

## **CORPORATE GOVERNANCE STATEMENT**

Updated 25 July 2019

From 28 September 2018 as an AIM company, the Company has been required to maintain on its website details of a recognised corporate governance code, how the Company complies with this code and an explanation of any departure from the code. The information needs to be reviewed annually and the website should include the date on which the information was last reviewed. This review has been undertaken during the process of preparing the Annual Report and Financial Statements. The Directors set out below RMS's Corporate Governance Report.

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board seeks to comply with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code"). In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Paul Ryan, in his capacity as Non-Executive Director, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied within the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company successfully to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The key governance related matters that occurred during the financial year ended 31 December 2018 were the retirement of Graham Peck, Iain McLure and Gerard Dempsey as directors of the Company and from all their positions within the Company, and the appointment of Dr Nigel Burton to the Board as Non-Executive Director in January 2018.

### **Corporate Governance Report**

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

#### **Principle One**

##### *Business Model and Strategy*

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Company. The Company's interests in both Geocurve and GyroMetric are active and strategic investments and these are both companies where the Company continues to hold significant stakes, where we remain actively involved with the development of the company with, the Company being represented on the board of the entities and where we believe that the returns that are possible are material. The Company will continue to seek to grow both businesses organically and will seek out further complementary acquisitions that create enhanced value.

#### **Principle Two**

##### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, [www.remotemonitoredsystems.com](http://www.remotemonitoredsystems.com), and via Trevor Brown, CEO who is available to answer investor relations enquiries.



**CORPORATE GOVERNANCE STATEMENT (continued)**

Updated 25 July 2019

**Principle Three**

*Considering wider stakeholder and social responsibilities*

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

**Principle Four**

*Risk Management*

In addition to its other roles and responsibilities, the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

<b>Activity</b>	<b>Risk</b>	<b>Impact</b>	<b>Control(s)</b>
<b>Management</b>	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
<b>Regulatory adherence</b>	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
<b>Strategic</b>	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders coupled with consistent messaging to our customers
	Inadequate disaster recovery procedures	Loss of key operational and financial data	Robust compliance Secure off-site storage of data
<b>Financial</b>	Liquidity, market and credit risk	Inability to continue as going concern Reduction in asset values	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	Appropriate authority and investment levels as set by Treasury and Investment Policies Audit and Compliance Committee



**CORPORATE GOVERNANCE STATEMENT (continued)**

Updated 25 July 2019

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

**Principle Five**

*A Well Functioning Board of Directors*

As at the date hereof the Board comprised, the CEO Trevor Brown, and two Non-Executive Directors, Dr Nigel Burton and Paul Ryan. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least eight times per annum. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. Both the CEO and the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. Paul Ryan and Nigel Burton are considered to be Independent Directors. Further commentary in relation to the board's assessment of independence is set out within Principle Six below.

The Directors are of a view that the Company does not currently require a separate CFO to be appointed to the board due to the current scale of operations and financial experience of the directors. In particular the Company's non-executive Chairman, Nigel Burton, has significant experience as Chief Financial Officer to a number of private and public companies. The Company's Group Financial Controller, Laura Grice, reports to the board.

As the Company grows and develops the board will periodically review its corporate governance framework to ensure it remains appropriate for the size, complexity and risk profile of the Company

*Attendance at Board and Committee Meetings*

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. During the year there were 8 Board meetings, with all directors being present at all meetings. The volume and frequency of such meetings is expected to continue at a similar rate. The Audit and Compliance Committee met three times and the Remuneration Committee, met twice, in each case with all members present.

**Principle Six**

*Appropriate Skills and Experience of the Directors*

The Board currently consists of three Directors and, in addition, the Company has contracted the outsourced services of MSP Secretaries Limited to act as the Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Director's has experience in public markets. As demonstrated below in the descriptions of each Director, the Board has the necessary commercial, financial and legal skills required for the effective leadership of the Group.

The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.



**CORPORATE GOVERNANCE STATEMENT (continued)**

Updated 25 July 2019

Each Director undertakes a mixture of formal and informal continuing professional development as necessary to ensure that their skills remain current and relevant to the needs of the Group.

**Trevor E Brown MBA**

*Chief Executive Officer*

Trevor has acted as a CEO, executive director and non-executive director for a wide range of companies in a range of sectors over 50 years. This has provided him with a vast amount of experience through the many long term economic and corporate life cycles that mean he is highly qualified to assess the opportunities and risks for both the Company and its portfolio of investee companies. This wide ranging experience is kept up to date through his continued participation in a variety of businesses where the Company has a holding and in other companies that are unconnected to the Company. Trevor is also a member of the Company's Remuneration Committee. Trevor is also currently a director of Flying Brands plc and a Non-executive Director of Braveheart Investment Company plc. Trevor joined the Board as an Executive Director in December 2017 and became the Chief Executive Officer in January 2018.

**Dr Nigel Burton**

*Chairman and Non-Executive Director*

Dr Nigel Burton has over 30 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales.

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel has spent 15 years as Chief Financial Officer of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc. Nigel is currently Non-Executive Chairman of AIM-listed Regency Mines plc and a Non-Executive Director of AIM-listed Digitalbox plc and Tau Capital plc, and was Chief Executive Officer of Nu-Oil and Gas plc until January 2019. Nigel is a Chartered Electrical Engineer and a Past President of the Institution of Engineering and Technology. He has a B.Sc. (First Class Hons) in Electrical and Electronic Engineering and a Ph.D in Acoustic Imaging from University College London.

**Mr Paul Ryan**

*Non-Executive Director*

Mr Ryan has over 20 years' experience at board level largely in the telecoms and ICT sectors. From 2002 to 2013, he held a variety of board positions with leading mobile operator Vodafone and its operating subsidiaries, including Head of Strategy, Regulatory and Political Affairs in Brussels and Director of Strategy and External Affairs for Vodafone Ireland and Vodafone Ghana. Prior to this, he worked as a management consultant in the European telecoms sector, served as a strategic adviser at Ofcom, the UK's communications industry regulator, and was a solicitor at leading international City law firm Ashurst. Mr Ryan acts as an adviser, primarily on strategy, regulation and public policy, to a range of clients including FTSE100 and Fortune 500 companies largely in the ICT space. Mr Ryan has an LLB from Trinity College, Dublin, Ireland and qualified as a solicitor in the UK.

Dr. Burton and Mr. Ryan are considered to be independent directors of the Company, notwithstanding their significant shareholdings in the Company. In coming to this conclusion, the board has taken a number of matters into consideration including:

- the relative materiality of their shareholdings;
- the absence of previous employment or material business relationships with the Company;
- that neither is party to any performance related share schemes;
- service length with the Company; and
- the absence of close family ties with any of the company's advisers, directors or senior employees save that Dr. Burton previously held one cross directorship with Mr. Brown



## CORPORATE GOVERNANCE STATEMENT (continued)

Updated 25 July 2019

### Principle Seven

#### *Evaluation of Board Performance*

The Board has undertaken an internal review of the Board, the Committees and individual Directors, in the form of peer appraisal and discussions, to determine their effectiveness and performance as well as the Directors' continued independence.

The evaluation concluded that the Board demonstrates the appropriate level of skills, knowledge and performance for the size and nature of the Group. The Directors will continue to review the need to strengthen the Board as the Group develops.

### Principle Eight

#### *Corporate Culture*

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. There is frequent dialogue between the Directors and senior management at both Geocurve and GyroMetric. The Board monitors the corporate culture through a mix of formal and informal feedback, based on which the Board is confident that a healthy culture consistent with the principles adopted exists.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

### Principle Nine

#### *Maintenance of Governance Structures and Processes*

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

#### *Audit and Compliance Committee*

During the financial year ended 31 December 2017 the Audit and Compliance Committee was chaired by Paul Ryan. Since his appointment in January 2018 Dr Nigel Burton joined Mr Ryan on the Committee. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit and Compliance Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.



**CORPORATE GOVERNANCE STATEMENT (continued)**

Updated 25 July 2019

*Remuneration Committee*

The Remuneration Committee comprises Paul Ryan and Trevor Brown, and Paul Ryan chairs this committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

*Nominations Committee*

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

*Non-Executive Directors*

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

**Principle Ten**

*Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company responds to all shareholders who contact the Directors, and as a result has positive ongoing relationships with a wide range of shareholders. All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company also provides shareholder updates whenever appropriate using both regulatory and other channels including video interviews on Proactive Investors. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, [www.remotemonitoredsystems.com](http://www.remotemonitoredsystems.com), and via Trevor Brown, CEO, who is available to answer investor relations enquiries.

The Company agreed in 2018 to move to electronic communications with shareholders in order to maximise efficiency. Paper communications will be maintained for the small number of shareholders who have specifically requested this.

The Company includes, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

**Paul Ryan**  
Non-Executive Director  
25 July 2019