

The Quoted Companies Alliance Corporate Governance Code 2023 Compliance Statement

Introduction

In accordance with the London Stock Exchange's requirement for all AIM-quoted companies to adopt a recognised corporate governance code, the board of directors (**Board**) of Creo Medical Group plc (**Creo, the Company, we or us**) adopted the Quoted Companies Alliance (**QCA**) 2018 Corporate Governance Code (**Code**).

This statement provides a summary of how Creo endeavours to comply with the 10 principles of the Code, taking into account Creo's stage of development and its available resources. In addition to the Code, Creo seeks guidance from its professional advisors including its solicitors, auditors, remuneration consultants and NOMAD on recommended best practice for AIM companies at a similar stage of development.

The QCA published an updated Corporate Governance Code during 2023 (**2023 Code**). The 2023 Code applies to financial years beginning on or after 1 April 2024. During 2024 we will review the 2023 Code to ensure that Creo is best positioned to meet the revised QCA guidance.

Creo's mission is to improve patient outcomes by applying advanced energy to the emerging field of surgical endoscopy. We aim to deliver value to all stakeholders, including:

- **shareholders**, by deploying capital against a well thought through and measured business plan to achieve long-term, sustainable growth;
- **patients**, by improving patient outcomes by bringing advanced energy to flexible medical devices;
- **customers**, by developing products with the aim of reducing procedure times and costs;
- **business partners**, by interacting in an ethical and equitable manner; and
- **employees**, by offering rewarding careers with support and encouragement to allow everyone to fulfil their potential.

The Board's role is to ensure that Creo is managed for the long-term benefit of all shareholders. Our corporate governance processes are designed to ensure control, reduce risk, enhance long-term value generation and underpin Creo's long-term objectives.



Charles Spicer
Chair

The Code is constructed around 10 principles, taking key elements of good governance and applying them in a manner which is workable for the needs of a growing company in pursuit of medium to long-term value creation for shareholders.

Each principle is set out below along with a commentary of Creo's compliance. To the extent an explanation of Creo's compliance for one principle is relevant against another principle, the explanation is deemed to apply to all relevant principles.

Deliver Growth

1. Establish a strategy and business model which promote long-term value for shareholders

Creo is an advanced energy medical device company focused on the development and commercialisation of minimally invasive medical devices, bringing advanced energy to endoscopy. The Company's vision is to improve patient outcomes through the development and commercialisation of a suite of electrosurgical medical devices, each enabled and powered by Creo's proprietary adaptive technology.

Creo's strategy and business model is set out in its Annual Report and includes details on how we aim to promote long-term shareholder value. The Annual Report includes an explanation of our technology and products under development and the commercialisation steps being taken along with example clinical case studies in support of the benefits of Creo's technology. Creo continues to focus on increasing the number of clinicians trained on the safe use of its core technology and converting those clinicians into regular users. In addition, as part of Creo's Kamaptive licensing programme, Creo has entered into agreements with partners under which it is adapting its technology for use on third party robotic platforms with the aim of creating additional income streams and enabling third party products to benefit from Creo's technology and expertise. Our overall goal is for as many patients as possible to have the opportunity to benefit from Creo's technology which, in turn, we expect to drive maximum returns for shareholders.

Any new initiatives, partnerships or variations to Creo's core strategy are communicated in a timely manner to shareholders via the RNS through ad-hoc releases, trading updates and/or interim results announcements.

2. Seek to understand and meet shareholder needs and expectations

Creo is committed to open communication with all shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what shareholders and analysts think about Creo and, in turn, helping shareholders and analysts understand our business and addressing any specific concerns that they may have, best places the board to drive Creo's business forward.

Creo primarily communicates to its shareholders through the RNS, shareholder presentations and via the Annual Report and interim reporting process.

Institutional shareholders

The directors engage with our institutional shareholders regularly. The directors meet with institutional and other significant shareholders at least twice annually through the results roadshow processes. This allows members of the Board to understand their views and concerns and provides a forum for the executive directors to update shareholders on strategy, the Company's performance and the evolution of its business.

The Chair also meets with institutional shareholders separately from the executive directors. In addition, our Senior Independent Director and committee Chairs are also available to meet with shareholders on request to discuss specific areas of concern.

Private shareholders

Creo's AGM is the principal in-person forum for dialogue between private shareholders and the Board. All shareholders are invited to attend Creo's annual general meeting where they can meet with the directors and understand and exchange opinions on the direction of the Company. The Executive Directors, Chair of the Board and all other Directors routinely attend the AGM and are available to answer questions raised by shareholders. Copies of our Annual Report and the notice of AGM are sent to all shareholders at least 21

days before the AGM. Copies of these documents, along with other information for shareholders, are also provided on our [website](#).

The results of the AGM are released via the RNS as soon as practicable after the conclusion of the meeting. This announcement also provides, for information, details of the total number of votes in favour of each resolution. At our 2023 AGM all resolutions put to shareholders were duly passed.

Along with broker analysis, Creo retains the services of [Proactive Investors](#) and [Edison Research](#) to provide research and commentary on the business.

If you would like to get in touch, please email info@creomedical.com or call us on +44 (0)1291 606005.

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

Creo's key stakeholders are our patients, customers, employees and workers, business partners, suppliers, shareholders and the wider communities in which we operate. The Board takes into account wider stakeholder and social responsibilities when making its decisions. Our Annual Report includes examples of how the business takes into account the needs of our wider stakeholders when taking key decisions.

Creo is a socially responsible company with ESG at its core. Our Annual Report includes details of our continuing sustainability efforts and the work we have performed to meet our social responsibilities. This work has continued during 2023.

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

The Board is responsible for maintaining a sound system of internal financial and operational control and the ongoing review of its effectiveness. The Board's measures are designed to manage, not eliminate, risk and, as such, provide reasonable, but not absolute, assurance against material misstatement or loss. Some key features of the internal control system are:

- Management accounts information, budgets, forecasts and business risk information which are regularly reviewed by the Board;
- A rigorous quality management system which is compliant with the ISO:13485 standard and which is externally audited;
- Operational, accounting and employment policies which are regularly reviewed and updated as appropriate;
- Clearly defined organisational and reporting structures within the Company; and
- Established financial reporting and control systems within the Company which are reviewed and challenged by the Company's Audit Committee.

Creo reviews its internal controls regularly to ensure that they give the necessary flexibility to enable growth and the delivery of long-term shareholder value while having the correct checks and balances in place.

The Company maintains a risk register which is reviewed regularly through a working committee within the business and ultimately by the Board who appraise external and internal threats and determine the necessary steps required to be taken to mitigate those risks. Principal risks and uncertainties that may affect the business are set out in more detail in the Annual Report.

The business is supported by professional advisors including its patent agent, solicitors and legal advisors, product regulatory advisors, auditors, accountants, NOMAD and insurance brokers. All advisors provide relevant advice to the business to allow it to identify and mitigate risk accordingly.

Maintain a Dynamic Management Framework

5. *Maintain the Board as a well-functioning, balanced team led by the chair*

Creo has a strong and effective leadership team. Creo's Board comprises an Independent Non-Executive Chair, four Executive Directors, and two further Non-Executive Directors, one of which acts as Creo's senior independent Non-Executive Director. Brief biographies for each Board member can be found on our [website](#).

Executive Board Members

Craig Gulliford, Chief Executive Officer

Richard Rees, Chief Finance Officer

Prof. Christopher Hancock, Chief Technology Officer

David Woods, Chief Commercial Officer

Non-Executive Board Members

Charles Spicer, Independent Non-Executive Chair

John Bradshaw, Senior Independent Non-Executive Director

Ivonne Cantu, Non-Executive Director

The Board delegates certain duties to an Audit Committee and a Remuneration Committee, all of which operate within clearly defined terms of reference and, where applicable, in accordance with the Code. Further information on our Board committees can be found on our [website](#). The Board does not currently have a Nomination Committee or Disclosure Committee as matters which would be considered by these committees are undertaken by the Board as a whole.

The Company's articles of association require one third of its directors to stand for re-election at each AGM, with each director to be re-elected at least every three years. The Company's articles of association are available on our [website](#). At our 2023 AGM, Ivonne Cantu, David Woods and Richard Rees all stood for re-election. All resolutions were duly passed.

Charles Spicer is Creo's Independent Non-Executive Chair. Charles has a limited shareholding in the Company, via his SIPP, and a limited pre-IPO interest in the Company's share option scheme. The Board does not consider Charles's share and option holdings to be significant and therefore consider him to be an independent non-executive director.

John Bradshaw is Creo's senior independent Non-Executive Director. John has a limited shareholding in the Company. The Board does not consider John's shareholding to be significant and consider him to be an independent non-executive director.

Ivonne Cantu is Creo's independent Non-Executive Director. Ivonne has a limited shareholding in the Company. The Board does not consider Ivonne's shareholding to be significant and consider her to be an independent non-executive director.

All Directors are encouraged to debate and use independent judgement based on their respective knowledge and experience on all matters affecting the business. The Board feels that it has an appropriate balance between independence, knowledge of the Company's technology, sector experience and professional standing to allow it to discharge its duties and responsibilities well. Nevertheless, and as reported in the Chair's 2023 AGM Statement, the Company is actively recruiting an experienced international medtech executive as an additional independent non-executive director who would be suitable to succeed Charles Spicer as Chair.

To address the provisions of Section 175 of the Companies Act 2006 relating to conflicts of interest, the Company's Articles of Association allow the Board to authorise situations in which a Director has, or may have, a conflict of interest. Directors are required to give notice of any potential situation or transactional conflict that are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised or Directors do not attend or participate in such discussions. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

Creo's Annual Report contains further details of the Board composition and committee memberships, and the attendance at Board and committee meetings during the financial year.

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

The Board considers that it contains an appropriate range of skills, experience and knowledge, but is mindful of the need to continuously review the needs of the business to ensure that this remains true. Brief biographies for each Board member can be found on our [website](#).

Creo's Board members are of sufficient calibre to bring independent judgment to issues of strategy, performance, resources and standards of conduct, which are vital to the future growth and success. The Board believes that it operates in an open and constructive manner, working effectively as a team.

Each Director is aware of the importance of keeping their skills and capabilities up to date. The Board are kept up to date on changes to the AIM rules briefings from the Company's nominated adviser, as well as other regulatory and market matters on an ad hoc basis. In addition, the Board has access to senior employees within the business and is supported by a number of professionals (both internal and external), including the Company's General Counsel, the CFO (who is a chartered accountant), the Senior Independent Non-Executive Director (who is a chartered accountant) and external advisors (details of which are available on our [website](#)).

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

The Board seeks to improve the ways in which it interacts and the manner in which information is presented to it. Creo's reporting processes allow a consistent reporting approach, thus aiding analysis by the Board of all matters at hand.

While the Company does not currently have any formal appraisal processes or evaluation criteria for Board members, the Chairman and Non-Executive Directors regularly discuss performance with members of the executive team which, in the Board's opinion, is sufficient for the Company's purposes currently. This will be kept under review and the Board will consider whether formal evaluations are appropriate in the future.

8. *Promote a corporate culture that is based on ethical values and behaviours*

Ethical values and behaviours are at the heart of what we do. The Board seeks to enshrine such ethical values and behaviours throughout the conduct of all of Creo's activities. Our values are set out in our policies, our working practices and our systems.

The Board seeks to treat all persons fairly and equitably, through clearly defined parameters of operation. This includes full compliance with safe working practices but also maintaining and protecting a positive and supportive working environment.

As part of the induction process, all employees are provided with details of Creo's policies and procedures that promote and support ethical values and behaviours. Creo's HR team continually monitor and support employees on their working practices and provide timely reminders and updates on policies and procedures, including formal online training. Breaches of Creo's policies and procedures are reported to relevant line managers and ultimately to the Board to ensure that matters are dealt with in a timely and fair manner. In addition, Creo has a whistleblowing policy to allow and encourage all employees to bring matters which cause them concern to the attention of certain persons within the Company and, ultimately, to the attention of the Chair of the Board.

The nature of our products requires a robust quality management system which is third party audited to the ISO:13485 standard. Underpinning this quality management system are processes to ensure that necessary safeguards are in place to ensure the integrity of this system and accordingly the quality of the products under development.

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

As Chair, Charles Spicer provides leadership to the Board and is responsible for agreeing the agenda for Board meetings, ensuring (with the Company Secretary) that the Directors receive the information that they need to participate in Board meetings in a timely fashion, and that the Board has sufficient time to discuss issues on the agenda, especially those relating to strategy and governance.

Craig Gulliford, Creo's Chief Executive Officer, is responsible for the day-to-day leadership of Creo, the management team and its employees. The Chief Executive Officer is responsible, in conjunction with senior management, for the execution of the Company's strategy, as approved by the Board, and the implementation of Board decisions.

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

The Board seeks to meet regularly, but in any event holds Board meetings on a quarterly basis, together with meeting for an annual strategy event. In addition to the scheduled meetings, members of the Board regularly hold informal discussions with both executive directors and senior operational managers of the Company to discuss strategic business developments and other topics important to the Company's progress. Further, Board calls are held when needed to allow the executives to update the Board on specific matters and/or to approve specific actions for which Board approval is required.

The Board delegates certain duties to Board Committees, all of which operate within clearly defined terms of reference and, where applicable, in accordance with the Code. Further information on our Board committees can be found on our [website](#).

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. For each Board meeting an agenda is prepared and approved by the Chair and followed. The Board maintains an ongoing list of matters arising from the Board meetings which are then followed up at subsequent meetings to ensure that matters and decisions are being implemented.

The Board has adopted a schedule of specific matters reserved for the Board to consider and, if thought appropriate, decide upon. These reserved matters relate to:

- Strategy and oversight, including the approval of annual budgets;
- Changes to the capital structure of the Company and the corporate structure of the group;
- Approval of financial statements and reports and any capital spend above agreed limits;
- Approval of contracts outside of the ordinary course of the business;
- Changes to Board and committee membership;
- Remuneration of executive directors and issues relating to share options;
- Any delegation of authorities;
- Governance; and
- Approval of policies.

Build Trust

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

We seek to maintain dialogue with shareholders and other relevant stakeholders through a number of channels. Our Annual Report, full year and half year announcements are the primary sources of information for shareholders. These are supplemented by regular and appropriate RNS and RNS Reach announcements.

The above, together with other relevant information on the Company, can be obtained from our [website](#).

The Company's collegiate and open working environment means that all employees are able to relay concerns to the executive team directly. The Company has a whistleblowing policy to allow and encourage all employees to bring matters which cause them concern to the attention of certain persons within the Company and, ultimately, to the attention of the Chair of the Board.

The Company has engaged Walbrook PR to advise on its communications strategy and to assist in the drafting and distribution of regular news and regulatory announcements. If shareholders or interested parties would like to contact Walbrook regarding any communications, they can be contacted at creo@walbrookpr.com.

If you would like to get in touch with us directly, please email info@creomedical.com or call us on +44 (0)1291 606005.

This statement of compliance was last updated on 27 February 2024