Corporate Governance - Principles and Approach

As an AIM company, Wey Education Plc is not required to comply with the UK Corporate Governance Code (the 'Code') which applies only to fully listed UK companies and adherence to which requires the commitment of significant resources and cost. However high standards of Corporate Governance are a key priority of the Board and details of how the Company addresses key governance issues are set out in the Corporate Governance section of this website by reference to the 12 principles of Corporate Governance developed by the Quoted Companies Alliance.

1. Vision and strategy

The board should express a shared view of the company's vision and strategy, including detail of:

- what the company is working to achieve;
- the period in which its objectives are to be achieved; and
- what is required to achieve these objectives.

This view should be well communicated, both internally and externally.

Compliance

The Company's vision is to invest in and develop its operating businesses to deliver long term, sustainable growth in shareholder value with particular focus on the online education sector.

2. Managing and communicating risk and implementing internal control

The board is responsible for putting in place and communicating a sound system to manage risk and implement internal control. The management of risk is an essential business practice. Boards are expected to balance risk and return, threat and opportunity. Setting strategy includes determining the extent of exposure to the critical risks the company is willing and able to bear.

Compliance

The Board has established Audit, Remuneration, Nominations, and Legal Matters Committees full details of which are contained in the Corporate Governance section.

The annual budget setting process examines all areas of the company's operations both operationally and financially.

The Company receives regular feedback from its external auditors on the state of its internal controls.

3. Articulating strategy through Corporate communication and investor relations

A healthy dialogue should exist between the board and all of its shareholders to enable shareholders to come to informed decisions about the company.

Appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder body. This will assist:

- the communication of shareholders' views to the board; and
- shareholders' understanding of the unique circumstances and constraints faced by that company.

Compliance

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. Details of all shareholder communications are provided on the Group's website.

The Board holds regular meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

4. Meeting the needs and objectives of your shareholders

Directors should develop a good understanding of the needs and expectations of the company's shareholders, as well as the motivations behind shareholder voting decisions. No board ever wants to find itself in a position where it is voted down by shareholders. Accordingly, it is in the interests of the company to understand the view of shareholders before a potentially controversial or unusual proposal is put to them.

Companies with a dominant shareholder must be particularly aware of the need to hear the voices of and protect the interests of minority shareholders and must therefore consider whether it is necessary to put in place contractual arrangements such as a relationship agreement.

Compliance

The Board is aware of the need to protect the interests of minority shareholders, and balancing these interests with those of any more substantial shareholders.

The Board consists of the Chairman, an executive director and three non-executive directors. Board meetings are held at least four times a year.

Independent Non-executive director appointment terms

The Company has a policy of appointing non-executive directors who can provide an independent view of the Company's activities.

In exceptional cases a non- executive may also be appointed to represent the interests of a major shareholder where the board is satisfied that he or she has the requisite experience and is fully aware of his or her fiduciary duty to act in the wider interests of shareholders as a whole.

The board do not consider that the company currently has a dominant shareholder where special contractual arrangements would be necessary to protect the interests of minority shareholders.

Appointments continue subject to re-election by shareholders at the Annual General Meeting. Non-executive directors must stand for election at the first Annual General Meeting after appointment and then every third anniversary, for nine years. After nine years service, each independent director must be re-elected every year. If not re-elected, the appointment is terminated automatically with immediate effect. If appointment is terminated for any reason, there is no entitlement to redundancy or compensation for unfair dismissal.

A description of the roles of the Directors is included on the website.

The Company publishes all relevant material, according to QCA definitions, on its website. This includes annual reports and shareholder circulars.

5. **Meeting stakeholder and social responsibilities**

Good governance includes the board considering the company's impact on society, the community and the environment. Every company should consider its corporate social responsibilities (CSR). Any CSR policy should include narrative on social and environmental issues and should show how these are integrated into the company's strategy. Integrating CSR into strategy will help create long term value and reduce risk to shareholders and other stakeholders.

Compliance

The Directors are aware of the impact the business activities have on the communities in which the Group's businesses operate.

The Group's responsibilities to stakeholders including staff, suppliers and customers and wider society are also recognised.

The environmental impact of the Group's activities is carefully considered and the maintenance of high environmental standards applied.

6. **Using cost effective and value added arrangements**

There is a direct cost of delivering effective corporate governance. It is therefore vital to adopt effective and proportionate governance arrangements. The company should benefit from clear and efficient decision making processes. There should be a clear understanding between the board and the shareholders of how value is enhanced and abuses prevented through effective corporate governance. Publishing relevant key performance indicators on these measures may assist.

Compliance

Whilst the Group recognises the importance of high standards of Corporate Governance the Board has sought to address the matter in a proportionate way having regard to the size and resources of the Group.

The principal risks faced by the Group are addressed by the appointment of an experienced board including a group of experienced non-executive directors and a team of appropriately qualified professional advisers

The executive director(s) are closely involved in the day to day operations of the Group and the operating subsidiaries and report to the Chairman in detail at least monthly and the board at least quarterly. Reports include the status and trends of agreed Key Performance Indicators which are noted in the Group's Annual Report under the Strategic Review

7. Developing structures and processes

The company should determine governance structures and processes appropriate to it, based on:

- corporate culture;
- size;
- the capacity and appetite for risk and the tolerances of the company; and
- business complexity.

There should be a clear statement as to how the company intends to fulfil its objectives. The company's governance structures should evolve in parallel with the company's strategy and business.

Compliance

Details of the Company's corporate governance arrangements are provided on this page and in the Corporate Governance section of this website.

8. Being responsible and accountable

Responsibility for corporate governance lies with the Chairman.

The Chairman must therefore determine where responsibility lies within the company for the delivery of key outputs.

The board has a collective responsibility and legal obligation to promote the long term success of the company.

Compliance

The website provides full disclosure on the Company's corporate governance including descriptions of the roles of Directors.

9. Having balance on the board

The board should not be dominated by one person or a group of people. The board must not be so large as to prevent efficient operation but must not be too small to be ineffective. The board should be balanced between executive and non-executive directors and should have at least two independent nonexecutive directors.

Compliance

The Board is comprised of the Chairman, one executive Director and three non-executive Directors

Whilst the company is guided by the provisions of the Combined Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the board in considering their independence, and does not consider a directors' period of service in isolation to determine their independence.

A description of the roles of the Directors is included within the website.

10. Having appropriate skills and capabilities on the board

The board must have an appropriate balance of functional and sector skills and experience. The board should be supported by committees (audit, remuneration, nomination and others) that have the necessary character, skills and knowledge to discharge their duties and responsibilities effectively.

Compliance

Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. Full biographical details of the Directors are included within the website.

As noted above, the Company has put in place Audit, Remuneration, Nominations, and Legal Matters committees.

Formal terms of reference have been agreed for all Board Committees and can be found within the website.

11. Evaluating board performance and development

The board should periodically review its performance, as well as the performance of its board committees and the performance of individual board members. Performance appraisal may include external review and may also identify development needs.

The board should ensure that it possesses the skills and experience to meet present and future business needs. Ineffective directors (whether executive or non-executive) must be identified, supported to become effective and, if that is not possible, replaced. Review, development and mentoring of directors and the wider management team are very important.

It is healthy for membership of the board to be periodically refreshed, regardless of performance issues.

Succession planning is a vital task for boards. No member of the board should become indispensable. How well succession is managed (particularly of the chairman and the chief executive) represents a key measure of the effectiveness of a board.

Compliance

The Company undertakes regular monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the executive directors lies with the independent non executive directors.

Key performance indicators include, Underlying Pre Tax Profit, cash generation, return on investment and Earnings per share. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and performance measured against these metrics.

The Board considers the need for the periodic refreshing its membership via the Nominations Committee. New executive and non-executive directors are appointed when deemed appropriate by the board.

Succession planning is considered by the Nominations Committee.

12. Providing information and support

The whole board and its committees should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. Non-executive directors should be provided with access to all information they require and to external advice as necessary.

Compliance

The board is provided with detailed financial reports of the Group's financial performance on a regular basis. Detailed written reports are provided prior to the Company's regular board meetings. Written recommendations from the executive directors are delivered in a timely manner with supporting documentation, supplemented as required by reports from external professional advisers so that the board can constructively challenge recommendations before making decisions.

Non-executive directors have a contractual right to external advice, at the Company's expense, when necessary.