

DRAPER ESPRIT PLC ("Draper Esprit" or the "Company")

Chairman's Corporate Governance Statement 2019

(The information in this statement was last reviewed on 4 June 2019)

Introduction

This Statement is issued in compliance with Rule 26 of the AIM Rules. Draper Esprit is incorporated in England and Wales and its shares are listed on AIM, the market of that name operated by the London Stock Exchange and the Euronext Growth market operated by Euronext Dublin.

The Principles of Corporate Governance

As the chairman of Draper Esprit, I am responsible for leading the Board and upholding high standards of corporate governance throughout the Group and particularly at Board level.

The Directors share the view that sound governance is fundamental to the successful growth of the business. Following changes to AIM Rule 26 during 2018, the Company is now required to declare which recognised corporate governance code it has adopted and state how that code has been applied. We continue to apply the principles of the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance, an updated version of which was published in April 2018 (the "**QCA Code**"). Further corporate governance disclosures can be found in our 2019 Annual Report.

Compliance with the QCA Code:

The Board believes that it applies the ten principles of the QCA Code, but recognises the need to continue to review and develop our governance practices and disclosures in order to ensure they support the growth and strategic progress of the business and the effective application of the principles going forwards. Our governance structure, which is described in our 2019 Annual Report (available to download [here](#)) provides a framework of established and clearly articulated roles, authority limits and controls which allows the executive team to focus on delivering the investment strategy of the Group. These systems are designed to support our compliance with the QCA Code, the AIM Rules, the Euronext Growth Rules and other legal, regulatory and compliance requirements which apply to us.

Deliver Growth

The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated in our 2019 Annual Report and on our website. The fundraisings, portfolio investments and strategic partnership that we have undertaken during the year ended 31 March 2019 demonstrate how we have continued to execute against our strategy and deliver growth and scale in our portfolio, as well as our own business, which we believe will continue to drive long-term, sustainable returns for our shareholders. The Board has at least one dedicated strategy session each year, and in determining strategy, and in the course of implementing our strategic aims, takes into account the expectations of the Company's shareholder base and also its wider stakeholder and social responsibilities.

The Board also has responsibility for the Group's internal control and risk management systems. The Board regularly reviews the risks faced and ensures the mitigation strategies in place are effective and appropriate to the Group's operations. More information on the principal risks faced by the Group is set out in our 2019 Annual Report.

Dynamic Management Framework

As Chairman, I consider the operation of the Board as a whole, and the performance of the Directors individually, regularly. Earlier this year, we conducted a detailed Board performance evaluation process (described more fully in our 2019 Annual Report), building on the previous Board evaluation which took place in March 2018. The results of the evaluation have highlighted a number of areas of focus for the coming year to improve the balance, composition and effectiveness of the Board. These included a recommendation to appoint the CFO as a member of the Board (which we have done, effective from 4 June 2019), a review of the frequency of Board meetings to ensure the most efficient use of our time spent together, and the development of a more robust approach to succession planning in line with the growth of the business (which the Remuneration & Nomination Committee intends to increase its focus on as the Board and Senior Executive team matures). The Board recognises the benefits of diversity, including as to gender, whilst ultimately seeking to appoint the best candidate for the role based on objective criteria when considering new Board and Senior Executive appointments. The Board currently consists of one female and five male Directors.

The Company operates an open and inclusive culture, and this is reflected in the way that the Board conducts itself. We believe this makes a valuable contribution to our ability to execute our strategy and deliver value for our shareholders and other stakeholders. As well as our share dealing code, the Group has also adopted anti-bribery and whistleblowing policies, as well as systems and controls to ensure compliance with these policies. The aim of such policies and procedures is to ensure that all employees observe ethical behaviours and bring matters which cause them concern to the attention of either the Executive or Non-Executive Directors.

The Non-Executive Directors and I regularly attend the Company's offices and other Company events, and I frequently attend the Company's weekly Investment Committee meeting. With a relatively small employee base, such interactions mean it is fairly straightforward for the Board to promote and assess the desired corporate culture.

Our open and inclusive approach is important not just in the way we operate as an internal team, but also in the hands-on way in which our team supports the growth of our investee companies. The Board recognises the importance of retaining a proactive focus on culture as the Company grows, and in line with the outcomes of the Board evaluation referred to above, will be continuing our focus on this area during the coming year.

Build Trust

The Board recognises the importance of understanding the expectations of our shareholders. Investor relations is a standing item on the Board's agenda and we receive regular feedback from the Executive team on their discussions with shareholders and potential investors. Regular communication with institutional shareholders is maintained through individual meetings with the Executive Directors, particularly following the publication of interim and full-year results. During the year, I also wrote to the Company's largest investors, and attended meetings with significant shareholders. The Board also encourages shareholders to attend and vote at the Company's general meetings, at which the Board is

also in attendance and available for shareholder questions. These initiatives help us to understand shareholders' views and to address their concerns.

The Company's relatively small employee base as noted above enables the Directors to engage directly with employees, and the Non-Executive Directors have an open invitation to attend the Company's weekly Investment Committee meetings.

The Company's other key stakeholders are our investee companies with whom we have regular contact, in particular where we have a seat as a director or Board adviser of that company. We host an annual CEO day for our investee companies, to which our Directors, shareholders and key advisers are also invited. This forms part of a wider events programme targeted towards our investee companies and early stage companies as further detailed in our 2019 Annual Report. As well as enabling our investee companies and wider partners to meet each other and gain valuable insight, these events also give us regular opportunities to engage with these communities and thereby strengthen our relationships with them.

Recognising the increasing focus on environmental, social and governance ("ESG") issues in the investment community, the Board considered and approved the Company's ESG strategy during the year ended 31 March 2019, with the intention that the Board's oversight of ESG issues will increase over time. The initial objectives of the policy include the approval of a responsible investment policy to ensure that the ESG credentials of the companies in which we invest are assessed as part of our due diligence process, and to seek a commitment from investee companies to regularly consider ESG matters as part of their standing board agenda. We also signed up to the UN Principles of Responsible Investment in May 2019. The Board also considered the Company's own ESG risks during the year ended 31 March 2019, and more information relating to such risks is set out in our 2019 Annual Report.

The Board will continue to monitor its application of the QCA Code principles on an ongoing basis in future, and ensure that our corporate governance framework continues to evolve in line with the strategic development of the Group.

Karen Slatford
Chairman
Draper Esprit plc