



## 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”.

During 2018 the Board conducted its first review of the Company’s corporate governance policies and procedures to ensure it was compliant with the changes that came into effect in September 2018. The Board has fully adopted, and is working towards full compliance with, the QCA Code.

The extent of compliance with the ten principles that comprise the Code was reviewed by the Board as part of preparation of the Company’s Annual Report and Accounts for the year ending 31 December 2018, reviewed and published on 29 March 2019. The results of this review, together with an explanation of any areas of non-compliance, and any steps taken or intended to be taken to move towards full compliance are set out on pages 20 and 21 of the Annual Report and Accounts 2018. These disclosures are repeated below, updated, where appropriate, for the Board’s latest review on 16 December 2019.

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 2019.



Principle		Current compliance	Comment and disclosures
<b>Deliver growth</b>			
1	Establish a strategy and business model which promote long-term value for shareholders	Full	The Group's business model and strategy, together with the key risks to achieving these goals, and mitigating actions taken, are documented in the Introduction, Strategic Review and Risks and risk management sections of the Annual Report and Accounts 2018. These disclosures are supplemented by information in the About Us section of our website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a> .
2	Seek to understand and meet shareholder needs and expectations	Full	The Group's approach to engagement with shareholders is documented in the Investor relations section of this Corporate governance report of the Annual Report and Accounts 2018. The success of this engagement is measured through approval of shareholder resolutions recommended by the Board. This is communicated in the Regulatory announcements section of the Investors area of the Group's website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a> .
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Full	The Group's approach and actions in relation to wider stakeholder involvement and social responsibilities are detailed in the Corporate social responsibility section and Statutory Directors' report of the Annual Report and Accounts 2018.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Full	The Group's internal control environment and system of risk management, including the key risks to which the Group is exposed, are documented in the Corporate governance report and the Risks and risk management section of the Annual Report and Accounts 2018.
<b>Maintain a dynamic management framework</b>			

5	<p>Maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>Partial</p>	<p>The role, composition and independence of the Board are documented in the Corporate governance report of the Annual Report and Accounts 2018 and supplemented by information in the Directors section of the Investors area of our website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a>.</p> <p>Since the publication of the Annual Report and Accounts 2018, it was announced on 30 July 2019 that Neil Smith, the Group Chief Executive, would be leaving the Company with effect from 31 July 2019 and, with effect from 1 August 2019, John Conoley, the Company's Chairman, would be appointed as Executive Chairman. Graham Whitworth, part-time Executive Director of the Company, had agreed to extend his tenure as an Executive Director until January 2021. Zoe Fox was appointed Company Secretary on 17 September 2019. In addition, on 24 September 2019, it was announced that Simon Herrick had joined the Company as a Non-Executive Director replacing William Payne who resigned with immediate effect. Simon succeeded William in chairing the Company's Audit and Remuneration Committees and John Shepherd succeeded William as Senior Independent Non-Executive Director.</p> <p>The Board recognises that the primary responsibility of the chair is to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. There should be adequate separation from the day-to-day business to be able to make independent decisions. The chair should not normally also fulfil the role of chief executive. This separation of roles existed in the Company from John Conoley's appointment as Non-Executive Chairman on 22 January 2019 until his appointment as Executive Chairman on 1 August 2019 after the departure of the Chief Executive, Neil Smith. The Nominations Committee considered carefully the appropriateness of the joint role and concluded that John's skillset and experience were well matched to the current requirements of the</p>
---	---	----------------	--



			Company as it transitioned to become a provider of safety-critical connected home solutions. The joint role, discussed beforehand with major shareholders, is expected to be short to medium term in tenure until the Company has moved further in its transition described above, at which point it is the intention to appoint a Chief Executive with skills appropriate for the challenges of the transitioned business. In addition, Board independence and structure, particularly with more recent changes in composition, are considered to be sufficiently robust to ensure that independent decisions can be made despite increased day-to-day involvement by the chair.
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Full	The experience and skills of each Director are described in the Board of Directors section of the Governance section of the Annual Report and Accounts 2018 and supplemented by information in the Directors section of the Investors area of our website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a> . The roles of the Senior Independent Non-Executive Director and the Company Secretary, together with a description of the ongoing education of the Directors, are detailed in the Corporate governance report of the Annual Report and Accounts 2018.
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Partial	Given the changes in Board composition during 2019, it was concluded that a formal process for evaluating the Board would be undertaken by the Nominations Committee during 2020 when new structures and relationships had been established. However, the understanding, effectiveness and contribution of each Director is kept under constant review by the Chairman with each Director's performance being reviewed before any proposal for re-election at the Annual General Meeting.
8	Promote a corporate culture that is based on ethical values and behaviours	Full	The promotion of the Group's corporate culture is evident in everything the Group does. This can be seen in our Business Model in the Introduction section of the Annual Report and Accounts 2018, in the Corporate and social responsibility section and addressed specifically in the Chairman's Introduction to the Corporate governance report.
9	Maintain governance structures and	Full	The Board structure, its committees, their roles and members, and the roles of Directors with specific remits, are described in the Corporate governance report and



	processes that are fit for purpose and support good decision-making by the board		in the individual committee reports of the Annual Report and Accounts 2018. The terms of reference of the committees are detailed in the Resources section of our website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a> .
<b>Build trust</b>			
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Full	The Group's approach and actions in relation to wider stakeholder engagement are detailed in the Statutory Directors' report of the Annual Report and Accounts 2018. Details of all shareholder communications are provided on the Group's website, including historical annual reports, general meetings and the outcome of all general meeting votes. The Group's regulatory RNS and RNS Reach announcements are also listed in the Regulatory announcements section of the Investors area of our website <a href="http://www.fireangeltech.com">www.fireangeltech.com</a> .