

## **Corporate Governance**

The Board is committed to high standards of corporate governance and adheres to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (the "QCA Code").

The Board has applied the QCA Code since 2014, with elements of the UK Corporate Governance Code prior to that. Changes to AIM rules on 30 March 2018 require AIM companies to comply or explain against a recognised corporate governance code by 28 September 2018. The QCA Code was revised in April 2018 and sets out 10 broad principles of corporate governance, states what are considered to be appropriate corporate governance arrangements for growing companies and requires companies to provide an explanation about how they are meeting the principles through certain prescribed disclosures.

The Board has considered how each principle is applied and provides below an explanation of the approach taken in relation to each and how they support the Company's medium to long term success.

Further information on the Group's governance practices, the business model and strategy can be found in the Group's Annual Report and Accounts which are available on this website or from the Company on request.

This governance statement was last reviewed and updated on 27 September 2018.

## **Chairman's Statement**

As Chairman of the ANGLE plc ("ANGLE") Board, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

We believe that a sound and well understood governance structure is essential to maintain the integrity of the Group in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

After due consideration, ANGLE has adopted the updated QCA Code as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a Board and as a company, and the report below shows how we apply the Code's ten guiding principles in practice.

The Board will continue to develop its governance processes in the coming year.

## **Strategy and business model (QCA Principle 1)**

ANGLE is a world-leading liquid biopsy company commercialising a platform technology that can capture cells circulating in blood, such as cancer cells, even when they are as rare in number as one cell in one billion blood cells, and harvest the cells for analysis.

ANGLE's cell separation technology is called Parsortix and is the subject of granted patents in multiple jurisdictions. The system is based on a microfluidic device that captures cells based on a combination of their size and compressibility.

The analysis of the cells that can be harvested from patient blood with ANGLE's Parsortix system has the potential to deliver profound improvements in clinical and health economic outcomes in the treatment and diagnosis of various forms of cancer.

ANGLE has made strong progress in its four pronged strategy for achieving widespread adoption of its Parsortix system in the emerging multi-billion dollar liquid biopsy market:

- 1) Completion of rigorous large scale clinical studies run by leading cancer centres, demonstrating the effectiveness of different applications of the system in cancer patient care
- 2) Securing regulatory approval of the system with the emphasis on FDA clearance as the *de facto* global gold standard. ANGLE is seeking to be the first company ever to gain FDA clearance for a system which harvests circulating tumour cells (CTCs) from blood for subsequent analysis
- 3) Establishing a body of published evidence from leading cancer centres showing the effectiveness of the system through peer reviewed publications, scientific data and clinical research evidence, highlighting a wide range of potential applications
- 4) Establishing partnerships with large healthcare companies for market deployment and development of multiple other clinical applications incorporating the Parsortix system.

ANGLE's ultimate objective is the widespread adoption of the Parsortix system in the diagnosis, treatment and monitoring of cancer patients.

ANGLE is seeking to become the first ever company to receive FDA Class II clearance for a product for harvesting intact circulating tumour cells (CTCs) from patient blood for subsequent analysis. US regulatory clearance by the FDA is considered the global standard for approval of medical diagnostic systems and ANGLE believes that such clearance would provide ANGLE's Parsortix system with a further competitive differentiation, which would accelerate all forms of commercial adoption of the system in both research and clinical settings.

Large scale deployment of the Parsortix system across numerous cancer types and application areas requires ANGLE to partner with large, global healthcare companies to take advantage of their distribution and sales channels and economic resources.

## **Meeting shareholder needs (QCA Principle 2)**

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 also throughout the year as required. The Board also uses and receives formal feedback through the Company's joint stockbrokers, 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.

finnCap and WG Partners act as joint brokers to the Company, to further improve the quality and quantity of investor relations activities.

### **Manage our responsibilities to wider stakeholders (QCA Principle 3)**

We take seriously our responsibilities to our employees, contractors, key opinion leaders and trading partners, research and laboratory customers and suppliers, regulatory authorities and conduct business in an ethical way.

We offer family-friendly and flexible employee policies, training programmes, appraisal systems, a range of benefits and an open culture for discussion and debate.

We operate a high standard of quality management to ensure we comply with the appropriate regulations in the various territories in which we operate. The Group uses external specialists where needed in relation to areas such as the quality systems and health and safety.

The complex nature of our products and product development process means that close working relationships with a number of key suppliers are essential to ensure we receive the highest quality services. This involves senior staff clearly communicating requirements and working with suppliers to develop appropriate services. We ensure there are clear processes for change control to avoid issues and clear billing arrangements and we aim to pay suppliers based on the terms agreed.

We work closely with key opinion leaders and customers who have access to patient blood, who provide feedback on their use of the system, including problems encountered, development needs such as new processes and workflows and working with different downstream systems. Our success, competitive advantage and reputation is dependent on understanding these needs and providing solutions. The relationships are managed by key account managers.

We operate in a highly regulated area of business and engage with regulatory authorities, through telephone, email and face-to-face meetings, to ensure we obtain their views, understand the regulations and their impact on our work plans and submissions.

### **Risk management (QCA Principle 4)**

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.

The nature of medical diagnostics development and the early stage and scale of our operations means there are a number of risks and uncertainties. The Directors maintain a risk register and have summarised the principal risks and uncertainties that could have a material impact on the Group. These are set out in the appropriate section of the latest Annual Report and Accounts.

The Board monitors the key areas such as competitive position, clinical applications, financial, intellectual property, market acceptance, manufacturing, operational, research and development, regulation and quality assurance, staff, key suppliers and key partners. An ongoing assessment is made of their potential impact and mitigation strategies and actions.

The Audit 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.

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. We assess employee competence at all levels, identify development requirements and provide training and development support, aligned with business and personal objectives. High-quality, motivated 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.

#### *Internal controls improvements*

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. Furthermore, the ISO13485:2016 quality management system is also reviewed in light of Group strategy and risk assessment and adjusted to ensure the appropriate operational controls and measures are in place and working effectively. Day-to-day responsibility for the implementation of effective internal control and risk monitoring rests with senior management.

## **Maintain a well-functioning Board (QCA Principle 5)**

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 recommends there are at least two Non-executive directors. The Chairman was independent at the time of his appointment and under the QCA Code 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 this website and in the Company's latest Annual Report and Accounts.

There are currently no female directors. The board is confident both that the opportunities in the Company are not excluded or limited by any diversity issues (including gender) and that the board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy.

### *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 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. The Board is looking to add an additional Non-executive Director given the developing nature of the organisation.

#### *Committees of the Board*

The Board maintains Audit, Remuneration and Nomination Committees. All Committees operate with written terms of reference (see Principle 9 below).

### **Ensure Directors have necessary, up-to-date skills (QCA Principle 6)**

Detailed biographical information on the individual Directors can be found on the website at: <https://angleplc.com/board-of-directors/>

The key skills they bring to the Board are:

- Garth Selvey, Chairman – Extensive experience of the listed sector and leading companies.
- Andrew Newland, Chief Executive Officer – Over 25 years experience of setting up, leading and building technology-based businesses, over 15 years leading specialist medtech businesses, and over 6 years in the liquid biopsy space.
- Ian Griffiths, Finance Director – Nearly 30 years of experience in finance and technology-based businesses.
- Brian Howlett, Non-executive Director – Extensive commercial operations experience of the medtech sector.

Non-executive Directors are required to commit approximately 2-4 days a month. Executive Directors work full-time.

All Directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary. The Executive Directors will typically undertake specific training during the year. All Directors also have access to the Company's Nominated Advisor, legal advisors, financial advisors and other independent professional advisors as required. Professional advisers provide briefings and update notes on necessary legislation from time to time. There is an induction process for new directors.

### **Evaluate Board performance (QCA Principle 7)**

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 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.

As the business expands, the Board will consider additional non-executive directors. The Company places importance on the development of internal candidates for senior management roles and utilises a combination of competency and development plans to progress this.

### **Promote a value-based corporate culture (QCA Principle 8)**

The Board sets great store by its values-based corporate culture and ethical reputation which is crucial to the Group's reputation in the highly regulated field in which it operates. The Group's success depends on maintaining a supportive, innovative and can-do culture when working with suppliers and customers.

The Company manages a highly regarded quality management system which has a very strong influence on culture.

The Group operates a flat structure with all staff having the ability to discuss matters with Directors. The management team meets regularly to promote communications and teamwork. The majority of projects take a team based approach. Staff regularly work at different offices. Recruitment practices are heavily focused on recruiting people with similarly strong values.

### **Maintain fit for purpose governance structures (QCA Principle 9)**

#### *Roles and responsibilities:*

*Chairman:* the Chairman is responsible for the leadership of the Board and ensuring the effective running and management of the Board. He is also responsible for the Board's oversight of the Company's affairs, which includes ensuring that the Directors receive accurate, timely and clear information, ensuring the effective contribution of the non-executive directors and implementing effective communication with shareholders.

*Chief Executive Officer:* the Chief Executive Officer is responsible for the day-to-day management and the executive leadership of the business. His other responsibilities include the progress and development of objectives for the Company, managing the Company's risk exposure, implementing the decisions of the Board and ensuring effective communication with shareholders and regulatory bodies.

*Non-executive Directors and independence:* non-executive directors are required to allocate sufficient time to the company to discharge their responsibilities effectively. The Board considers the non-executive directors to be sufficiently independent to provide appropriate oversight and scrutiny.

*Re-election of Directors:* in accordance with the Company's Articles of Association all serving Directors are subject to re-election every three years, and newly appointed Directors are re-elected at the first Annual General Meeting after their appointment.

#### *Committees of the Board*

The Board maintains Audit, Remuneration and Nomination Committees. All Committees operate with written terms of reference.

### *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 terms of reference can be found [here](#)

### *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.

The terms of reference can be found [here](#)

### *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.

The terms of reference can be found [here](#)

### *Directors' attendance*

The Board has at least eight main Board meetings per year with additional special meetings as required, the special meetings typically being telephone meetings to cover specific items. Directors' attendance at Board and Committee meetings for a financial year are set out in the Annual report and Accounts.

### *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 including clinical studies and product development, acquisitions and capital item purchases;
- cash flow forecasts, annual budgets and amendments; and
- senior executive remuneration and appointments.

The Company has adopted and operates a share dealing code governing the share dealings of the Directors and applicable employees to ensure compliance with the AIM Rules.

## **Communicate governance and performance with shareholders (QCA Principle 10)**

The Board communicates regularly with shareholders providing updates on Group performance to shareholders via interim and annual financial reports, trading updates, investor presentations and a regular news flow of significant developments for the Group. Governance practices are described fully in the Annual Report and Accounts and the Company's website is maintained to be up to date and informative.

Information on General Meetings and Annual General Meetings is available on the website: <https://angleplc.com/investor-relations/general-meetings-documentation/>

The outcome of the votes at the AGM in October 2017 was as follows:

Resolution	In Favour		Discretion		Against		Withheld Votes
	Votes	%age	Votes	%age	Votes	%age	
1	30,146,764	99.31	208,380	0.69	0	0	121,755
2	27,818,461	91.64	208,880	0.69	2,327,603	7.67	121,955
3	30,144,742	99.31	208,380	0.69	0	0	123,777
4	30,143,542	98.92	208,380	0.68	122,955	0.4	2,022
5	30,142,542	98.92	208,380	0.68	122,955	0.4	3,022
6	30,138,614	99.28	208,380	0.69	8,150	0.03	121,755

The Board noted the level of votes against the Remuneration Report. The Chairman has been in discussion and consulted with the significant shareholders to understand their concerns and the Company intends to introduce a long-term incentive plan with a minimum 5 year performance and holding period as a consequence.