

## QCA Compliance

The Board of Cerillion plc seeks to follow best practice in corporate governance as appropriate for a company of our size, nature and stage of development. As a public company listed on AIM we are cognisant of the trust placed in the Board by institutional and retail investors, employees and other stakeholders.

We recognise the importance of an effectively operating corporate governance framework and as such the Board has adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code - ("the QCA Code") to support the Company's governance framework.

The Directors acknowledge the importance of the ten principles set out in the "QCA Code and this statement briefly sets out how we comply with the provisions of the QCA Code.

Principle		How we comply with the QCA Code in this area / the reasons for any departures
1	Establish a strategy and business model which promote long-term value for shareholders	An annual strategic review is held by the company's management team, in order to re-validate and - if necessary - reset business objectives, so as to assure continuous alignment with the promotion of long-term shareholder value. The conclusions of this review, and a financial plan designed to deliver against those conclusions, are then presented to the board for further discussion and final approval. Further strategic reviews are then held on a quarterly basis to track progress against the agreed objectives. Strategy is communicated to shareholders via the company's Annual Report and Accounts and via the Annual General Meeting.
2	Seek to understand and meet shareholder needs and expectations	Directors meet with shareholders on a regular basis to elicit feedback and also hold an Annual General Meeting.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Management maintain a detailed risk register which is reviewed by the board on a quarterly basis.  Key risks are communicated to shareholders via the company's Annual Report and Accounts (Principle Risks and Uncertainties).
5	Maintain the board as a well-functioning, balanced team led by the chair	The board comprises 3 executive directors and 2 independent, non-executive directors. The board is supported by audit, remuneration and nominations committees, each chaired by a non-executive director.  Details of the board's composition and operation are communicated via the company's Annual Report and Accounts, and via the directors section of this website where biographies of all board members are provided.
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board reviews its composition on a regular basis and will develop its mix of skills and experience as the company evolves

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		<p>Details of all directors are currently provided on the company's website and in the Annual Report and Accounts.</p>
7	<p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board is responsible for reviewing its own effectiveness, as well as that of the committees and of individual directors. The Board performance review process is currently an internal process, which considers matters such as the performance of the Executive Directors against the Board-approved Corporate Objectives. The Board considers a more formal, externally-facilitated review process has not been required in the past year, but will continue to consider whether such a review is necessary in future. The Nomination Committee is responsible for establishing succession plans for the Executive Directors.</p> <p>The company intends to carry out a formal board performance evaluation process every three years from 1 January 2020.</p>
8	<p>Promote a corporate culture that is based on ethical values and behaviours</p>	<p>Cerillion plc has a culture based on ethical values and behaviours which are promoted by the CEO and management team.</p> <p>The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group.</p> <p>The Company adopts a policy of equal opportunities and diversity in the recruitment and engagement of staff, as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience, matched against those required for the work to be performed.</p> <p>The Company recognises the importance of investing in its employees and, as such, it provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. The Company also recognises that commercial success depends on the full commitment of all its employees, and commits to respecting their human rights, to providing them with favourable working conditions that are free from unnecessary risk, and to maintaining fair and competitive terms and conditions of service at all times. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.</p>

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	<p>An open culture is encouraged within the Group, and regular all-staff meetings are held at which employees have an opportunity to discuss any matters that they wish to raise in an open forum.</p> <p>The all-staff meetings are also used to update employees on the underlying corporate strategy and current performance against that strategy together with feedback from stakeholders. This meeting is also used by the Company to outline overall objectives which are then used to establish the individual's personal objectives against which they are measured at least annually.</p> <p>The Executives also seek to be approachable at all times, enabling employees to discuss more sensitive or personal matters where necessary.</p>
<p>9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>The company has determined governance structures and processes appropriate to it based on corporate culture, size, capacity and appetite for risk, and business complexity.</p> <p>The board has done this through its adoption of the QCA Code and has the relevant audit, nominations and remuneration committees as detailed in the company's Annual Report and Accounts and on the company's website.</p> <p>The following is a list of matters reserved for the board, as originally outlined in the Company's FPP document at the time of admission to AIM:</p> <p><b>Reserved Matters for the Board</b></p> <p><b>1. Management</b></p> <ul style="list-style-type: none"> <li>• Executive director responsibilities</li> <li>• Board and executive director appointment or removals</li> <li>• Board and executive director succession, training, development and appraisal</li> <li>• Appointment or removal of Company Secretary</li> <li>• Remuneration, contracts, grants of options and incentive arrangements for executive directors and any employee</li> </ul>

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	<p>where base compensation exceeds £150,000 per annum</p> <ul style="list-style-type: none"> <li>• Delegation of the Board's powers</li> <li>• Agreeing membership and terms of reference of board committees and task forces</li> <li>• Establishment of managerial authority limits for smaller transactions</li> <li>• Matters referred to the Board by the board committees</li> </ul> <p><b>2. Strategic/policy considerations</b></p> <ul style="list-style-type: none"> <li>• Business strategy</li> <li>• Diversification/retrenchment policy</li> <li>• Opening of new regional markets</li> <li>• Major upgrades or enhancements to core software Product</li> <li>• Specific risk management policies including insurance, hedging, borrowing limits and corporate security</li> <li>• Agreement of codes of ethics and business practices</li> <li>• Receipt and review of regular reports on internal controls</li> <li>• Annual assessment of significant risks and effectiveness of internal controls</li> <li>• Calling of shareholders' meetings</li> <li>• Avoidance of wrongful or fraudulent trading</li> </ul> <p><b>3. Transactions</b></p> <ul style="list-style-type: none"> <li>• Acquisitions and disposals of subsidiaries or other assets over 5% of net assets/profits</li> </ul>

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	<ul style="list-style-type: none"> <li>• Investment and other capital projects over a similar level</li> <li>• Substantial commitments including: <ul style="list-style-type: none"> <li>○ Contracts which contain a performance bond in excess of £100,000</li> <li>○ Giving security over group assets (including mortgages and charges over the group's property)</li> </ul> </li> <li>• Contracts not in the ordinary course of business</li> <li>• Actions or transactions where there may be doubt over propriety</li> <li>• Approval of certain announcements (including all RNS announcements), prospectuses, circulars and similar documents</li> <li>• Disclosure of directors' interests</li> <li>• Transactions with directors or other related parties</li> </ul> <p><b>4. Finance</b></p> <ul style="list-style-type: none"> <li>• Raising new capital and agreement of new/renewed banking and financing facilities</li> <li>• Treasury policies including foreign currency and interest rate exposure</li> <li>• Discussion of any proposed qualification to the accounts</li> <li>• Final approval of annual and interim reports and accounts and changes in accounting policies</li> </ul> <p><b>5. General</b></p> <ul style="list-style-type: none"> <li>• Governance of Group pension schemes and appointment of Company nominees as trustees (required for admin issues and</li> </ul>

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		<p>liasing with company broker and fund manager)</p> <ul style="list-style-type: none"> <li>• Allotment, calls or forfeiture of shares</li> </ul>
10	<p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>The remuneration and audit committee reports are included in the company's Annual Report and Accounts.</p> <p>The company's website includes details of shareholders votes, historic Annual Reports and Accounts and historic notices of general meetings.</p>