

## Statement of Compliance with the Quoted Companies Alliance Corporate Governance Code

### Introduction

The Board of IXICO plc (**IXICO, Company, we or us**) has adopted the Quoted Companies Alliance Corporate Governance Code (**QCA or Code**) and uses the 10 principles outlined in the QCA to ensure it maintains appropriate governance arrangements. The Board conducts itself in a manner which places IXICO's values and the QCA principles at the core of the Group's culture.

We are guided by our **"4A" values: Aspiration; Ability; Agility; and Accountability**. These are at the heart of our culture and empower our people to directly contribute to achieving our goal to be a leading proponent of artificial intelligence in clinical drug development. We recognise that we will succeed in realising our purpose and achieving our goal only by bringing together the diverse set of skills needed to innovate and develop cutting-edge technologies, and by building an inclusive culture to continuously enhance our service offering to support our customers' scientific endeavours.

The Board believes that these values and principles are a fundamental part of a sustainable, growing business and the Company's culture.

The Board is responsible for ensuring that IXICO is managed for the long-term benefit of all shareholders, through effective and efficient decision-making. Corporate governance is an important part of the Board's role by providing oversight and control to manage risk and build long-term value, and, as Chairman, I assume principal responsibility for IXICO's corporate governance environment.



Charles Spicer

Chairman

1 October 2020

## **The QCA Code**

The Code comprises ten principles, which companies use to explain their application of these principles and the corresponding corporate governance arrangements. IXICO's application of the Code reflects the needs of a growing company pursuing a commercially led growth strategy to promote long-term shareholder value.

A full copy of the QCA Code is available from the QCA's website: [www.theqca.com](http://www.theqca.com)

### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

IXICO is a technology enabled services provider to the biopharmaceutical industry delivering insights to biopharmaceutical companies who are developing new drugs to address neurological diseases, an area of high unmet medical need. To achieve our business goals, the Company is accelerating growth and has grown profitability in the financial year to 30 September 2020 by:

- building scale and market presence for our technology solutions; and
- developing and commercialising new products and services.

These activities promote and are delivering long-term value for shareholders.

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

The Board is committed to encouraging open communication between itself and shareholders. The Chief Executive Officer and Chief Financial Officer are responsible for investor relations and present to institutional shareholders and analysts each year following the release of the full-year and half-year results. They also meet with major shareholders at least twice a year to update them on strategy, progress against this strategy and obtain feedback for discussion with the wider Board. The Chairman also makes himself available for discussions with shareholders as and when appropriate. Further, should the Board consider any significant divergence from strategy it will seek feedback from major shareholders as part of its deliberations.

Board members routinely attend the AGM and are available to answer questions raised by shareholders. After the conclusion of the formal business of the AGM the Company provides an opportunity for shareholders to speak or raise questions with the Board on a more informal basis. The AGM is usually held in the morning and the results of the AGM are announced to the market on RNS and published on the Company's corporate website that day.

The Board also uses publications on its website and its Annual Report to keep all shareholders informed of its progress.

### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Company is highly conscious of the requirements of its wider stakeholders in supporting its long-term success. It views its wider stakeholders as its clients, suppliers, employees and the patients participating in the clinical trials it serves. The Board has implemented approaches to support the requirements of each group and, where it identifies, or is notified of any risks or concerns in respect of any of these stakeholder groups, it puts in place actions to address these.

#### *Employee engagement:*

Our talented employees are an important stakeholder group. We hold regular 'Town Hall' meetings where different members of the Leadership Team present and discuss wide ranging topics such as business strategy, quality-led initiatives, scientific and research developments or performance against key company targets. These meetings are also used to present feedback arising from our company employee surveys.

In addition, our employee newsletter, IXICOMms informs employees about what is going on in the business and helps them to maximise their contribution to changes as the Company grows. This has been increasingly important in the past year as a means of ensuring employees remain connected whilst working remotely.

*Business partners and scientific communities:*

We participate in multi-year European grant funded projects which include pharmaceutical, academic and SME partners. We ensure that our investments and active participation in these projects represent value additive engagement with our commercial and academic collaborators, working towards innovative technologies and/or protocols in areas of neurological research.

*Suppliers:*

We seek to pay our suppliers within agreed payment terms and in accordance with fair market value industry practice. We work closely with our suppliers and perform external quality audit checks on critical suppliers.

We engage the services of external consultants, including key opinion leaders, through master consultancy agreements either on an individual basis or via an academic institution or clinical centre. We interact with suppliers in different ways; discussions about the procurement and delivery of services or goods rests with the Operations and Legal teams, the Quality team co-ordinate the audit of critical suppliers and any follow up actions are mutually agreed and actioned.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board has ultimate responsibility for the Company's system of risk management and internal control and for reviewing its effectiveness.

The Board instils control to the Company's operations by overseeing the following:

- competent and prudent management;
- sound planning;
- adequate systems of control, including regular review of risk;
- adequate and accurate accounting records; and
- compliance with statutory and regulatory obligations.

Any such system of internal financial and operational controls can provide reasonable, but not absolute assurance, against material misstatement or loss. The Board considers that the risk management and internal controls in place are appropriate for the size, stage of development, complexity and risk profile of the Company.

The Company's internal control system is split into the following two areas:

*Financial controls:*

The Company has an established framework of policies and procedures to maintain a system of internal financial and operational control. The effectiveness of such control is monitored and reviewed by the Senior Leadership Team, Executive Directors, the Audit Committee and the Board.

- Company policies, accounting and administrative procedures cover significant areas of the business and key systems. This includes formal authorisation procedures for treasury management, operating and capital

expenditure. Major expenditure or commitment requires Board approval which is performed via review at Board meetings.

- The Board is responsible for reviewing and approving Company strategy, annual budgets and determining the financial structure of the Company.
- The Audit Committee assist the Board in discharging its duties in respect of the annual and interim financial statements, accounting policies and the maintenance of internal financial controls.
- There are comprehensive procedures for monitoring and reporting to the Board the Company's performance against budgets and forecasts. Such reports include profit and loss statements, cash flows, capital expenditure and balance sheets. Results are compared with the prior year and include expected performance over the remainder of the financial period.

#### *Non-financial controls:*

The Board recognises that maintaining sound controls and vigilance is an important part of managing risk. The non-financial controls that are adopted by the Company include:

- Close management of the day-to-day activities of the Company by the Executive Directors.
- A Leadership Team that operates within an organisational structure that has defined levels of responsibility.
- Appropriate standards and codes of conduct that are set out in written policies and part of mandatory training for employees. These are wide ranging and include policies such as dealing fairly with stakeholders and one another, privacy, handling confidential information, conflict of interest and anti-bribery and corruption.
- The SVP of Quality, Compliance and Regulatory Affairs works closely with the Senior Leadership Team to oversee the Standard Operating Procedures used to perform services for our clients.
- All material contracts are reviewed and signed by the CEO, CFO or otherwise authorised member of the Senior Leadership Team in accordance with the approved 'Delegation of Authority' matrix.
- A risk register is maintained which details potential risks and mitigating actions for all client projects and for the Company more widely. Such risks are reviewed by members of the Leadership team and discussed at Senior Leadership Team level on a quarterly basis. Material risks or uncertainties, together with potential mitigating actions, are communicated to the Board.

Principal risks and uncertainties that may affect the business are set out in the Company's annual report and accounts (a copy of which can be downloaded from <https://ixico.com/investors/company-documents/>).

#### **Principle 5: Maintain the board as a well-functioning, balanced team led by the chair**

The Board comprises the Non-Executive Chairman, two Executive Directors and two Non-Executive Directors, one of whom acts as Senior Independent Director.

#### *Executive Directors:*

Giulio Cerroni, Chief Executive Officer  
Grant Nash, Chief Financial Officer and Company Secretary

#### *Non-Executive Directors:*

Charles Spicer, Independent Non-Executive Chairman  
John Bradshaw, Independent Non-Executive Director  
Mark Warne, Senior Independent Non-Executive Director

The Board feels that it has an appropriate balance between independence and knowledge of the Company and its target markets which allow it to discharge its duties and responsibilities effectively. The Board deems that Charles Spicer, Mark Warne and John Bradshaw are independent directors in accordance with the QCA guidelines.

Mark Warne is the Senior Independent Director (SID) and acts as an independent sounding board and intermediary for the Chairman or other board members as necessary. Mark is available to shareholders or directors who may have a concern that cannot be raised through the normal Board processes.

The Directors use their independent judgement and challenge matters affecting the business whether strategic or operational. The Non-Executive Directors are in regular contact with the Executive Directors and the Chairman has regular one-to-one meetings with the Chief Executive Officer.

*Conflicts of interest:*

The Company has effective procedures in place to monitor and deal with a situation in which a Director has or may have a conflict of interest. The Board is aware of other commitments and interests as they are disclosed by each Board member. If there are changes to these commitments or interests, Directors are required to advise the Chairman and appropriate action is agreed by the rest of the Board.

**Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Board considers that it has an effective and appropriate balance of skills and experience and is mindful of the need to continuously review the needs of the business to ensure that this remains true, so that the Company can drive performance as well as comply with regulations. The Board members are of sufficient calibre to bring independent judgement to bear on business decisions related to strategy, expected standards of business performance and conduct which are an important part of the Company's future growth and success.

Further details of each of the Board's skills and experience can be found at:

[www.ixico.com/investors/governance/our-board/](http://www.ixico.com/investors/governance/our-board/)

*Independent advice:*

The Board has access to professional advisors and independent advice in the performance of their duties, at the Company's expense. Details of external advisers can be found at:

[www.ixico.com/investors/governance/contacts-and-advisors/](http://www.ixico.com/investors/governance/contacts-and-advisors/)

*Appointment and re-election:*

The Company's Articles of Association require that all Directors must stand for re-election every three years and that any new Directors appointed during the year must stand for election at the AGM following their appointment.

**Principle 7: Evaluate all elements of board performance based on clear and relevant objectives, seeking continuous improvement.**

The Board undertakes self-reviews from time to time to assess its performance. The Chairman provides leadership to the Board and assesses the individual Directors to ensure that their contribution is relevant and effective and that they are committed members of the Board.

Furthermore, at the end of Board meetings, the Chairman and Non-Executive Directors meet to identify areas to provide constructive feedback to the Executive Directors as part of continuous improvement.

## **Principle 8: Promote a corporate culture that is based on sound ethical values and behaviours**

The Company operates in a highly regulated environment in accordance with an integrated Quality Management System (including ISO 13485:2016) which is subject to third-party audit. The Company is focused on a therapeutic area which has a high unmet medical need and our employees are motivated to support our clients in their quest to develop and provide safe, effective treatments for people living with neurological diseases.

The Group employs a diverse workforce and embraces a culture where employees are treated equitably within an environment of mutual respect and understanding.

### *Anti-Bribery and Ethical Values:*

We are committed to the highest standards of ethical conduct and integrity in our business activities in the UK and overseas. The eradication of fraud and bribery in the way in which we operate is of great importance to securing the trust and confidence of our clients and partners. Therefore, we adopt a zero-tolerance position to fraud and bribery and are committed to pursuing this approach throughout our operational practices which include the following:

- We have in place four core Anti-Bribery Policies which underpin our values and document our zero-tolerance approach. Furthermore, our Company policies and procedures including Standard Operating Procedures outline key processes and set out the standards of conduct expected of IXICO employees. Such policies form part of our read and understand approach to ensure that ethical values and standards of behaviour are adopted.
- Training is provided to all staff on our Anti-Bribery Policies and forms part of the HR induction programme for all new starters.
- Suppliers are subject to financial and, where appropriate, regulatory checks. We have enhanced these checks further across 2020. Where suppliers and consultants require us to adopt their contractual terms, we negotiate the inclusion, if not already present, of appropriate provisions to mandate compliance with anti-bribery and corruption laws as well as require the declaration of any conflicts of interest. These clauses are standard non-negotiable provisions in our own contract templates, where failure to comply with these terms would result in immediate termination of our agreement with such supplier or consultant.

### *Modern Day Slavery:*

Whilst the Company falls under the threshold to report in accordance with the Modern Slavery Act 2015 and we consider this area to be relatively low risk in terms of our supply chain, we try to ensure that we are doing all that is reasonably practicable to ensure that modern day slavery and human trafficking does not form part of our supply chain. During 2020, this has included updating our contract templates to ensure that suppliers and consultants agree to comply with all applicable anti-slavery and anti-trafficking laws as well as requiring them to notify us as soon as they are aware of any actual or suspected slavery or human trafficking in a supply chain which has a connection with our agreement.

## **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board is collectively responsible for the long-term success of the Company. Its principal function is to provide the Company with a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board considers the Senior Leadership Team's strategic proposals and, following review, determines strategy and ensures that the necessary resources are in place for the Senior Leadership Team to execute against that strategy.

The Chairman provides leadership to the Board and is responsible for agreeing the agenda for Board meetings and ensuring (with the Company Secretary) that the Directors receive the information that they need to participate in Board meetings. The Chairman also ensures that the Board has sufficient time to discuss items on the agenda.

The Chief Executive Officer is responsible for the leadership of the Company, the Senior Leadership Team and employees. The Chief Executive Officer is responsible, together with the Senior Leadership Team, for the execution of the Company's strategy approved by the Board and the implementation of decisions made by the Board.

#### *Board meetings:*

The Board meets formally (either face to face or via videoconference) not fewer than four times per year in addition to the annual strategy day. Additional board meetings are held by telephone to discuss key strategic priorities including for example the review and approval of a capital raise or interim results. Prior to the start of each financial year a schedule of dates for the Board meetings is prepared to align, where reasonably practicable, with the Company's financial calendar whilst ensuring an appropriate spread of meetings during the financial year. These meetings are supplemented by additional ad-hoc meetings or calls as required.

The Board and its Committees receive appropriate and timely information prior to each meeting including a formal agenda. Any Director may challenge Company proposals. Decisions are taken democratically after appropriate discussion. Specific actions arising from Board meetings are agreed by the Board or relevant Committee and are then followed up by the Executive Directors.

#### *Board committees:*

The Board is supported by 3 subcommittees, the Audit Committee, the Remuneration Committee and the Share Transaction Committee. The subcommittees discharge responsibilities on behalf of the Board and are entitled, at the Company's expense, to such internal or external professional advice as is required to allow them to fulfil their duties.

The Audit Committee is chaired by John Bradshaw and the Remuneration and the Share Transaction Committees are chaired by Mark Warne. Committee meetings occur once or twice per year or as needed.

The Board and subcommittees all operate against terms of reference which are summarised on the Company website (<https://ixico.com/investors/governance/>).

### **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 accounts;
- full-year and half-year announcements;
- the Annual General Meeting (AGM);
- one-to-one meetings with shareholders as required; and
- issuing regular and appropriate RNS and RNS Reach announcements.

This Statement and Annual Report alongside the wider Strategic and Directors' Reports are designed to provide full and relevant updates on how the Group is governed and how it is performing. These are drafted with both shareholders and the wider stakeholder community in mind.

The Board receives regular updates on the views of shareholders through briefings and reports provided by the Chief Executive Officer, Chief Financial Officer and the Company's nominated advisor. The Company communicates with institutional investors through briefings with management and analyst notes are reviewed to understand the external view of the Company.

The above and a range of corporate information, including Company presentations, is also available on our website at: [www.ixico.com/investors/](http://www.ixico.com/investors/). Our website also contains an Investor centre section and feedback as part of continually improving the information provided to our stakeholders.