

**Provexis plc**  
**Adoption of recognised corporate governance code**

All AIM companies are now required to apply a ‘recognised corporate governance code’ and to explain how they apply that code.

The Directors of Provexis plc have chosen to apply the Corporate Governance Code produced by the Quoted Companies Alliance (“QCA”) (the “QCA Code”).

The QCA Code is constructed around ten broad principles and a set of disclosures which notes appropriate arrangements for growing companies, and requires companies who have adopted the QCA Code to provide an explanation about how they are meeting those principles through the prescribed disclosures.

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

Below is a table stating those ten principles and which sets out how Provexis addresses them. This was last updated on 27 September 2018.

No	Principle	Application	What Provexis does
1	<p><b>Deliver growth</b>            Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The board must be able to express a shared view of the company’s purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>The Group strategy has historically focused on the discovery, development and commercialisation of functional foods, medical foods and dietary supplements, and in particular the Group’s Fruitflow® technology.</p> <p>On 1 June 2010 the Company announced it had entered into a long term Alliance Agreement with DSM Nutritional Products to commercialise Fruitflow®, through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories.</p> <p>The establishment of the Alliance Agreement was a significant milestone in the history of the Company. The Alliance is seeing the partners collaborate to develop Fruitflow® in all major global markets, through an effective commercialisation of current formats and pioneering new and significant applications. DSM is responsible for manufacturing, marketing and selling via its substantial sales force. Provexis is responsible for contributing scientific expertise necessary for successful commercialisation, and for maintaining and strengthening the breadth and duration of its patent and trade mark coverage for Fruitflow®, seeking to maximise the commercial returns that can be achieved from the technology. Profits from the Alliance are being shared by the parties on an agreed basis, linked to various performance milestones.</p> <p>The directors believed at the time of signing the Alliance Agreement, and still retain the belief, that the commercialisation of Fruitflow® is best undertaken in conjunction with DSM as it enables Provexis to leverage the resources and relationships of DSM in the major global markets.</p> <p>The Group’s strategic priority is to focus on developing revenues from the Fruitflow® business together with the Group’s Alliance partner DSM, whilst also managing the relationship with DSM.</p> <p>The Group also seeks to ensure that it fulfils its responsibilities under the Alliance Agreement to include protecting the intellectual property of Fruitflow® and assisting DSM with scientific work required to further</p>

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			<p>commercialise the technology. At the same time, the Board remains committed to keeping regular and fixed costs restricted to an appropriate level, thereby maximising the Group's profit potential and minimising cash utilised in operations.</p> <p>In June 2016 Provexis launched a high quality dietary supplement product containing Fruitflow® and Omega-3 which is being sold from a separate, dedicated website <a href="http://www.fruitflowplus.com">www.fruitflowplus.com</a> on a mail order basis, the product is also available to purchase from Amazon.co.uk.</p> <p>The Company's Fruitflow®+ Omega-3 dietary supplement business, which is expected to provide the Company with an additional long term income and profit stream, is complementary to its Alliance Agreement with DSM and it is supported by DSM, reflecting the continued strength of the relationship between Provexis and DSM and the shared interest of both companies in seeking to maximise the commercial returns that can be achieved from Fruitflow®.</p> <p>The Company announced in June 2018 that it had secured a retail listing with Holland &amp; Barrett for Fruitflow®+ Omega-3, with all of the revenue and costs attributable to this listing to accrue to the Company.</p> <p>The Company is seeking to expand further its commercial activities with Fruitflow®+ Omega-3, and it is seeking to develop and sell further Fruitflow®+ combination products, to include a Fruitflow® + nitrates product which would be supported by the Company's strong patent position in this area.</p> <p>These activities are expected to help the Company deliver long-term growth, and they help to diversify the Company away from sole commercial reliance on the Alliance Agreement with DSM, thus increasing opportunities for growth and decreasing risk.</p>
2	<p><b>Deliver growth</b> Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Company maintains a dedicated email address which investors can use to contact the Company which is prominently displayed on its website together with the Company's address and phone number.</p> <p>The Company holds an Annual General Meeting to which all shareholders are invited and during the AGM, time is set aside specifically to allow questions from attending shareholders to any board member.</p> <p>As the Company is too small to have a dedicated investor relations department, Ian Ford, the Finance Director, is responsible for reviewing all communications received from members and determining the most appropriate response.</p> <p>The Company's long term Alliance Agreement with DSM Nutritional Products is bound by strict confidentiality clauses, and there are further confidentiality provisions in place between DSM and its customers. The confidential nature of these arrangements can limit the Company's ability to deal with some questions, and as a listed business the Company is not able to give individual shareholders any news or comments that are not made available to the wider market.</p>

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3	<p><b>Deliver growth</b> Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>Engaging with Provexis' stakeholders strengthens Provexis' relationships and helps the Company to make better business decisions to deliver on its commitments.</p> <p>Provexis takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a range of stakeholder groups (consultants, partners, customers, suppliers and regulatory authorities).</p> <p>Provexis' operations and working methodologies take account of the requirement to balance the needs of all of these stakeholder groups and react appropriately to feedback from such stakeholders while maintaining focus on promoting Provexis' success. A culture of honesty, integrity, trust and respect is promoted and all members of the Provexis team are expected to operate in an ethical manner in all of their dealings.</p> <p>With regard to corporate social responsibility, the Company is focused on its core Fruitflow® product which has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke. The Company is proud to work in this critically important field, which it believes will have a profound impact on society.</p>
4	<p><b>Deliver growth</b> Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The principal risks and uncertainties facing Provexis are set out in the Company's 2018 Report and Accounts which can be found on the Company's website: <a href="http://www.provexis.org/shareholder-information/reports-financial-statements">www.provexis.org/shareholder-information/reports-financial-statements</a></p> <p>In addition, the Company maintains a register of risks across several categories including consultants, clients, competition, finance, technical and legal. For each risk we estimate the impact, likelihood as well as identify mitigating strategies.</p> <p>This register is reviewed periodically as the Company's situation changes. During such reviews, each risk category is considered by the Directors with a view to understanding (i) whether the nature, impact or likelihood of any risks has changed, (ii) whether the mitigating actions taken by the Company should change as a result and (iii) whether any new risks or categories of risk have arisen since the last review.</p>

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			<p>The Company is seeking to expand its Fruitflow®+ Omega-3 dietary supplement business and thereby reduce its commercial reliance on the Alliance Agreement with DSM, as further identified in (1) above, thus increasing opportunities for growth and decreasing risk.</p>
5	<p><b>Maintain a dynamic management framework</b>  Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board of Provexis plc currently comprises an Executive Chairman, Dawson Buck, an Executive Finance Director, Ian Ford, and a Non-executive Director, Frederic Boned, who is North American Vice President of DSM's Human Nutrition &amp; Health business, a part of the Company's Alliance Agreement partner DSM Nutritional Products.</p> <p>The Board is responsible for running the Company, maintaining all internal control systems and considering all major business and financial risks. All strategic decisions are decided by the Board acting collectively.</p> <p>Ian Ford and Dawson Buck are full time Executive Directors of the Company, and the Company's Non-executive Director, Frederic Boned, is expected to devote sufficient time to the Company for him to fulfil his Non-executive commitments.</p> <p>The Board is in very regular dialogue, and it meets physically on an ad-hoc basis when necessary. Board minutes and related papers are circulated to directors in good time ahead of the relevant board meeting.</p> <p>All of the Directors are subject to election by shareholders at the first AGM after their appointment to the Board and will continue to seek re-election at least once every three years.</p> <p>Directors' biographies are set out here <a href="http://www.provexis.org/about-provexis/board-of-directors">www.provexis.org/about-provexis/board-of-directors</a></p> <p>The Company notes that best practice under the QCA code, and for a Company quoted on AIM is to have half of its board be independent, and specifically a minimum of two independent non-executive directors.</p> <p>The Board is aware that Provexis does not currently comply with the QCA code in this respect, but due to the Company's small size and currently limited resources the Board is comfortable that the current Board composition does enable it to fulfil its obligations. As the Company grows, the Board will regularly review the position and, should it be deemed appropriate, will seek to identify and appoint a suitably qualified independent Non-executive director to the Board.</p> <p>The Audit Committee comprises the Executive Chairman Dawson Buck and Frederic Boned, the Company's Non-executive Director. The Audit Committee is chaired by Dawson Buck, and it meets as required and specifically to consider the suitability and monitor the effectiveness of the internal control processes. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.</p>

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			<p>In 2013 it was agreed with some of the Company's larger shareholders that given the small size of the Board the Group's Remuneration Committee would be disbanded, with future remuneration issues to include share options to be primarily determined in dialogue between the Company and its larger shareholders. As the Company grows, the Board will consider reconstituting a Remuneration Committee.</p>
6	<p><b>Maintain a dynamic management framework</b> Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>The Board of Provexis plc currently comprises an Executive Chairman, Dawson Buck, an Executive Finance Director, Ian Ford, and a Non-executive Director, Frederic Boned, who is North American Vice President of DSM's Human Nutrition &amp; Health business, a part of the Company's Alliance Agreement partner DSM Nutritional Products.</p> <p>Directors' biographies are set out here <a href="http://www.provexis.org/about-provexis/board-of-directors">www.provexis.org/about-provexis/board-of-directors</a></p> <p>The Company has periodically held briefings for the directors covering regulations that are relevant to their role as directors of an AIM-quoted company. Historically these briefings have coincided with significant changes in regulations however going forward the Company proposes that such briefings should be held at a minimum on an annual basis.</p> <p>The Company has not to date sought external advice on keeping directors skills up to date but believes that their blend of past and ongoing experience provides them with the relevant up to date skills needed to act as board members for a small company.</p> <p>The Board also engages TLT LLP or Shoosmiths LLP to advise them, where appropriate and necessary on the legal aspects of any ongoing regulatory queries.</p>
7	<p><b>Maintain a dynamic management framework</b> Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task</p>	<p>Evaluation of the performance of the Company's Board has historically been implemented in an informal manner, sometimes in informal dialogue with the Company's larger shareholders. As the Company develops, the Board will consider implementing an annual formal evaluation process for the Board, its Committee and individual directors.</p> <p>On an ongoing basis, Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current Board members, however the directors consider that the Company is too small to have either an internal succession plan and that it would not be cost effective to maintain an external candidate list prior to the need arising.</p>

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		for boards. No member of the board should become indispensable.	
8	<p><b>Maintain a dynamic management framework</b> Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	<p>The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is important to maximise shareholder value.</p> <p>The directors believe that the Company culture encourages collaborative, ethical behaviour which benefits consultants, clients and shareholders. The directors further believe that its small team of sales, marketing, e-commerce, PR and scientific consultants have worked and continue to work in line with the Company's values.</p>
9	<p><b>Maintain a dynamic management framework</b> Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Board of the Company, together with its sub-committee, is responsible for the following:</p> <ul style="list-style-type: none"> <li>• The setting of and execution of the overall strategy of the Company</li> <li>• The setting of financial targets and monitoring of the Company's performance vs these targets on a monthly basis</li> <li>• The preparation and approval of interim and final results for the Company</li> <li>• The commissioning and oversight of the audit of the Company's full year results</li> <li>• The preparation and approval of the Company's annual report</li> <li>• The preparation of resolutions to be voted upon in the Company's Annual General Meeting</li> <li>• Approval of regulatory communications</li> <li>• The setting of guidelines for remuneration of employees, directors and consultants, including where appropriate long term incentives such as share option schemes</li> <li>• The approval and oversight of any changes to the capital structure of the Company such as the raising of capital through placings</li> </ul>

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			<ul style="list-style-type: none"> <li>• The identification, evaluation and monitoring of key strategic risks to the Company's business</li> <li>• The employment of key officers and directors of the Company (the latter as recommendations to be voted on at the Company's AGM)</li> </ul> <p>The Board has an Audit Committee comprising the Executive Chairman Dawson Buck and Frederic Boned, the Company's Non-executive Director. The Committee is chaired by Dawson Buck, and it meets as required and specifically to consider the suitability and monitor the effectiveness of the internal control processes. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.</p> <p>In 2013 it was agreed with some of the Company's larger shareholders that given the small size of the Board the Group's Remuneration Committee would be disbanded, with future remuneration issues to include share options to be primarily determined in dialogue between the Company and its larger shareholders.</p> <p>At this stage the Board believes that the governance framework is appropriate for a Company of its size but it will continue to keep this issue under review.</p>
10	<p><b>Build trust</b> Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base.</p> <p>This will assist:</p> <ul style="list-style-type: none"> <li>• the communication of shareholders' views to the board; and</li> <li>• the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>On the Company's website <a href="http://www.provexis.com">www.provexis.com</a> shareholders can find all historical RNS announcements, Annual Reports, Interim Reports and Notices of Annual General Meetings. We intend to publish the results of all shareholder votes in respect of each resolution proposed at general meetings..</p> <p>Annual Reports and Annual General Meeting Circulars are posted directly to all registered shareholders or nominees.</p> <p>The Company maintains a news page on its website at <a href="http://www.provexis.org/news">www.provexis.org/news</a>, for general news and updates which do not require formal notification under the AIM Rules for Companies.</p> <p>The Company's share register is managed by Equiniti Limited, and in the 2018 Annual Report and AGM package, sent to registered shareholders by post, shareholders were invited to switch to electronic communications via Equiniti's <a href="http://www.shareview.co.uk">www.shareview.co.uk</a> service.</p> <p>The Company's <a href="http://www.fruitflowplus.com">www.fruitflowplus.com</a> e-commerce website allows shareholders and other interested parties to sign up to a mailing list, enabling them to receive product news and updates with regard to the Company's Fruitflow®+ Omega-3 dietary supplement business.</p> <p>The Company's <a href="http://www.provexis.com">www.provexis.com</a> and <a href="http://www.fruitflowplus.com">www.fruitflowplus.com</a> websites are updated regularly, and the Company also maintains a Facebook page for its Fruitflow®+ Omega-3 business at <a href="http://www.facebook.com/fruitflowplus">www.facebook.com/fruitflowplus</a></p>