



## **Corporate Governance Statement**

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This document articulates operational and performance guidance for Yellow Cake plc ("Yellow Cake") employees, directors, business partners, contractors, consultants and advisers.

# Yellow Cake plc

## Corporate Governance Statement

### 1 INTRODUCTION

Yellow Cake plc (“**Yellow Cake**” or the “**Company**”) is committed to ensuring high standards of corporate governance, with a focus on generating and protecting value for shareholders. As such, the Company has elected to comply with the UK Corporate Governance Code issued in July 2018 (the “**Code**”) in so far as is appropriate given the Company’s size, business, stage of development and resources.

The Code contains key principles and provisions relating to the following areas: (i) board leadership and company purpose; (ii) division of responsibilities; (iii) composition, succession and evaluation; (iv) audit, risk and internal control; and (v) remuneration. For each such area, the overview below sets out how the Company complies with the Code in the relevant area and notes those provisions of the Code with which the Company does not currently comply, together with an explanation of the reasons for not complying.

As the Company’s business evolves, the Company will seek to ensure that its governance processes and procedures continue to evolve appropriately and in a manner which protects the interests of the Company and its shareholders.

The Company’s annual report for the year ended 31 March 2020 was subject to the reporting requirements of the Code. Save as set out below, the Company expects to comply with the reporting provisions set out in the Code in all future annual reports and financial statements (including *Provisions 1, 2, 5, 10, 14, 15, 20, 21, 23, 26-31, 35 and 41*).

This corporate governance statement was last reviewed on 28 April 2021.

### 2 BOARD LEADERSHIP AND COMPANY PURPOSE

The Board is collectively responsible for promoting and safeguarding the long-term sustainable success of the Company and for setting the Company’s purpose and strategy. The Board assesses the basis on which the Company generates and preserves value over the long-term (*Provision 1*). A range of decisions are reserved for the Board to ensure it retains proper direction and control of the Company, including key commercial decision making and risk assessment. The Board delegates certain authority to the CEO and CFO, who are responsible for the day to day management of the business. As and when relevant, the board minutes, and any resignations of non-executive directors, will record any concerns of the directors which cannot be resolved (*Provision 8*).

The Company’s values (as set out in its Code of Conduct, a copy of which is available at <https://www.yellowcakeplc.com/about/code-of-conduct/>) are set by the Board, who seek to uphold those values in their dealings with each other and when dealing with third parties on the Company’s behalf. Yellow Cake is a small organisation and the Board is mindful of the need to ensure that, as Yellow Cake’s business evolves, its values and culture are maintained. The Board intends to assess and monitor culture as Yellow Cake’s business evolves, taking or seeking assurances as to corrective action where necessary (*Provision 2*).

The Board seeks to ensure effective engagement with its stakeholders (*Provision 5*). The Company values its dialogue with its shareholders. Day to day queries raised by shareholders are dealt with by either the CEO or the CFO. The Chairperson is also available to the Company’s major shareholders to discuss governance and strategy as required and ensures that the views of shareholders are clearly communicated to the Board (*Provision 3*).

The chairs of the audit, remuneration and nomination committees seek engagement with shareholders as appropriate in relation to significant matters related to their areas of responsibility (*Provision 3*).

Should 20 per cent or more of shareholder votes be cast against the Board's recommendation for a resolution, the Company intends to follow the consultation and other requirements set out in the Code (*Provision 4*).

The Board has established a system of prudent and effective controls to enable risk to be assessed and managed, and has implemented appropriate procedures for the workforce to raise concerns in confidence and anonymously (*Provision 6*) and the management of conflicts of interest (*Provision 7*).

The Company considers that it is compliant with the provisions of the Code relating to board leadership and company purpose, save as follows:

- *Provision 5.* Yellow Cake's workforce is currently limited to its Board and, as such, it is not considered appropriate to have any formal mechanism in place for engagement with the Company's workforce. Yellow Cake's remuneration committee has been mandated to monitor the size and nature of the Company's workforce in order to determine, amongst other things, the appropriate level of engagement required by the Company with its workforce and whether the role and responsibilities of that committee should be expanded to include consideration of additional workforce related matters.

Should the size of Yellow Cake's workforce increase significantly in the future, Yellow Cake would favour mandating one of its non-executive directors with responsibility for representing the interests of the workforce (alongside his or her other duties).

### **3 DIVISION OF RESPONSIBILITIES**

The Board is led by the Chairperson and comprises two executive directors (the CEO and the CFO) and five independent non-executive directors (including the Chairperson). The Chairperson facilitates active participation by all members of the Board meetings and is responsible for ensuring effective communication between members of the Board more generally, promoting a culture of openness and debate.

The roles of Chairperson and CEO of Yellow Cake are separate and clearly delineated (*Provision 9*). Role descriptions for the Chairperson, CEO, CFO and the Board can be found at <https://www.yellowcakeplc.com/about/corporate-governance/>. Role descriptions for the audit, remuneration and nomination committees can be found in their respective terms of reference at <https://www.yellowcakeplc.com/about/corporate-governance/> (*Provision 14*).

The Board is required to devote sufficient time to the Company to discharge their duties to the Company.

The Board has adopted a comprehensive set of policies and manuals on regulatory and compliance matters. The directors received training on regulatory and compliance matters ahead of the Company's admission to AIM and set aside time at least once annually at their regular board meetings for supplementary training and updates. All directors have access to the Company Secretary (whose appointment and removal is a matter for the Board as a whole) (*Provision 16*) and are entitled to seek professional advice at the Company's expense in connection with the affairs of the Company or the discharge of their directors' duties.

The Board receives the most recent Company financial and management information available at or in advance of each of its regular Board meetings. Where a director is unable to attend a Board or committee meeting, he or she is provided with all relevant papers and information relating to that meeting.

The Company considers that it is compliant with the provisions of the Code relating to division of responsibilities, save as follows:

- *Provision 12.* Given the scale and complexity of the Company's activities, the Board does not consider it necessary or desirable to appoint a senior independent director at this stage. Accordingly, those actions set out in the Code to be taken by a senior independent director are taken by the Board as a whole.
- *Provision 13.* The Chairperson will hold meetings with the non-executive directors without the executive directors present as and when appropriate and required. Given the scale and complexity of the Company's activities, it is not currently anticipated that such meetings will take place on a regular basis.
- *Provision 15.* Given the nature and extent of the Company's activities, the Company's policy does not require individual directors to seek prior approval of the Board before undertaking additional external appointments. Such appointments are, however, required to be disclosed to the Board. As the Company's business develops, the Board will periodically assess whether such policy continues to be appropriate.

#### **4 COMPOSITION, SUCCESSION AND EVALUATION**

The Board is led by the Chairperson and comprises two executive directors (the CEO and the CFO) and five independent non-executive directors (including the Chairperson) (*Provisions 9 and 11*). Further detail on the Board members and their skills and experience can be found at <https://www.yellowcakeplc.com/about/leadership/>.

Emily Manning is an independent non-executive director of the Company and a Client Director at Langham Hall Fund Management (Jersey) Limited. Langham Hall provides administration services to the Company, including the services of Ms Manning. The Board acknowledges the potential impairment of Ms Manning's independence owing to its business relationship with Langham Hall, as outlined in Provision 10 of the UK Corporate Governance Code. The Board nevertheless regards Ms Manning as an independent non-executive director and undertook a rigorous evaluation to reach this conclusion. Ms Manning did not participate in her own assessment. The result of this assessment was positive and given that Ms Manning's independence is only questioned by one of the seven parameters outlined in the Code, the Board has determined that she remains independent.

The directors have also observed that Ms Manning continues to be independent of mind and will. She regularly uses her external background and knowledge, particularly in relation to the Jersey regulatory environment and her comprehensive knowledge of listing rules, EU regulation, capital markets and alternative investments to enrich Board discussions while also providing objective judgement and effective challenge to management and the wider Board. In addition, the Company's business relationship with Langham Hall is not of a particularly material nature to Langham Hall (being one of a number of similar relationships for Langham Hall) and Ms Manning is not a shareholder, partner or executive director of Langham Hall and does not directly benefit from any fees paid by the Company to Langham

Hall. No element of her compensation from Langham Hall is tied to her role as a director of Yellow Cake.

The nomination committee, which is comprised of independent non-executive directors, oversees appointments to the Board and succession planning for both the Board and senior management (*Provision 17*). When considering the composition of the Board as a whole, the nomination committee has regard to the length of service of the Board as a whole and any requirements as to tenure set out in the Code. Under the terms of reference of the nomination committee, its chair will not chair the nomination committee when dealing with the appointment of his successor (*Provision 17*).

It is intended that all directors voluntarily submit themselves for re-election on an annual basis (notwithstanding the provisions in the articles of association that they be required to retire at the first Annual General Meeting after appointment and, thereafter, every three years) (*Provision 18*). It is intended that the Chairperson should not remain in post for a period of more than nine years from the date of his appointment to the Board (*Provision 19*).

New appointments to the Board are subject to a rigorous approval process. It is intended that open advertising or an external search consultant will generally be used for the appointment of the Chairperson or a non-executive director (*Provision 20*), although the nomination committee may deviate from this where appropriate in order to ensure, for example, that an incoming appointee has at least the equivalent skill set of an outgoing appointee.

The role of the nomination committee includes responsibility for overseeing a diverse pipeline for succession (*Provision 17*). Appointments and succession plans are based on merit and objective criteria.

The Company considers that it is compliant with the provisions of the Code relating to composition, succession and evaluation, save as follows:

- *Provisions 21 and 22*. Given the Company's size, stage of development and the scale and complexity of its activities, the Company has not yet implemented a formal appraisal system for the directors individually (including the Chairperson) or for the Board as a whole. The Board will continue to monitor whether such appraisal systems should be implemented, as the Company's business develops. In addition, the Board may undergo periodic informal assessment processes.
- In accordance with their terms of reference, each of the audit, remuneration and nomination committees will review its effectiveness annually.

## **5 AUDIT, RISK AND INTERNAL CONTROL**

The Board determines the Company's business strategy and has overall responsibility for risk assessment, determining the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Board has established an audit committee comprised of independent non-executive directors (not including the Chairperson) (*Provision 24*). The audit committee has responsibility for, inter alia, monitoring the integrity of the financial statements of the Company, ensuring that the Company's financial statements comply with the requirements of the Code and overseeing the Company's relationship with its external auditor (*Provision 25*). The audit committee is also mandated to keep under review the Company's internal control and risk management systems and to report to the Board (*Provision 25*).

The Company considers that it is compliant with the provisions of the Code relating to audit, risk and internal control, save as follows:

- *Provision 25.* Given the scale and complexity of the Company's activities, the Company does not currently have an internal audit function. The decision as to whether or not to establish an internal audit function shall be made by the Board upon the recommendation of the audit committee. The audit committee shall consider annually whether there is a need for an internal audit function, taking into account the growth of the Company, the scale, diversity and complexity of the Company's activities and the number of employees, as well as cost and benefit considerations.

## **6 REMUNERATION**

The Board has established a remuneration committee, which is comprised of independent non-executive directors. It is intended that any person who is appointed as the chair of the remuneration committee in the future should have at least 12 months' experience serving on a remuneration committee prior to appointment (*Provision 32*).

The remuneration committee has responsibility for, amongst other things, setting the remuneration policy for executive directors and for determining the total individual remuneration package of the Chairperson, executive directors and senior management (*Provision 33*). In determining remuneration policy, the committee takes account of the need to align executive remuneration to company purpose and values and to clearly link this to successful delivery of the Company's long-term strategy.

The remuneration of non-executive directors is determined in accordance with the Company's articles of association and does not include performance related incentives (*Provision 34*).

Under its terms of reference, the remuneration committee is required to ensure that remuneration schemes and practices enable the use of discretion to override formulaic outcomes and to consider, *inter alia*, vesting and holding periods, post-employment shareholding requirements for both unvested and vested shares, malus and clawback provisions (*Provisions 36 and 37*).

The directors are currently not entitled to pension contributions (*Provision 38*). All notice periods are less than a year (*Provision 39*).

When setting executive director remuneration policy and practices, the remuneration committee is required by its terms of reference to address the following factors: clarity, simplicity, risk, predictability, proportionality and alignment to culture (*Provision 40*). The remuneration committee may appoint remuneration consultants from time to time to assist it in fulfilling its role (*Provision 35*).

No director shall be involved in any decisions as to his or her own remuneration.

The Company considers that it is compliant with the provisions of the Code relating to remuneration, save as follows:

- *Provision 33.* Yellow Cake's workforce is currently limited to its Board and, as such, it is not necessary for the remuneration committee to separately review workforce remuneration and related policies and the alignment of incentives and rewards with culture.

Yellow Cake's remuneration committee has been mandated to monitor the size and nature of the Company's workforce in order to determine, among other things, whether the role and responsibilities of the remuneration committee should be expanded to include consideration of additional workforce related matters.