



AIM Rule 26

Corporate Governance and the QCA Code

Introduction

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies.

The underlying principle of the QCA Code is that “the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term”.

To see how the Company addresses the key governance principles defined in the QCA Code, please refer below.

Further information on compliance with the QCA Code will be provided in the Company’s next annual report and accounts for the year ending 31 December 2018.

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

FireAngel Safety Technology Group plc (formerly Sprue Aegis plc)’s purpose, business model and strategy is explained within its Report and Accounts for the year ended 31 December 2017.

The Board of directors has a shared view of the Group’s key objectives, based upon the Company’s defined purpose as a business, that is:

To protect, save and improve our customers’ lives by making innovative, leading edge technology simple and accessible.

The key elements of the Company’s strategy are:

- Transition to an independent, innovative technology-led, multi-sensing and connected safety solution provider, supporting our core FireAngel brand;
- Leverage our leadership position within existing markets and create new market opportunities through an expanded product range to drive profitable sales growth;



- Enhance our operational capabilities to deliver best ever quality, service and availability;
- Execute well and outsource where we do not add value;
- Add complementary strategic capabilities where needed; and
- Build long term shareholder value.

The key challenges to the business and how these are mitigated is detailed on pages 21 to 24 of the Company's Report and Accounts for the year ended 31 December 2017.

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

FireAngel Safety Technology Group encourages two-way communication with its institutional and private shareholders and responds in a timely manner to all queries received.

The Company's Chairman and Executive Directors engage regularly with the Company's major shareholders and private investors. Twice-yearly investor roadshows are held following the publication of the Company's interim and full year results.

Formal feedback of shareholders' views is communicated fully to the Board along with institutional and private investors' feedback.

In addition, ad hoc institutional meetings and site visits are arranged as appropriate which include a tour of the Company's facilities and meetings with staff members.

Private investor seminars and events are attended by the Executive Directors in addition to the Company's AGM, which affords all shareholders the opportunity to participate and to meet the Board.

Where voting decisions are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.

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

FireAngel Safety Technology Group is committed to sustainable progress in all aspects of our business for customers, suppliers, employees and the communities in which it operates. This is evidenced and underpinned by our vision and values:

- Think ahead;
- Think customer;
- Think team.

For more information, please see the "Corporate social responsibility" section on page 30 of the Company's Report and Accounts for the year ended 31 December 2017.



FireAngel conducts employee opinion surveys to receive employees' feedback on all aspects of employment with the Group and the management meets regularly with employees to update them on the Company's performance and to discuss business related issues.

FireAngel encourages feedback from its customers through its business unit account managers supported by the product management team specialists as needed.

The Company's marketing, product management and new product introduction team engages regularly with its customers, industry bodies and trade associations directly and through social media such as Facebook and Twitter accounts.

The Company's technical support team liaises with customers through its call centre, via social media and its website.

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

Details of the risks and risk management, how these are mitigated and the change in the identified risks over the last financial year are set out on pages 21 to 24 of the Company's Report and Accounts for the year ended 31 December 2017.

Both the Board and the Company's senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet weekly to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading.

The Board considers risks to the business at every Board meeting (at least 7 meetings are held each year).

The Board formally reviews the principal risks to the business during the budget process at least annually.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Company is controlled by the Board of Directors. Graham Whitworth, the Company's Chairman, is responsible for the running of the Board and Neil Smith, the Company's Chief Executive has executive responsibility for running the Group's business and implementing the Group's strategy. The Board assumes a collective responsibility for sound corporate governance.

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



All Directors receive regular and timely information regarding the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of board meetings.

The Board comprises three Executive Directors and three Non-Executive Directors. The Board considers that all Non-executive Directors bring an independent judgement to bear notwithstanding the varying lengths of service.

The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration and Nominations Committees. Terms of reference of each of the Board committees are available on the Company's website in the section headed Corporate Governance.

All Board members have confirmed they have sufficient available time to undertake their duties effectively.

Board attendance over the last financial year is set out on page 37 of the Company's Report and Accounts for the year ended 31 December 2017.

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

The Board contains an appropriate mix of diverse skills, personal qualities and capabilities.

Details of individual Directors and their relevant experience is contained on page 32 of the Company's Report and Accounts for the year ended 31 December 2017.

The Board structure is kept under regular review with planned changes ongoing. Investors' attention is drawn to the Company's announcement released on 1 June 2018.

The Nominations Committee which is chaired by John Shepherd, a Non-Executive Director of the Company, oversees the process and makes recommendations to the Board on all Board appointments. Where new Board appointments are considered, the search for candidates is conducted and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

The Nominations Committee also considers succession planning. The terms of reference of the Nominations Committee have been placed on the Company's website.

The Board has well established relations with its professional advisers whose details are contained on page 87 of the Company's Report and Accounts for the year ended 31 December 2017. In addition, it consults with the senior non-executive director William Payne as needed.



The Board engages with its professional advisers when expert opinion is required to support the Board with its decision making.

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

A review of the Board's effectiveness and of the individual Directors will be undertaken annually by the Nominations Committee, against defined objectives.

The understanding, effectiveness and contribution of each Director is kept constantly under review by the Chairman.

Each Director's performance is reviewed before each Director is proposed for re-election at the Company's AGM to ensure that their performance is, and continues to be, effective and that, where appropriate, they maintain their independence and that they are demonstrating continued commitment to the role.

The review of the Board's performance is undertaken internally by the Nominations Committee, which also takes into consideration external input from the Company's shareholders, as appropriate.

Composition of the Board is currently under review with planned changes announced on 1 June 2018 and the search for a Non-Executive Chairman is being undertaken by the Nominations Committee comprising the Non-Executive Directors.

The Chairman, Chief Executive and the Nominations Committee are responsible for succession planning.

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

Within the Company's Report & Accounts for the year ended 31 December 2017, the Strategic Report, Corporate social responsibility set out on page 30 and corporate governance set out on page 31 cover the main aspects of the Company's business culture which has been, and remains, key to the success of FireAngel Safety Technology Group plc.

Maintaining the Group's culture is a specific personal objective of the Company's Chief Executive who regularly communicates the Group's values both internally across the organisation through employee forums feedback and with external stakeholders.

A recruitment policy, which is applied consistently across the business, is in place, together with training and appropriate performance management and development frameworks, which are aligned to the culture and needs of the business.



The appropriateness of the reward framework is assessed by the Company's Remuneration Committee and comprises both individual objectives aligned to the business interests and certain Group elements.

The Company's Quality Management System and ISO policies and actions ensure that it and its suppliers act responsibly and ethically.

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

The Board manages the affairs of the Company with regard to the Corporate Governance guidance issued by the QCA.

The corporate governance report set out on pages 34 to 44 of the Company's Report & Accounts for the year ended 31 December 2017 details the Company's governance structures and why they are appropriate and suitable for the Company. They are reviewed annually by the Board.

The core activities of the Board include:

- Providing entrepreneurial leadership within a framework of prudent and effective controls for risk assessment and management;
- Setting the strategic aims of the Group and reviewing individual management performance;
- Ensuring that appropriate resources are in place and being managed effectively for the Group to create long-term shareholder value through the development of the Group's technology; and
- To position the Group to be the market leader in each of the markets in which it serves in terms of products, technology and service.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

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Private investor seminars and events are attended by the Executive Directors in addition to the Company's AGM, which affords all shareholders the opportunity to participate and to meet the Board.

Additional obligations relating to seeking shareholder approval for certain decisions are taken at the Company's AGM with information available on the Company's website and via RNS announcements.

Details of the Remuneration Committee's and Audit Committee's activities are described within the Company's Report & Accounts for the year ended 31 December 2017.