providing feedback and comments on the others and where necessary specific actions are identified to improve certain areas.

### Service contracts and letters of appointment

The two Executive Directors Andrew Newland and Ian Griffiths have service contracts with the Company dated 9 March 2004 and effective from 17 March 2004. The contracts are not set for a specific term, but include a rolling twelve-month notice period by the Company or the individual. In the event of a change in control, the Executives have the right to terminate their employment without the requirement to work their notice period.

The Non-executive Chairman Garth Selvey has a letter of appointment dated and effective from 7 September 2006. The Non-executive Director Brian Howlett has a letter of appointment dated and effective from 7 January 2013. These letters are issued in place of service contracts. These appointments are not set for a specific term and are terminable at will without notice by either party.

### Election

Under the Company's Articles of Association, newly appointed Directors are required to resign and seek re-election at the first Annual General Meeting following their appointment, and all Directors are required to seek re-election at intervals of no more than three years. All Directors were re-elected by the shareholders at the Annual General Meeting held on 31 October 2013. Accordingly all Directors are seeking re-election this year.

### Committees of the Board

The Board maintains Audit, Remuneration and Nomination Committees. All Committees operate with written terms of reference. Their minutes are circulated for review and consideration by the full Board of Directors, supplemented by oral reports on matters of particular significance from the Committee Chairmen at Board Meetings.

The QCA Code 2013 recommends there are at least two Non-executive Directors on the Audit and Remuneration committees. The Chairman has maintained a role on all of the Committees so that the Committees gain the benefit of his experience and the Board believes it is inappropriate to have only one member on the Committees – the Company believes this is the most effective way to ensure the Committees fulfil their roles; the Chairman was independent at the time of his appointment and under the QCA Code 2013 he also may count as an independent director.

The following Committees assist the full Board in the exercise of its responsibilities by dealing with specific aspects of the Group's affairs:

#### Audit Committee

The members of the Committee are the Non-executive Director Brian Howlett (Chairman of the Audit Committee) and the Chairman Garth Selvey. The Audit Committee meets at least twice a year to review the interim and annual accounts before they are submitted to the Board. The external auditors, Finance Director and Chief Executive may attend by invitation. Provision is made to meet with the auditors at least once a year without any Executive Director present.

The Committee has adopted formal terms of reference and considers financial reporting, corporate governance and internal controls. Its review of financial reporting includes discussion of major accounting issues, policies and compliance with International Financial Reporting Standards (IFRS), the law (Companies Act 2006), review of key management judgements and estimates, review and update of the risk register, risk assessment and risk management activities and going concern assumptions. It also reviews the scope and results of the external audit and the independence and objectivity of the auditors and makes recommendations to the Board on issues surrounding their remuneration, rotation of partners/staff, appointment, resignation or removal. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the auditors. The Audit Committee is also responsible for monitoring the provision of non-audit services provided by the Group's auditors and assesses the likely impact on the auditor's independence and objectivity when considering an award of any material contract for additional services. The fees in respect of audit and non-audit services are disclosed in Note 3; the fees for non-audit services are not deemed to be significant enough to impair their independence and objectivity.

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### Remuneration Committee

The members of the Committee are the Chairman Garth Selvey (Chairman of the Remuneration Committee) and the Non-executive Director Brian Howlett. The Remuneration Committee meets as required. The Chief Executive and Finance Director may attend by invitation but are not present when matters affecting their own remuneration arrangements are considered.

The Committee has adopted formal terms of reference and the Committee reviews and sets the remuneration and terms and conditions of employment of the Executive Directors and senior management. It also agrees a policy for the salaries of all staff and is responsible for the development of the Company's remuneration scheme. The decisions of the Committee are formally ratified by the Board.

Details of Directors' remuneration and service contracts together with Directors' interests are shown in the Remuneration Report on pages 40 to 42.

### Nominations Committee

The members of the Committee are the Chairman Garth Selvey (Chairman of the Nominations Committee) and the Non-executive Director Brian Howlett. The Nominations Committee meets as required. The Chief Executive and Finance Director may attend by invitation.

The Committee has adopted formal terms of reference and is responsible for reviewing the structure, size and composition of the Board, planning for succession and for identifying and recommending to the Board suitable candidates for both executive and non-executive Board appointments.

### Directors' attendance

The Board has at least eight meetings per year with additional special meetings as required. Directors' attendance at Board and Committee meetings during the year ended 30 April 2016 is set out below:

|              | Garth Selvey | Brian Howlett | Andrew Newland | Ian Griffiths |
|--------------|--------------|---------------|----------------|---------------|
| Board        | 11/11        | 11/11         | 11/11          | 11/11         |
| Audit        | 2/2          | 2/2           | N/A            | N/A           |
| Remuneration | 1/1          | 1/1           | N/A            | N/A           |
| Nominations  | 3/3          | 3/3           | N/A            | N/A           |

Scoring represents individual Directors' attendance for those meetings when they were members of the Board or Committee.

### Risk management

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action and systems to manage and mitigate those risks. These are reported on pages 25 to 27.

### Internal controls

Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. The system of internal control is designed to manage the risk of failure to achieve business objectives, rather than to eliminate it, and by its nature can only provide reasonable but not absolute assurance against material misstatement or loss.

An internal audit function is not considered necessary or practical due to the size of the Group and the close day-to-day control exercised by the Executive Directors and senior management. The Board will continue to monitor the requirement to have an internal audit function.

The key procedures that the Directors have established with a view to providing an effective system of internal control are as follows:

### Management structure

The Board has overall responsibility for the Group and focuses on the overall Group strategy and the interests of shareholders. There is a schedule of matters specifically reserved for decision by the Board. The Board has an organisational structure with clearly-defined responsibilities and lines of accountability and each Executive Director has been given responsibility for specific aspects of the Group's affairs. Internal financial risks are controlled through authorisation procedures/levels and segregation of accounting duties.

### Quality and integrity of personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training. High-quality personnel are seen as an essential part of the control environment.

### Budgets and reporting

Each year the Board approves the annual budget which includes an assessment of key risk areas. Performance is monitored and relevant action taken throughout the year through regular reporting to the Board of variances from the budget and preparation of updated forecasts for the year together with information on the key risk areas.

### Investment and divestment appraisal

All material investment and divestment decisions require appraisal, review and approval by the Board.

The Board reviews the effectiveness of the Group's systems of internal controls and has a process for the continuous identification, evaluation and management of the significant risks the Group faces. Assessment considers the external environment, the industry in which the Group operates, the internal environment and non-financial risks such as operational and legal risks. The risks identified are ranked based on significance and likelihood of occurrence. The Board reviews the controls in place to mitigate those risks and improvements are made where required. A number of improvements have been made in the year and others have been identified and are being progressed. Day-to-day responsibility for effective internal control and risk monitoring rests with senior management.

### Shareholder relations

The Company seeks to maintain and enhance good relations with its shareholders and analysts. The Group's Interim and Annual Reports are supplemented by regular published updates to investors on commercial progress. All investors have access to up-to-date information on the Group via its website, [www.angleplc.com](http://www.angleplc.com), which also provides contact details for investor relations queries, details on the Company's share price, share price graphs and share trading activity. The Company also distributes Group announcements electronically. Shareholders and other interested parties wishing to receive announcements via email are invited to sign up to the "Email Alert" facility in the Investor Centre section on the Company's website.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders, especially considering the specialist and medium term nature of the business. Institutional shareholders, private client brokers and analysts are in contact with the Directors through a regular programme of briefing presentations and meetings to discuss issues and give feedback, primarily following the announcement of the interim and preliminary results, but throughout the year as required. The Board also uses and receives formal feedback through the Company's stockbroker, financial public relations advisor and other advisors. Investor forums and presentation seminars and shows provide other channels of communication to shareholders, analysts and potential investors. Individual shareholders are welcome to and regularly make contact with the Company via email or telephone.

All shareholders are encouraged to make use of the Company's Annual General Meeting (AGM) to vote on resolutions and to raise any questions regarding the strategy, management and operations of the Group. The Chairmen of the Audit, Remuneration and Nominations Committees are available to answer any questions from shareholders at the AGM.