

## CORPORATE GOVERNANCE STATEMENT

The board of Horizon Discovery Group plc (the “Company”) is responsible for the Group’s corporate governance policies and recognises the importance of high standards of integrity. The Company has adopted the Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018 (the “QCA Code”). This statement sets out how the Company complies with the 10 principles of the QCA Code.

### 1. STRATEGY & BUSINESS MODEL

Our strategy consists of three parts:

#### **Harness the power of the cell**



Horizon’s scientific leadership in cell engineering will be driven through key partnerships and in-house research that enable new capabilities which are then ‘reduced to practice’, becoming IP rich products and services that can be offered to customers in a repeatable and efficient way. Horizon will innovate and make sound investments to maintain a leadership position in the life sciences. We will deliver our core gene editing and gene modulation platform in areas such as high throughput cell-editing, gene and cell therapy, immuno-oncology, personalised medicine, and ‘blue sky’ opportunistic areas resulting in novel and high value products, services and leveraged business opportunities.

#### **Repeatability**



Horizon will deliver a repeatable and scalable business model based on visible and predictable revenue, underpinned by a strong consumable tools business with visible and predictable revenues and strong gross margins. Our products and services will be provided to customers in a way that enhances stickiness and puts us in the best position to explore emerging trends and opportunities.

We will optimise our core capabilities, use our business building experience and business intelligence to make smart decisions and deliver a high growth and repeatable business model that allows us to be self-sustaining. We will operate with a ‘Profitable Mindset’ and look to deliver high quality outputs with responsible cost control.

#### **Global leadership**



Horizon will convert our early market advantage to global leadership by exploiting the Group’s global presence including channels to market, production and supply chain capabilities, and through the integration of Dharmacon to deliver commercial and operational synergies, thereby delivering on our growth potential.

We will provide valuable solutions to meet the needs of customers today, and in the future. This requires us to ‘put the customer first’ and to be innovative, collaborative, empowered and pragmatic. We will continue our programme of profile-building in the US, Europe, and beyond with the aim of further diversifying our market (e.g. academia) and geographic reach (e.g. Asia) and providing maximum optionality for the business moving forward.

## 2. UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

The Board believes that maintaining regular and transparent dialogue with shareholders is important in order to ensure that there is a clear understanding of strategic objectives, financial and operational performance, and governance of the Group.

The CEO and CFO, working in consultation with the Company's advisers, make themselves available and expect to meet with major institutional shareholders at least twice a year, following mid-year and full-year results, through roadshows that take place in London, Edinburgh and in the major investment centres internationally, including in the United States (New York, Boston, and San Francisco).

Additional support for current and prospective shareholders is available throughout the year from Executive Directors. The Board is responsible for oversight of these activities, including giving careful consideration to feedback from investors following roadshows and throughout the year.

Information on those responsible for shareholder liaison or specification of the point of contact for such matters is as follows:

- **Horizon Discovery Group plc**  
Terry Pizzie, Chief Executive Officer  
Richard Vellacott, Chief Financial Officer  
Tel: +44 (0) 1223 655 580
- **Numis Securities Limited (Broker and NOMAD)**  
Michael Meade / Freddie Barnfield / Duncan Monteith  
Tel: +44 (0) 207 260 1000
- **Consilium Strategic Communications (Financial Media and Investor Relations)**  
Mary-Jane Elliott / Matthew Neal / Melissa Gardiner  
Tel: +44 (0) 20 3709 5701  
Email: [horizon@consilium-comms.com](mailto:horizon@consilium-comms.com)

## 3. TAKING INTO ACCOUNT WIDER STAKEHOLDER & SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

Horizon's goal is to have a meaningful impact on the world around us. We strive not just to be a commercially successful, world-class science-led company, but also one that makes a real difference for our customers, for our employees, for patients and for society. We work with one purpose towards our common goal, embracing our unique, diverse skills, and respecting and understanding challenging viewpoints to continually learn and evolve an integrated corporate identity.

### Philosophy

At Horizon we are building a culture of trust, inclusivity and enterprise that will deliver sustainable growth for our organisation while also creating greater value for the world around us: for our customers, investors, and employees, and for patients and the wider research and local communities.

For this reason, we have developed a set of values that we believe represent the organisation we strive to be, guiding our behaviours and ways of working:

— **Imagine** – we have the insight to seek solutions for today's and tomorrow's challenges. We dream big, manage risks and move forward without fear of failure. We have the curiosity and resilience to keep exploring.

— **Inspire** – we are ambitious, sharing our passion with others, visibly and honestly. We understand the needs of our customers as if they were our own. We aspire to provide solutions which make these dreams real.

— **Ignite** – we work as a team to deliver what seemed unimaginable. We push ourselves to set the standard for the highest-quality delivery. Success is part of our shared journey, not our destination.

These values are embedded in our recruitment, development, performance and recognition practices.



### **Community outreach**

As a world-leading life sciences company, we believe that Horizon has a responsibility to make a strong and lasting contribution to society. For this reason we are active participants in a range of programmes intended to improve people's lives through training, education, healthcare, community support, and support of innovation.

Throughout 2017, Horizon made meaningful investments both financially and through the time of our people to support science and entrepreneurship through mentoring, talks offered at local schools and universities, sponsorships, education grants and start-up support.

This year we have continued our partnership with the Cambridge Science Centre to support their unique approach to learning and fostering a love of science, and the launch this year of their first-ever life science exhibition. We were also very proud this year for our employees to support Footprint Cafés, an entrepreneurial young company seeking to harness the financial power of tourism for the benefit of host communities.

In 2018, our major focus remains on the Science, Technology, Engineering, and Mathematics (STEM) subjects, particularly as they relate to the life sciences, with Horizon committed to working with local communities to help develop the next generation of scientists. We will be acting through a range of initiatives such as sponsoring educational programmes at local secondary schools and providing internships at our facilities.

# Year 10 students solve 'murder' at Horizon Discovery and learn about forensic testing

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12/03/2018



Year 10 students from Bottisham Village College, Cambridgeshire Home Educating Families, Coleridge Community College, North Cambridge Academy, Stephen Perse Foundation and Swavesey Village College came together at Horizon Discovery for the first Cambridge LaunchPad Innovators event of 2018.

## **Charitable donations**

Horizon is passionate about making a difference in improving the treatment outcomes and quality of life of cancer sufferers and those with other forms of genetic disease. This principal extends to our charitable donations, where we prioritise the sponsorship of research into these diseases and support local centres that care for and support patients and their families as they fight their disease during the difficult late stages of progression and beyond. In 2017, Horizon's employees raised funds for the Addenbrooke's Charitable Trust, Sands, the stillbirth and neonatal death charity, and other organisations.

Horizon is dedicated to supporting local communities at each of our sites, with the decision on which charities and outreach programmes to aid being made by employees at that site. Charities recently supported in this way include Take Steps for Kids, the Pennsylvania Society for Biomedical Research educational programme, Samaritan's Purse, Share a gift and the Sister Carmen Centre.

## **Employees**

An important part of Horizon's success has been our ability to recruit, train, and retain high quality scientific, commercial and leadership candidates from around the world, and this is set to become even more important as we continue to scale and grow.

To support these efforts, we have organised our operations to support a culture of integration and collaboration across sites and functional areas, and actively work to support our employees in four areas:

### **Acquisition**

We are developing a high quality external talent pool which allows for the faster matching and hiring of external talent for the right job at the right time based on our business strategies and needs. To help feed this funnel, we have introduced structured work experience and apprenticeship programmes.

### **Recognition**

We have created an environment for Horizon employees in which they are able to clearly understand what great performance means, and be recognised and rewarded fairly, consistently and visibly for contributing towards success.

We have also established a high potential training and incentive programme to help ensure that our most promising staff are given the opportunity to shine and build their careers.

### **Development**

We provide flexible and accessible learning for all employees to achieve their full potential both individually and as part of their teams.

Examples include increased investment in people management practices and development, cross-training and flexible resourcing and work patterns to manage fluctuations in workload and increase transfer of knowledge; and the launch of an online learning platform to allow access for remote employees and to extend the ability for employees to drive their own learning.

### **Engagement**

We work hard to cultivate an environment that is inclusive of and owned by all Horizon employees, aligned to a common purpose, respecting each other's diversity, and embracing a single "One Horizon" culture. To support getting started on the right path, we have introduced a global three month induction programme to encourage consistency of understanding for all new starters across the organisation.



### **Health and safety**

Horizon continues to demonstrate an ongoing commitment to proactively managing safety, eliminating incidents and improving staff health and wellbeing. Horizon has established a Safety Team, led by a dedicated Environmental Health and Safety Manager, with the key mandate to ensure high standards of monitoring, reporting, inspections, and documentation across all sites through a proactive and consistent approach.

Every month, each Horizon lab performs a Health and Safety audit. These audits have enabled the Safety Team to quickly highlight areas of concern for rapid corrective and preventive actions, and to contribute to reports that are reviewed at the Executive and Board level.

#### 4. EMBEDDING EFFECTIVE RISK MANAGEMENT

Our culture, in line with our “Imagine, Inspire, Ignite” values, is based on an entrepreneurial and collaborative spirit which supports the rapid growth of long-term value for the business.

The appropriate assessment, monitoring and mitigation of risk is an important driver of success. Where a risk presents a material threat that an event or circumstance will adversely affect the ability of the Group to achieve its business objectives and execute its strategies successfully, active mitigation programmes are undertaken.

Horizon’s Business Risk Management Process forms a sound basis for the understanding, prioritisation and management of risk, balancing exploiting our opportunities while reducing the potential for significant downside impact on the business. Through this process, risks are identified based on our strategic priorities and risk management strategies are designed, implemented, monitored and evolved throughout the year.

The risks outlined in our annual report describe those deemed most material to the Group, measured by their likelihood and significance should they occur. The Executive is responsible for delivery of the Business Risk Management Process including the maintenance of the Risk Register, a more extensive list which is reviewed regularly to identify risks that require consideration and action. The Board formally reviews the process at least once every year and monitors ongoing progress on a quarterly basis.

#### 5. MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

Horizon’s Board of Directors currently consists of seven members, two Executive Directors (CEO and CFO) and five Non-Executive Directors who are considered to be independent. The Board comes from a broad range of backgrounds and has the depth of skills and experience needed to provide effective guidance to the Executive Leadership of Horizon as they drive the Group forward through its sustainable growth phase.

##### **Board meetings**

The Board meets in full on at least a bi-monthly basis, with attendance required in person whenever practicable, with at least one meeting scheduled in a Horizon facility outside the UK per year. In addition, ad hoc meetings may be called to discuss urgent pertinent issues arising during the course of the year. The Chairman meets with the Executive Directors prior to scheduled and ad hoc meetings to discuss and set each Board agenda, including a forward schedule of items for future consideration.

##### **Independence**

The Board applies a rigorous process to ensure that its Non-Executive Directors remain independent. In accordance with established procedure, all Directors are required to notify the Board of any conflicts of interest, and a register of such interests is maintained. Also under procedure, all share purchases or sales are disclosed in Director/PDMR Shareholding RNS releases, and option holdings by the Directors are publicly disclosed in each Annual Report. Any changes to these interests are similarly notified to the Board. On this basis, the Board confirms that all Non-Executive Directors are considered to be independent.

Horizon Directors are not permitted to participate in any vote in which they have a conflict of interest, and in most instances recuse themselves from any such discussion.

The Company reports the directors’ attendance at board and committee meetings during each financial year in its annual reports, alongside further details on the Board, including remuneration and committee membership.

## 6. HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD

The following individuals are members of the Board:

### **Dr. Ian Gilham**

#### **Non-executive Chairman**

Appointment to plc Board March 2014

#### Background

Ian has extensive international experience in the research, development and commercialisation of diagnostic and pharmaceutical products. He was formerly CEO of Axis-Shield plc, a FTSE listed global diagnostics company which was sold to Alere Inc for £260 million in 2011 and also previously worked at GlaxoSmithKline as Vice President – Pharmacogenetics. Before that, Ian held international general management, marketing business development and R&D positions with Abbott Laboratories, Celltech and Amersham. Ian holds a Life Sciences PhD from the University of Bath.

#### External appointments

Ian is currently Non-Executive Chairman of Genedrive plc and Biosurfit SA.

### **Terry Pizzie**

#### **Chief Executive Officer**

Appointment to plc Board May 2018

Terry became Chief Executive Officer in May 2018 having joined Horizon Discovery Group in February 2017 as Head of Commercial Operations. He has amassed more than 30 years of commercial experience within the biotechnology tools sector. He started his career with Applied Biosystems in 1988 in a sales role and became Vice President of Europe in 2003. Terry went on to join the Swedish biotechnology firm Biacore in 2005 as SVP Global Commercial Operations and was part of the team that reignited the company's commercial success, culminating in its acquisition by GE Life Sciences. After a period with Genetix PLC as Director, Global Commercial Operations prior to its acquisition by Danaher, Terry went on to head global sales at Pacific Biosciences.

Terry graduated with a degree in Physiology and Biochemistry from the University of Reading and since then has spent most of his working life focused upon commercial excellence within the sector.

#### External appointments

Terry currently holds no external appointments.

### **Richard Vellacott**

#### **Chief Financial Officer**

Appointment to plc Board March 2014

#### Background

Richard joined Horizon in July 2012 and, in his roles as CFO, COO, deputy CEO and interim CEO, he has steered the company through a public listing on the AIM market, fundraisings and four acquisitions. He holds a first-class honours degree in biological sciences from Durham University and is an experienced chartered accountant.

Richard's career has focused on growing life science companies from private start-ups to global businesses that are publicly listed in the UK and the US. His past roles include Vice President, Finance at the dual-listed FTSE 250 technology company CSR plc, where he had worldwide responsibility for finance, and as Director in Deloitte's life sciences practice. Beyond corporate responsibilities, Richard

advised the European Committee on funding for life science companies and provides thought leadership on many issues facing the life science industry.

#### External appointments

Richard currently holds no external appointments.

#### **Susan Searle**

Non-Executive Director

Appointment to plc Board June 2014

Susan acts as the Senior Independent Director on Horizon's Board, is Chair of the Remuneration Committee and sits on the Audit Committee.

#### Background

Susan has over 20 years of commercial experience as an entrepreneur and innovator. She co-founded Imperial Innovations Group plc (now part of IP Group Plc), a leading technology venture investment businesses, leading as CEO from 2002 to 2013. During this time the company invested over £120 million, the majority of which was in biotech companies. Susan has previously held commercial roles with Shell Chemicals, Montech PTY Ltd, and the Bank of Nova Scotia. She has a degree in chemistry from Oxford University.

#### External appointments

Susan also holds non-executive director positions with Woodford Patient Capital plc (chair), Mercia Technologies plc (chair), Benchmark Holdings plc (chair of the Remuneration Committee), and QinetiQ Group plc (Audit, Risk and Remuneration Committees).

#### **Dr. Susan Galbraith**

Non-Executive Director

Appointment to plc Board June 2014

Susan sits on the Remuneration Committee.

#### Background

Dr. Susan Galbraith, currently Senior Vice President and Head of Oncology Innovative Medicines at AstraZeneca, trained as a clinical oncologist, after studying medicine at Manchester and Cambridge Universities, and has over 20 years' combined academic and industry experience.

Susan was Vice President of Oncology and Clinical Biomarkers at Bristol-Myers Squibb from 2008 to 2010. In her roles at both Bristol-Myers Squibb and AstraZeneca, Susan has successfully developed and delivered strategies for the oncology and biomarker groups, resulting in increased success rates, enhanced scientific reputation and high value collaborations. She has also delivered major reorganisations, redesigned governance processes, and contributed to discussions on drug and diagnostic development with regulatory agencies in North America and Europe.

#### External appointments

Susan currently holds no additional external appointments.

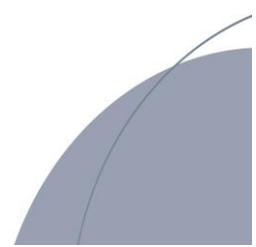
#### **Dr. Vishal Gulati**

Non-Executive Director

Appointment to plc Board March 2014

Vishal sits on the Audit and Remuneration Committees.

#### Background



Dr. Vishal Gulati is a specialist healthcare investor in diagnostics, digital healthcare and biotechnology and has served on the boards of companies across Europe, the USA and in India for over a decade. Vishal gained investment management and industry experience at Draper Esprit (formerly DFJ Esprit), Atlas Venture, the Wellcome Trust. Having been a practising physician prior to that, Vishal is able to combine the insights from both a technical and a financial perspective.

Vishal completed his undergraduate degree in medicine in India and then received his postgraduate training in Oxford and London as a Rhodes Scholar. In addition to several company boards, Vishal has served on the BioCatalyst awards committee (a UK Government backed £180 million fund for emerging technology companies) as an advisor to the Mayor of London's health commission.

#### External appointments

Vishal sits on the Boards of Radiant Invest (UK) Ltd, Digitome Limited, Ecoeos Inc (California), MGI (India) Pvt. Ltd, RA Investment Management, Radiant Holdings, Radiant Investments, Fluid Analytics Limited and Sensyne Health.

#### **Grahame Cook**

Non-Executive Director

Appointment to plc Board May 2015

Grahame Chairs the Audit Committee

#### Background

Grahame is an experienced FTSE and AIM non-executive, with extensive experience as an audit committee chairman. With a background in banking, where he has specialised in the life sciences, pharma and biotech sectors, Grahame has over 20 years' experience of M&A, equity capital markets and investor relations. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant and worked within audit and corporate investigations. Subsequent positions include UBS, where he was a member of the global investment banking management committee and global head of equity advisory, and WestLB Panmure, where he was joint Chief Executive Officer. Grahame is a graduate of the University of Oxford and remains a member of the ICAEW.

#### External appointments

Grahame currently sits on the Boards of Actinopharma Limited, Biocure Limited, Davall Gears Ltd, EPI-V GP Investments LLP, KS Halkins LLP, MDY Healthcare Limited, Medisys America Limited, Medisys Safety Products Limited, Minoan Group plc, Morgan Rossiter Limited and Pirtsemit Limited, and chairs the Boards of Sinclair Pharma plc and Morphogenesis Inc.

## **7. EVALUATING BOARD PERFORMANCE**

Led by the Chairman, the Board regularly evaluates its own composition and performance in order to confirm that:

- A suitable level of discussion on strategic planning, financial performance, operational and governance matters is taking place
- The Board is acting independently, challenging the Executive Leadership as appropriate
- The composition of the Board contains the right combination of skills and experience for current and forthcoming challenges and opportunities of the Group; and
- Each member of the Board is able to dedicate sufficient time and attention to the business

Board appointments are subject to re-election at each year's AGM, with two Board members put up for shareholder vote on each occasion.

## **8. ETHICAL VALUES & BEHAVIOURS**

Horizon's Directors believe that strong Corporate Governance is fundamental to the immediate and long term success of the business, and that the Board bears the ultimate responsibility to ensure that strategy, culture, operations, and financial reporting are all underpinned by robust processes. We are therefore committed to playing a central role in the Company's governance by providing an external and independent perspective on matters material to our stakeholders, by establishing a framework that ensures that effective internal controls and risk management measures are in place, and by ensuring that good governance is part of a broader culture of openness, transparency, and responsibility that is felt at all levels of the organisation. Furthermore, the Company's ethical values are embedded in its recruitment, development, performance and recognition practices.

## **9. MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES**

### **Board Committees**

In accordance with best practice, the Company has established Audit and Remuneration Committees with written terms of reference for each which deal with their authorities and duties.

### **Audit Committee**

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies. The Committee also reviews the work of external auditors and monitors non-audit fees. The Committee meets at least twice per year.

The Committee is chaired by Mr. Grahame Cook with Mrs. Susan Searle and Dr. Vishal Gulati as additional members. Executive Directors may attend meetings at the Committee's invitation, together with the Group's external auditors.

### **Remuneration Committee**

The Remuneration Committee has responsibility for recommending, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Long-Term Incentive Plan.

The Board as a whole is responsible for approving recommendations made by the Remuneration Committee. The remuneration of Non-executive Directors is a matter for the Board, based on recommendations made by the Remuneration Committee. No Director may be involved in any discussions relating to their own remuneration.

The Remuneration Committee is chaired by Mrs. Susan Searle and its other members are Dr. Susan Galbraith, Dr. Ian Gilham and Dr. Vishal Gulati. The Committee meets not less than twice per year. Executive Directors may attend meetings at the Committee's invitation, and the Committee obtains advice from third parties where appropriate.

### **Accountability**

#### **Corporate Compliance**

Horizon follows the QCA Corporate Governance Guidelines to the extent appropriate for a company of its nature and size. The Corporate Governance Guidelines were devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies.

An alternative code was proposed because the QCA considers the UK Corporate Governance Code to be inappropriate to many AIM companies. The Corporate Governance Guidelines state 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.”

### **Whistle-blowing**

Horizon prides itself on its honesty, integrity and high professional standards in its dealings with customers, with its staff and with the public. The Company demands the maintenance of these high standards in everything that it does, and to this end the Company has established an internal policy and procedures that encourage and support employees in coming forward and reporting certain types of conduct or activities that fall short. The Executive Leadership Team is responsible for ensuring that any concerns raised are followed up on in an effective and timely manner. Training on the Group’s whistleblowing policy is included in the on-boarding process for all new employees.

## **10. COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS**

The board recognises the importance of effective communication with its shareholders, and endeavours to keep shareholders updated through the below formal channels of communication.

### **Investor Relations Website**

The Company provides extensive information including on share price, investor news, analyst consensus, and resources and reports on the Investor Relations section of the Group’s website, where interested individuals can also register to receive electronic copies of all RNS and RNS-Reach announcements on the day they are issued.

### **Annual General Meeting (AGM)**

The Board actively encourages participation in the AGM, which is the principal forum for dialogue with shareholders. Prior to the AGM, the Notice of Annual General Meeting and Form of Proxy are included with the Annual Report and are made available on the Company’s website. At the AGM each separate resolution is voted on. Proxy votes are counted and the level of proxies lodged on each resolution reported after it has been dealt with on a show of hands. All results of voting are published in a RNS announcement and on the Group’s website following the meeting.

The Company includes its Audit Committee Report and Remuneration Committee Report in its annual report, including details of the work undertaken during the year. The reports can be found on the Group’s website. Additionally, the outcomes of all votes of the Group are available on the Investor News section of the Company’s website.

