

**DIACEUTICS PLC**  
**CORPORATE GOVERNANCE STATEMENT**

**Chair's Introduction**

As an AIM quoted company, we recognise the importance of sound corporate governance principles in supporting and delivering the strategy of the Company and its subsidiaries (the "Group") and embedding these within, and as an integral part of, the operations of the Group. The board of directors (the "Board") adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") on the Company's IPO in March 2019. This has been reviewed and the Corporate Governance Statement, as updated on 26 February 2021 is set out below.

The Board has responsibility for ensuring that appropriate corporate governance principles are in place and that these requirements are followed and applied across the Group. The corporate governance arrangements are designed, inter-alia, to protect and respect the interests of all stakeholders, to ensure that the Company is managed for the long-term benefit of the Group's shareholders and other stakeholders and to provide shareholders and other stakeholders the opportunity to express their views and expectations for the Group in a manner that encourages open and ongoing dialogue with the Board.

COVID-19 has impacted on the means of communication with the Group's stakeholders but wherever possible communication which would otherwise have taken place face-to-face has been undertaken virtually.

This statement sets out our approach to governance, provides further information on the operation of the Board and its committees and how the Group seeks to comply with the ten principles of the QCA Code.

Ms Deborah Davis

Chair

**Principle 1**

**Establish a strategy and business model which promote long-term value for shareholders**

The Group has established a strategy and business model which aims to promote long term shareholder value. The Group's strategy is reviewed each year.

**Business overview**

Diaceutics is a diagnostic commercialisation company which serves the global Pharma industry. It has combined a suite of real-world data-driven products and laboratory implementation services into a business model. Its data enabled products, model and services are focused on removing the diagnostic testing hurdles for the biomarkers and companion tests required to guide the selection of precision medicines. The Company provides services to 39 Pharma clients and their precision therapy brands in 29 markets. Diaceutics has amassed a suite of proprietary intellectual property that provides long term value to shareholders and stakeholders.

Diaceutics has established a global network of testing laboratories that contribute data to the Group. The Group has developed a series of sophisticated and proprietary data mining tools to make sense of that raw data and present it to Pharma companies in a meaningful way. In addition, the Company has a team of disease experts that overlay their scientific knowledge onto the data to create insights and patient outcome analysis that informs our Pharmaceutical clients. Further, the Company has established a proprietary therapeutic launch playbook to derive from its experience on over 600 projects. The Company has established over eight years of proprietary data which informs the clinical pathway and creates a deep disease-level understanding which the Company describes as a DDP. Through this, Diaceutics' key value to Pharma companies is in providing products and services which enable insight into where, when and how the necessary precision testing procedures take place. The data generated by Diaceutics enables Pharma companies to identify the patients suitable for their therapeutic, allowing them to reach peak sales sooner than would otherwise be possible.

Diaceutics provides an end-to-end solution for the development and commercialisation of precision medicine diagnostics, from biomarker discovery to in-market test availability. With the launch of DXRX, the Company has a scalable, efficient platform as its core delivery mechanism, allowing Diaceutics to operate effectively across markets to meet client demand. The Company can maintain efficiency and create better quality of forward earnings via a product suite underpinned with data subscription, tech-enabled services and platform fees.

Diaceutics' services result in more effective patient diagnoses for treatments which, in turn, lead to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and higher numbers of patients treated. The social impact of better testing is of importance to global healthcare systems. If patients can receive the right treatment at the right time, it allows for efficient use of time and resources and leads to better patient outcomes.

Diaceutics' strategy has focused on collating large amounts of real-world laboratory data, patient data (on an anonymised and aggregated basis), claims and payor data which it uses to direct and deliver, via its laboratory liaison team, improved testing with over 2,500 labs globally on behalf of leading Pharma companies.

## **Business Strategy**

The Group seeks to have a balanced business model with revenues derived from three areas:

- **Data provision** – applying its extensive dataset and analysis of real-world evidence supplemented with proprietary algorithms, to provide new insights which fully align precision testing with the corresponding precision medicines;
- **Implementation services** – providing test commercialisation services centred on the “Diaceutics Method” and leveraging its global laboratory database and laboratory liaison team to implement rapid improvements to clinical testing with laboratory partners in key Pharma markets; and
- **DXRX tools** – using transformative technology developed inhouse to provide data and tools via our proprietary platform DXRX, Diaceutics rapidly ingests global flows of diagnostic testing data and provides a digital platform for collaboration and service delivery. DXRX will accelerate the uptake of the Group's services and make Diaceutics the partner of choice for Pharma companies seeking access to precision testing in the global Pharma markets.

The Group has identified multiple growth drivers over the years ahead. In the near term, the Group intends to continue with the organic growth within its core data analytics and implementation services business by offering end-to-end projects and selling an ever-wider range of services to its clients. The Group won its first end-to-end, fully outsourced diagnostic commercialisation solution project in June 2020 with a leading Pharma client. The Group expects to derive growth from the greater number of precision medicines progressing through clinical development as well as expanding its addressable market through the following areas:

- **Additional indications:** Most of the Group's operations are presently focussed on oncology, but additional datasets from testing in cardiovascular, central nervous system, CNS, autoimmune and infectious disease will open companion diagnostic opportunities in these large therapeutic areas. Diaceutics has 49 DDPs, six are now in non-oncology diseases.
- **Geographic scope:** In 2019 the Group expanded its geographic reach, initially by extending its footprint in China, Japan and South Korea. 2020 saw the addition of five new clients in Asia and an increase in the number of brands serviced to 18 (from 10 in 2019). These developing markets continue to represent key new growth opportunities for Pharma companies which have hereto depended on western markets for the bulk of their business, but now see these regions as one of the principal sources of volume growth going forward. The increased global connectivity possible through DXRX will be an enabler in reaching and servicing these markets.
- **Subscription and Value Sharing:** The Group is expected to derive additional value as DXRX becomes more embedded with our Pharma clients and other stakeholders including gradually transitioning clients to a subscriptions and value sharing business model. This is driven by the Group's ability to provide an end-to-end outsourced diagnostic commercialisation service to its clients whereby it can be rewarded for the delivery of key milestones, allowing us to support brands over a longer period and delivering a predictable and recurring revenue stream.

## Principle 2

### Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communications and constructive dialogue with both its institutional and private investors and the interests of shareholders are considered paramount to the decision-making process and strategic direction of the Group.

The Board actively seeks dialogue with its shareholders via investor roadshows, capital market days, one to one meetings and regular reporting. The Board believes that appropriate open communication with investors and the Company's analysts is the best way to ensure that shareholders understand the Group's business, strategy and performance and in turn, what is expected of the Group to enable its business to be driven forward.

The COVID-19 pandemic has largely prevented face to face communication during 2020 but throughout the year the Chief Executive Officer and Chief Financial Officer have held virtual meetings with those shareholders who hold the majority of institution-held shares. They regularly present at conferences attended by many potential and current retail investors and meet with specialist private client fund managers. The Board is provided with feedback from all meetings and communications with shareholders.

The Company communicates with shareholders through the Annual Report and Financial Statements, the announcement of its full-year and half-year results, the Annual General Meeting (“AGM”) and the release of news via the London Stock Exchange Regulatory News Service (“RNS”). The COVID-19 pandemic unfortunately prevented shareholders from attending the AGM in 2020 in person. Ordinarily, all shareholders have an opportunity to ask questions or represent their views formally to the Board during the AGM, or with directors after the meeting. The Company releases the voting results for the AGM and other General Meetings by RNS.

Corporate information, including Company announcements and presentations, are available to shareholders, investors and the public on the Group’s website [www.diaceutics.com](http://www.diaceutics.com). The Company’s contact details, email and correspondence address are listed on the website and the website offers a facility to sign up for email alert notifications of the Company’s news and regulatory announcements.

The Company has in place a process for answering communications made to the Board in a timely manner.

### **Principle 3**

#### **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Group has strong regard for the importance of its shareholders, customers and suppliers, partners and laboratories, patients, the community and employees, many of whom are also shareholders.

#### **Employees**

The Group recognises that central to its success is the recruitment, retention, development and motivation of its workforce. The Group operates multiple human resources projects to recruit and retain talented individuals to support its strategic goals. These include a global healthcare and benefits programme, a multi-faceted recruitment process, a residential onboarding programme to integrate new employees, which in 2020 has been conducted virtually, and a robust Group-wide Performance Management Framework (“PMF”) linking each employee’s daily activity to overall corporate goals. These initiatives are enhanced by bespoke developmental opportunities such as our internal mentoring programme and the accredited Diaceutics EFFECTive Leaders programme. This is in addition to overall training and development plans that promote and support personalised career development, leadership skills and learning.

The Group strives to achieve a supportive and inclusive work environment which promotes well-being and welfare, equality, respect and human rights together with engagement with the Group’s performance, its strategic directions and goals. The Group has several engagement initiatives to support its workforce including quarterly Town Hall presentations and updates from the Executive Directors and other key senior management. The Chief Executive Officer regularly publishes podcasts and news articles aimed at keeping staff up to date with the direction of the Group. Employee engagement surveys are undertaken periodically, and actions taken to address key themes via sub-groups.

During 2020, Diaceutics launched an “Employee Assistance Programme” to foster employee wellbeing and work-life balance promoting flexibility within the workplace. In response to the COVID-19 pandemic, Diaceutics launched an online “COVID-Toolkit” which included resources for line managers to assist staff to sustain remote working, home-schooling, virtual engagement and

communication. Diaceutics' "Culture" programme provided a platform for employees to interact with colleagues in online gym classes, indoor cycling events and online quiz evenings, whilst also providing ongoing wellness support if needed.

In the year to 31 December 2020, the Remuneration Committee of the Board recommended the introduction of a Share Incentive Plan ("SIP") in which all Group employees are entitled to participate. To allow all Group employees to participate two SIPs were recommended, a UK SIP which is HMRC approved to provide the optimum tax treatment for UK employees, and a Global SIP. In each case, the SIP enables employees to purchase shares in the Company which are initially matched on a two for one basis for the first year and thereafter on a one for one basis. The SIP will be launched on 1 April 2021.

### **Customers and Suppliers**

The Group's customer base consists of Pharma companies across several geographical markets including the UK and Ireland, Europe, Asia, and the US who require our products to help with the planning, commercialising and implementation of precision medicine. We regularly liaise with our customers to ensure that our products serve their purpose in informing and solving the problems of the end user. Diaceutics launched its DXRX platform in October 2020 and will transition its business model through 2023. This will be transformative for the precision medicine market and will provide our customers with access to real-time data, analytics and enhanced educational services and support which will further support our customers in achieving their end goal. Customer feedback is gathered across the Group and collated by project managers to ensure consideration of customers' expectations and project delivery to the highest quality.

Throughout the year, the Board was appraised of major contract negotiations and relations with key suppliers. Diaceutics aims to balance the requirement for strong business relationships with suppliers with the need to maintain value for money for our investors.

### **Partners and Laboratories**

The Group has engaged with a range of partners and laboratories over several years and the recent launch of DXRX will support and enhance these relationships. DXRX has been purpose built to solve the real-world challenges faced by laboratories. It provides a secure online platform within which laboratories can enhance and promote their services, showcase their abilities, gain accreditation and access benchmarking and analytics and support services. Our Partners gain access to the laboratory, diagnostic and Pharmaceutical industry participants on a global level. Our partnerships are designed to foster business growth and strong, long lasting collaborations. We partner with organisations specialising in precision medicine diagnostics including areas such as test access and reimbursement, pathology training, health economics, reference standards and External Quality Assessment (EQA).

### **Patients**

The Group's mantra is "Better Testing, Better Treatment". The Group has demonstrated its commitment to patients by establishing a formal 501(c)(6), non-profit organisation called the Precision Medicine Connective ("The Connective"). The Connective's mission is to increase awareness about testing so that every patient is empowered to make the best possible decisions in their treatment journey. It has partnered with international patient advocacy groups such as Inspire to Live, the European Cancer Patient Coalition ("ECPC"), Myeloma Patients Europe and Lungevity, to disseminate valuable information about diagnostic testing to patients.

A formal partnership with the Union for International Cancer Control (“UICC”) and sponsorship of World Cancer Day has also provided a significant platform to elevate awareness of early detection and diagnosis of cancer, which is directly related to the Group’s mantra.

### **Charities and Communities**

In 2020, the Diaceutics’ #JUnity programme encouraged all colleagues to participate in using a £50 Company donation to perform an individual act of kindness or goodwill gesture for a local community initiative, and sharing this with the rest of the workforce. Participation took many forms, from donations or assistance to neighbourhood individuals and families, COVID-19 related causes or organisations and broader charities including the disability assistance dogs charity Support Dogs, the children’s’ mental health charity, Young Minds and a support charity in South Africa, the Sports Academy George RSA. The Company sponsored a small breast screening camp in India, which was supported by the Ministry of Public Health and Family Welfare, Government of Karnataka, Bangalore.

### **Regulators**

Diaceutics produces many of its products using data obtained from various channels and is committed to the security, protection and lawful treatment of personal data. We acknowledge that protecting the confidentiality and integrity of personal data is a critical responsibility that we must always take seriously.

Diaceutics has a data protection regime in place, which ensures that all personnel are sufficiently trained to handle any personal data in accordance with internal policies and standard operating procedures. This regime continues to evolve to keep abreast of regulatory developments across the globe.

Diaceutics’ Legal and Compliance department plays a key role in administering the data protection regime and ensuring Diaceutics’ activities (including its data lake) are fully compliant with relevant regulatory requirements across the globe, including GDPR in the UK and HIPAA in the US.

### **Principle 4**

#### **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable assurance with regard to the safeguarding of the Group’s assets, operations, people and reputation. The Board is responsible for reviewing and approving overall Group strategy and determining the financial structure of the Group including treasury, tax and dividend policies.

There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and for forecasting expected performance over the financial year. These cover profits, cash flows, capital expenditure and the balance sheet.

The principal business and financial risks have been identified and control procedures implemented. These are monitored using a structured approach in the format of a Board-Corporate risk register which is colour-coded to prioritise the most significant risks for ongoing Board attention. The risk management approach has been designed to identify the major risks identified within operational

activity as well as Group-wide risks and those risks of a corporate nature covering strategy, markets and financial performance.

The Audit Committee of the Board ensures the maintenance of internal controls. It assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business and operational and financial controls, including the review of results of work performed by the Group controls function.

Further to the Board, the Company has an executive committee (EXCO) comprising Peter Keeling, Ryan Keeling, Philip White, Dr Jordan Clark (Chief Technical Officer), Damian Thornton (Chief Operating Officer) and Susanne Munksted (Chief Precision Officer). EXCO has a weekly operations call and monthly strategy call to review the financial position of Group and current risks, alongside future strategy for the business. A reporting pack is provided in advance of the meetings and is used to direct discussions on performance, position, cash flow and prospects of the business. An operations leadership team (OPCO) comprising members of senior management, was implemented in 2020 to add an additional layer of control over the day to day business operations.

The Company employs a General Counsel to assist and advise on all legal aspects of the business. The legal department provides legal support, has developed and promotes a risk and audit programme, aimed at protecting the interests of Diaceutics from a compliance, contractual risk and intellectual property perspective. The department takes an active role in ensuring that compliance is at the core of all aspects of the business.

The effectiveness of the established framework of business and internal financial controls is regularly reviewed by the executive management, the Audit Committee and the Board. Previously this review identified that the Group would benefit from a new ERP system. This was commissioned with further modules implemented in 2020 to bring enhanced operational and control benefits to the business.

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

## **Principle 5**

### **Maintain the Board as a well- functioning, balanced team led by the Chair**

#### **Composition, Roles and Responsibilities**

The Board is responsible for the long-term success of the Company.

Deborah Davis was appointed Chair on 4 January 2021, following the departure of Julie Goonewardene on 31 December 2020.

The Board currently comprises the Chair, Deborah Davis, two Non-Executive Directors, Charles Hindson and Mike Wort and three Executive Directors, Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer) and Philip White (Chief Financial Officer).

The Directors' biographies, together with their respective Board Committee memberships, are set out [here](#)

The Chair is responsible, inter-alia, for the proper functioning of the Board and the Chief Executive Officer has executive responsibility for running the Group's business and the development and implementation of the Group's strategy. The Chief Innovation Officer is responsible for the

development and commercialisation of the Group’s technology, including DXRX and the Group’s proprietary data lake. The Chief Financial Officer is responsible for all of the Group’s financial and risk management operations and developing the global financial architecture that underpins the Group strategy.

The Board considers that the Non-Executive Directors are independent notwithstanding the varying lengths of service. The Non-Executive Directors have a particular responsibility for bringing objective challenge, judgement and scrutiny to all matters of the Board. They critically challenge proposed strategies and current operational performance.

The Board considers that it has an appropriate balance between independence, knowledge of the Company’s technology, sector experience and professional standing to allow it to discharge its duties and responsibilities; pursue the Company’s strategic goals and address anticipated issues in the foreseeable future. However, the composition of the Board remains constantly under review and consideration will be given to any potential additions to the Board, to further broaden the experience and effectiveness of the Board as the Group develops. At this stage in the Company’s development the Board does not support the nomination of a senior non-executive director, but this will also remain under review.

### **Board Operation**

There is a formal schedule of matters reserved for the Board, which may only be amended by the Board. These include approval of overall Group strategy, budgets, major contracts and investments, legal and regulatory compliance and key policy implementation, operational and management performance, risk and control processes, corporate and shareholder matters including corporate capital structure, annual reports and financial statements and dividends. The Board holds monthly meetings supplemented by additional meetings where required for the proper management of the business. In addition, the Board holds at least one strategy meeting each year to formulate, evaluate and interrogate the Group’s near and long-term strategy. All directors of the Company (the “Directors”) are provided with regular and timely information regarding the Group’s operational and financial performance with a monthly reporting pack being received, as a minimum.

Relevant information is circulated to the Directors in advance of meetings to allow adequate time for discussion or consideration.

The Board met 22 times during the financial year ended 31 December 2020.

The following table shows the Directors’ attendance at Board and Committee meetings during the year ended 31 December 2020:

	<b>Board</b>	<b>Audit</b>	<b>Remuneration</b>	<b>Insider</b>
Julie Goonewardene	22/22	2/2	4/5	n/a
(Resigned 31 December 2020)				
Peter Keeling	22/22	n/a	n/a	n/a
Ryan Keeling	21/22	n/a	n/a	n/a
Philip White	20/22	n/a	n/a	1/1

Charles Hindson	22/22	2/2	5/5	1/1
Mike Wort	22/22	2/2	5/5	1/1

Each of the Executive Directors are required to commit at least five days per week to their roles. The Non-Executive Directors are required to provide such time as is required to fully and diligently perform their duties. All Board members are expected to attend all meetings of the Board and the committees on which they sit, wherever possible.

All of the Directors are encouraged to debate and use independent judgement, based on their respective knowledge and experience, to challenge all matters affecting the business, whether strategic or operational.

All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Group's expense.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

#### **Board Rotation**

The Company's Articles of Association (the "Articles") require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new directors appointed during the year must stand for re-election at the AGM immediately following their appointment. In accordance with the Company's Articles of Association, Deborah Davis will stand for re-election at the AGM to be held in 2021 and Ryan Keeling will retire by rotation and stand for re-election at the AGM. Directors are required to seek re-election at least once every three years.

#### **Principle 6**

##### **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The biographies of the Board are set out [here](#). The Board retains a range of industry, technology and finance experience and there is a good balance of skills, independence, diversity and knowledge of both the Group and the arena in which it operates including Pharma, platform technology, innovation, marketing, finance and public markets. The Non-Executive Directors have been appointed on merit and for their specific areas of expertise and knowledge. This enables them to bring independence of judgement on issues of strategy and performance and to debate matters constructively.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills, knowledge, experience and time committed to enable it to deliver the strategy of the Group, It is nevertheless mindful of the need to continually review the needs of the business to ensure that this remains true.

Directors receive regular and timely information on the Group's operational and financial performance with information being circulated to the Directors in advance of meetings. The business reports monthly on its performance against its agreed budget.

Operational skills are maintained through an active day to day involvement with leading global experts from the laboratory, diagnostic and Pharma industries. Peter Keeling is a member of the COVID-19 Testing Industry Consortium group which is a group of 19 leading healthcare companies which aims to inform, improve, innovate and accelerate aspects of COVID-19 testing and highlight the wider effects of COVID-19.

The Group gains important insight and support through its DXRX Network Advisory Panel, an external advisory panel comprising a recruited group of scientific advisors, typically in the field of oncology and pathology who are key industry opinion leaders well recognised in their fields. They support the Company's collaborations with industry bodies, assist with abstract submissions for the likes of ASCO, and client engagement. The panel meets monthly and is led by Ryan Keeling.

Board members may attend such courses or training, as they feel appropriate, to keep up to date. Involvement with a variety of other boards allows the members to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Group's advisors.

During 2020, external advice was sought on the following occasions. The Board formed a subcommittee to appoint a new Chair, with its members being the Chief Executive Officer, Peter Keeling and the two Non-Executive Directors, Charles Hindson and Mike Wort. The subcommittee appointed an experienced recruitment adviser and ran a selection process resulting in the appointment of the new Chair being announced on 22 December 2020. Legal advice was sought from PwC in connection with the preparation for and implementation of, the restructure event and repositioning of the business undertaken in the second half of the year.

All Directors may take independent professional advice in the furtherance of their duties, if necessary, at the Group's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

The Chair, together with the Company Secretary, ensure that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board.

## **Principle 7**

### **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Since the Company's IPO in March 2019, the Board has sought to improve the ways in which it interacts and the manner in which information is presented to it. The processes that have been put in place allow for a consistent approach to reporting, thus aiding analysis by the Board of all matters at hand.

A formal Board effectiveness review was undertaken following the first year of establishment of the current Board and will be repeated in the year-ending 31 December 2021. This review was in the form of a structured questionnaire circulated to all Directors, asking them to rate the Board's performance in several strategically important areas and provide a rationale for their view. Results and outcomes were analysed by the Company Secretary and any key themes were reported and

discussed with the Board, with appropriate recommendations arising from this review being implemented by the Board.

In addition to the formal appraisal process for Board members, the Chair and Chief Executive Officer regularly discuss the performance of the Board and the information provided by the executive team.

Diaceutics succession planning module was developed to focus on the individual employee and their development, as well as the longer-term strategy of the Company. It uses a Performance Management platform which allows us to nurture via a structured employee engagement a talent pool in a manner which is aligned with Diaceutics' immediate and future business strategy. The process is driven by creating an individual development plan for each employee taking account of their future aspirations in collaboration with senior management thus identifying individuals who would like to progress within the Company. This operates for all employees apart from EXCO, where succession planning is managed by the Chief Executive Officer with the support of the Board.

For the Board itself, the composition of the Board remains constantly under review and consideration will be given to any potential additions to the Board, to further broaden the experience and effectiveness of the Board as the Group develops.

## **Principle 8**

### **Promote a corporate culture that is based on ethical values and behaviours**

The Board believes that an organisation is defined by its people. In 2018, the Group established a formal working group, known as "The Culture Club" to formulate Diaceutics' values. These values continue to provide the core structure of our culture and are based on the key values of **Empowerment, Foresight, Fun, Entrepreneurship, Communication and Trust**, together known as the Diaceutics **EFFECT** values. Diaceutics has a dedicated senior manager, its 'Culture Ninja', who ensures that the corporate culture which was embedded in our policy and processes remains at the forefront of leadership thinking within EXCO and OPCO, Diaceutics' principal executive operational committees.

The EFFECT values are core to both our recruitment and annual Performance Management Framework. It is also the cornerstone on which our mandatory onboarding programme is based. Examples of how this culture was evident in 2020 include our #JUnity programme where all colleagues participated in using a £50 company donation to perform an act of kindness or goodwill gesture for a local community initiative, hosting a virtual All Company Meeting to replace our annual in-person version which was cancelled due to the COVID-19 lockdown and also through the hosting of regular, virtual water-cooler chats and online COVID-19 chit-chat channels to encourage ongoing collaboration and support channels for colleagues.

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards include the Equality, Diversity and Inclusion policy, the Anti-Bribery and Anti-Corruption Policy and the Whistleblowing policy. 2020 saw the introduction of additional policies such as a Human Rights policy and Anti-Slavery and Human Trafficking Statement. Further, we have drafted our vendor assessment policy to ensure that alignment of culture with our core suppliers has become part of our policy.

## **Principle 9**

## **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Group's governance structures have been reviewed in the light of the QCA Code. The Board believes them to be in accordance with best practice as adapted to best comply with the Group's circumstances and stage of development.

The Board has overall responsibility for implementing the Group's strategy and promoting the long-term success of the Group. The Executive Directors have overall responsibility for managing the day to day operational, commercial and financial activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.

The Board seeks to meet regularly, but in any event to hold no fewer than 12 board meetings in each year, which are scheduled prior to the commencement of each financial year. These meetings are scheduled to coincide with the announcement of the Company's annual and half yearly results and throughout the remainder of the year at regular monthly intervals. These are supplemented with additional meetings and informal discussions between members of the Board, the executive directors and senior operational managers of the Company, in relation to strategic business development and other topics which are key to the Company's progress,

The Board is supported by the Audit Committee, Remuneration committee and Insider Committee, all of which have formally delegated duties and responsibilities and written terms of reference. The terms of reference of each committee are available below.

[Terms of reference for Audit Committee](#)

[Terms of reference for Remuneration Committee](#)

[Terms of reference for Insider Committee](#)

The Audit Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It meets at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required. The Committee's responsibilities are set out in its terms of reference and include amongst other things, reviewing the adequacy of the Group's accounting and operating controls, reviewing the proposed financial statements of the Group prior to publication and recommending the appointment of the auditor and review of the scope and results of its audit. It is also responsible for ensuring that an effective system of internal control is maintained.

The Remuneration Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It also meets at least twice a year at appropriate times in the accounting cycle and otherwise as required. The Committee's responsibilities include amongst other things, responsibility for determining the remuneration for the Group's Executive Directors and senior management and reviewing the design of share incentive plans and setting of performance related pay schemes and total annual performance related payments. The Insider Committee comprises Philip White, Charles Hindson and Michael Wort. It is responsible for assisting and informing the decisions of the Board concerning the identification of inside information and/or price sensitive information and to make recommendations about how and when the Company should disclose that information in accordance with the Company's disclosure manual, the Disclosure Guidance and Transparency Rules, the AIM Rules and the Market Abuse Regulations ("MAR"). It meets on an *ad hoc* basis as required.

In 2020, the Board formed a subcommittee to appoint a new Chair, with its members being the Chief

Executive Officer, Peter Keeling and the two Non-Executive Directors, Charles Hindson and Mike Wort. The subcommittee appointed an experienced recruitment adviser and ran a selection process resulting in the appointment of the new Chair being announced on 22 December 2020.

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable each committee to discharge its duties. For each Board meeting an agenda is prepared and approved by the Chair and followed.

The Board is confident that its governance structures and processes are consistent with its current size and complexity of the business. The appropriateness of the Group's governance structures will be reviewed annually to take account of further developments of accepted best practice and the development of the Company.

## **Principle 10**

### **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**

The Company communicates with shareholders through the Annual Report and Financial Statements, the announcement of its full-year and half-year results, the AGM and the release of news via RNS channels and by regular one-to-one meetings with large existing or potential new shareholders and by open events with private shareholders.

The Group encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. The Chief Executive Officer talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. Investor roadshows are held following the release of half and full year results; and the Chief Executive Officer and Chief Finance Officer attend several investor and sector specific conferences which give smaller investors the opportunity to speak with the executive.

Corporate information, including Group announcements, financial reports and presentations, are also available to shareholders, investors and the public [here](#).

The Group's workforce are regularly updated as appropriate, with the development of the Group and its performance. A group intranet system, Jostle, is frequently updated for news on Group developments and events, industry related press releases, internal discussions and a regular update from the Chief Executive Officer. An all-company Town Hall webinar is held quarterly during the year updating staff and consultants on past performance and future plans for the Group along with employee related matters.

The Company aims to hold an annual four-day Group meeting, to which all employees are invited, in order to communicate, disseminate and discuss the Group's plans and goals. This aims to engage and align the entire workforce with the culture and strategic goals of the Group in an environment which is effective and conducive to their attainment. In 2020 this meeting was held virtually and in a condensed format due to COVID-19. Additional Town Hall meetings were held in 2020 to compensate.

Updated 15 March 2021