

CLINIGEN GROUP PLC ("COMPANY")

Corporate Governance

Statement of compliance with the UK Corporate Governance Code

Chairman's Introduction

The governance of the Company and its group as a whole continues to be a high priority for the Board. As an AIM trading company with a significant market capitalisation, we recognise the need for ensuring that an effective governance framework is in place as this will assist the delivery of the Company's corporate strategy, the generation of shareholder value and the protection of shareholders' long-term interests.

Compliance with UK Corporate Governance Code

We have agreed to report against the UK Corporate Governance Code published by the Financial Reporting Council on 17 June 2016 ("**Code**") and this statement sets out in broad terms how we comply at this point in time. We will provide updates as circumstances change. A full version of the Code is available from the Financial Reporting Council website at www.frc.org.uk.

It is noted that a revised UK Corporate Governance Code was published on 15 July 2018 which applies to accounting periods beginning on or after 1 January 2019. The Company expects to report against this revised code in 2019.

A. Leadership

A.1 Role of the Board

The Board is collectively responsible for the long-term success of the Company and for setting and executing the business strategy.

In addition, the Board:

- Oversees controls, audit processes and risk management policies to ensure Clinigen operates effectively and sustainably in the long term;
- Reviews and approves Clinigen's risk appetite, and the checks and controls applied to operate in line with that appetite;
- Approves the financial statements, revenue and capital expenditure; and
- Reviews and approves the remuneration policy.

The Board delegates specific responsibilities to the Board committees but to retain control of key decisions the Board has identified certain "reserved matters" that only it can approve, with other matters, responsibilities and authorities delegated to its Committees. The schedule of matters reserved for the Board and terms of reference for each of its Committees can be found on the website www.clinigengroup.com.

Executive Management Team

The Executive Management Team consists of the CEO, CFO and key functional directors and meets weekly under the chairmanship of the CEO. The Executive Management Team is collectively responsible for developing a strategy for submission to the main Board, the day to day management of the Clinigen group's business and its overall trading, operational and financial performance.

Attendance at Board and Committee meetings

The Board meets regularly throughout the year and has met nine times in 2018, including once in the US office and once in the South African office, with agendas, Committee papers and other appropriate information distributed prior to each meeting to allow the Board to discharge its duties.

Audit Committee

The Committee consists of two independent non-executive directors and the Chairman, and is chaired by Anne Hyland who has recent and relevant financial experience.

In accordance with C.3 of the Code, the audit committee should comprise at least three independent non-executive directors (excluding the Chairman) and so currently the composition of the audit committee does not comply with the Code. The Board believes that the Chairman, who is a Chartered Accountant, has highly relevant experience to contribute to the Committee discussions.

Remuneration Committee

The Committee consists of two independent non-executive directors and the Chairman, and is chaired by Ian Nicholson. The Committee determines the remuneration of the executive directors in accordance with the Remuneration Policy and reviews the remuneration of the senior executives with the objective to ensure there is an appropriate remuneration strategy in place to encourage enhanced performance and reward for individual contributions to the success of the Company.

Nomination Committee

The Committee consists of the Chairman and two independent non-executive directors. The Committee meets whenever necessary to consider succession planning for directors and other senior executives to ensure that requisite skills and expertise are available to the Board to address future challenges and opportunities.

A.2 Division of responsibilities

There is a clear division of responsibilities at the head of the Company, between the main Board and Executive Management Team with no individual having unfettered power.

A.3 The Chairman

The role of Chairman is to lead and manage the Board, ensuring it operates effectively and is composed of the right mix of skills and experience. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chairman also facilitates active engagement by all members and is responsible for promoting a culture of challenge, openness and scrutiny and ensuring that directors receive accurate, timely and clear information. The Chairman ensures effective communication with shareholders.

The CEO leads the senior management team in delivering the Group's strategic objectives.

A.4 Non-executive directors

John Hartup is the Company's Senior Independent Director. Meetings of the non-executive directors without the executive directors being present are held at least annually, both with and without the Chairman.

B. Effectiveness

B.1 Composition of the Board

The Board currently includes three independent non-executive directors and the Chairman. In addition there is Shaun Chilton the Chief Executive Officer and Martin Abell the Chief Financial Officer.

In accordance with B.1.2 of the Code, at least half the Board is comprised of independent non-executive directors and so currently the composition of the Board complies with the Code.

The Board continues to assess that its membership has the right qualities required to operate within a robust governance structure which the Board believes fits the requirements of the Clinigen Group. Priorities for the Board in 2018 include continually assessing progress against the strategic priorities and strengthening the Board membership with independent non-executive directors where it is deemed necessary.

B.2 Appointments to the Board

The Nomination Committee leads the process for the appointment of new directors to the Board. Please see the terms of reference for the Nomination Committee for more information on the process (available on the website at www.clinigengroup.com).

B.3 Commitment

As part of the evaluation process the Board is satisfied that each of the directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

B.4 Development

On joining the Board, new members receive a comprehensive and tailored induction, involving time with each of the Executive Directors and the Company Secretary, and with a wide range of senior management from across the business. The aim is to introduce them to key management and personnel and to enhance their knowledge and understanding of the Group's business, strategy and governance structure, as well as their own duties and responsibilities.

The Chairman regularly reviews and agrees with each member their training and development needs.

B.5 Information and support

There is a regular flow of information to the Board to keep directors up to date with the business including presentations at Board meetings, where appropriate, by senior managers in respect of matters of interest and risk. The Board also attends a one-day strategy session once a year to discuss the longer-term aspirations and objectives of the Company.

The members have access to the advice of the Company Secretary, who is a qualified solicitor and attends all Board meetings. In addition, the Board and Committees have access to independent advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors.

B.6 Evaluation

In accordance with the Code, it is intended that an annual evaluation of the Board and Committees will be undertaken during the year, led by the Senior Independent Director. This review will assess the effectiveness of all aspects of the Board and its Committees and includes composition, experience, dynamics, the Chairman's leadership, and the Board's role and responsibilities in connection with the strategy, oversight of risk and succession planning.

In accordance with the Code, where a non-executive director has been on the board for six years or more a rigorous review of their contribution is required to ensure they are still effective.

John Hartup was appointed in June 2011 and has served as a non-executive director for seven years. An assessment of his contribution has been made and the Board is satisfied that his skills and experience allow him to continue to make an effective contribution.

B.7 Re-election

The Company's articles of association require directors to submit themselves for re-election by shareholders at least once every three years. However, the Board has determined this year that all directors will stand for re-election or election at each AGM (including the 2018 AGM) in accordance with the Code.

C. Accountability

C.1 Financial and business reporting

As set out in the Board's statement on the Annual Report 2017 the directors consider that the report taken as a whole is fair, balanced and understandable.

See the Annual Report 2017 for the Independent Auditors' report and an explanation of the Company's business model and strategy.

D. Remuneration

The Remuneration Committee's activities during the previous reporting period are set out in the Annual Report 2017.

E. Relations with shareholders

The Board engages proactively with shareholders to promote mutual understanding of objectives and to ensure their views are communicated to the Board as a whole. Interim and final results are communicated via formal meetings with roadshows, participation in conferences and additional dialogue with key investor representatives held in the intervening periods.

The AGM is a key opportunity for the Board to engage with shareholders to answer questions that may arise.

28th September 2018