



Corporate Governance Statement

The Corero Board recognises the importance of sound corporate governance and have developed governance policies appropriate for the size of the Corero Group. Corero is committed to compliance with the provisions of the QCA Corporate Governance Code (“the QCA Code”) published by the Quoted Companies Alliance.

The following is a list of the 10 core principles of the QCA Code applied by the Company.

	Applied
1. Establish a strategy and business model to promote long term value for shareholders	Yes
2. Understanding and meeting shareholder need and expectations	Yes
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Yes
4. Embed effective risk management, considering both opportunities and threat, throughout the organisation	Yes
5. Maintain the Board as a well-functioning, balanced team led by the chair	Yes
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Yes
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Yes
8. Promote a corporate culture that is based on ethical values and behaviours	Yes
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board	Yes
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Yes

1. Establish a strategy and business model to promote long term value for shareholders

Corero’s strategy is focused on being the leader in real-time, high performance DDoS protection and scaling the business for profitability through sales growth, whilst maintaining competitive advantage, and continuing to focus on customer satisfaction.

The Company’s business model and strategy, and key challenges is set out in the Strategic Report within the Annual Report and Accounts.

2. Understanding and meeting shareholder need and expectations

Corero is committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding the views of analysts and investors, and seeking an active dialogue to help these audiences understand the Corero business, is important to driving the business forward. Corero does this via investor roadshows, attending investor conferences and regular financial reporting.

Corero engages with shareholders in the following ways:

- Meetings with institutional and material private shareholders (those holding more than 1% of Corero issued shares) as part of the year end and interim results announcement roadshows. The Board is kept informed of the views and concerns of any major shareholders, with any significant reports from analysts circulated to the Board.
- The Chairman meets with major shareholders at least annually.
- Attendance at private investor conferences and forums. Shareholders will be informed of such events by Corero issuing an RNS Reach announcement.
- Corero utilises both regulatory and non-regulatory channels to keep shareholders informed on Company progress and performance.
- Corero engages with shareholders and responds to questions sent by email to investorrelations@corero.com.

In addition, Corero’s AGM is a forum for dialogue with all shareholders. The Notice of AGM is sent to shareholders at least 21 days prior to the meeting.

Corero’s web site <https://www.corero.com/about/investor-relations> contains information to satisfy shareholder needs.

Phil Richards, Corero’s Group CFO, is primarily responsible for shareholder liaison. Phil can be contacted by email at philip.richards@corero.com.

If shareholders wish to discuss any matters with Corero’s Chairman, Jens Montanana, he can be contacted by email at jens.montanana@corero.com.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Corero recognises that long-term success is underpinned by good relations with its key stakeholders, both internal (workforce) and external (suppliers, customers, regulators and others). As part of Corero's annual planning and budgeting process, the Company identifies its stakeholders and their respective needs, interests and expectations. In addition, the strategy for engaging with these stakeholder groups is formulated and implemented. Corero values feedback from its stakeholders and proactively endeavours to address any matter identified.

To date feedback has been gathered from: customers and partner feedback relating to Corero's products and services; employees as part of quarterly Company updates; and shareholders.

The Directors believe that the employees of the Company are one of its most important assets and the continued and sustained development of the Company relies on its ability to retain and attract employees of a high standard. Corero is proud to have over one-third of its employees with more than five years' service.

The Corero equal opportunities policy ensures that all job applicants and employees are treated fairly and without favour or prejudice. We are committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion.

Employees are regularly informed of matters concerning their interest and the financial factors affecting the Company.

The Company uses company-wide forums to communicate matters as well as team and individual meetings.

Corero is committed to promoting sustainability. We aim to follow and to promote good sustainability practice, to carry out our operations in a way which manages and minimises any adverse environmental impacts from our activities.

Corero encourages the reuse or recycling of office waste, including paper, packaging, computer supplies and redundant equipment. Wherever possible Corero ensures that waste materials are disposed of in an environmentally safe manner and in accordance with regulations.

4. Embed effective risk management, considering both opportunities and threat, throughout the organisation

The Company operates a risk assessment process, which is embedded in day-to-day management and governance processes. As part of the annual planning and budgeting process, Corero management document the significant risks identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks.

The Board reviews the annual risk assessment including an annual assessment of the effectiveness of the Company's internal control system, comprising financial, operational and compliance controls, to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver the Company's strategy.

The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness, whilst the role of management is to implement policies on risk management and control. The Company's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company's business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Company operates a series of controls to meet its needs. These controls include, but are not limited to, the annual strategic planning and budgeting process, a clearly defined organisational structure with authorisation limits, reviews by senior management of monthly financial and operating information including comparisons with budgets, and forecasts to the Board.

The Audit, Risk and Compliance Committee ("ARCC") reviews the effectiveness of internal controls. The ARCC receives reports from management and observations from the external auditors concerning the system of internal control and any material control weaknesses. Significant risk issues, if any, are referred to the Board for consideration.

Given the size of the Company, the Board has concluded it is not appropriate to establish a separate, independent internal audit function. The Board will keep this under review.

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Board

The Board sets Corero's overall strategic direction, reviews management performance and ensures that the Company has the necessary financial and human resource in place to meet its objectives. The Board is satisfied that the necessary controls and resources exist within the Company to enable these responsibilities to be met.

Operational management of the Company is delegated to the Chief Executive Officer.

The Board comprises the Non-Executive Chairman, two Executive Directors and three Non-Executive Directors (two of whom are independent) whose Board and Committee responsibilities are set out below:

	Non-Executive / Executive Director	Board	Audit, Risk and Compliance Committee	Remuneration Committee	Nomination Committee
Jens Montanana	Non-Executive	Chairman		Member	Chairman
Richard Last	Non-Executive	Member	Chairman	Member	Member
Peter George	Non-Executive	Member		Chairman	Member
Andrew Miller	Non-Executive	Member	Member		
Ashley Stephenson	Executive	Member			
Phil Richards	Executive	Member			
Carl Herberger	Executive	Member			

Corero's Chairman, Jens Montanana, is a material shareholder with an equity interest in Corero of 36.81% at 31 December 2023, and is the Company's largest shareholder. His interests are strongly aligned with all shareholders.

Richard Last is a Corero shareholder (0.88% of the Corero issued share capital at 26 February 2024) and has been a Non-Executive Director of the Company for over 10 years. His independence has been considered by the Board. The Board is satisfied that Richard Last is independent.

The composition of the Board is reviewed regularly. Appropriate training, briefings, and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

The Director employment and service contracts are summarised below:

- Ashley Stephenson, Carl Herberger and Phil Richards, all Executive Directors, have employment agreements which provides for the payment of six months' base salary if the agreement is terminated by the Company without cause.
- The Non-Executive Directors letters of appointment are for 12-month terms and provide that the appointment may be terminated by either party giving to the other not less than three months' notice.

Non-Executive Directors, per their letters of appointment, have a time commitment to the Company of not less than eight days per annum including the attendance of Board meetings and the Company AGM. In addition, Non-Executive Directors are expected to devote appropriate preparation time ahead of each meeting.

One third of all Directors are subject to annual reappointment by shareholders as well as any Director appointed to the Board in the period since the last AGM, any Non-Executive Director whose tenure is more than nine years or whose independence is the subject of Board judgement.

The Board meets on average once a quarter; additional meetings or conference calls are held as required. Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly.

The Board also ensures that the principal goal of the Company is to create shareholder value, while having regard to other stakeholder interests and takes responsibility for setting the Company's values and standards.

The Board has a formal schedule of matters reserved to it for consideration and approval. These include:

Strategy and management

- Responsibility for the overall strategy and management of the Company
- Approval of strategic plans and budgets and any material changes to them
- Approval of the acquisition or disposal of subsidiaries and major investments, projects and contracts
- Changes relating to the Company's capital structure
- Delegation of the Board's powers and authorities

Financial matters and internal controls

- Oversight of the Company's operations ensuring competent and prudent management, sound planning and management of adequate accounting and other records
- Approval of the annual and interim financial statements and accounting policies
- Approval of the dividend policy
- Ensuring an appropriate system of internal control and risk management is in place

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- Approval of changes to the structure, size and composition of the Board
- Review of the management structure and senior management responsibilities
- With the assistance of the Nominations and Remuneration Committee, approval of remuneration policies
- Consideration of the independence of the Non-Executive Directors
- Receiving reports on the views of the Company's shareholders

The Board receives monthly briefings on the Company's performance (including detailed commentary and analysis), key issues and risks affecting the Company's business.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of the Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including operational, commercial and technology expertise and experience. All members of the Board have at least 15 years' technology experience through investing in and working for a range of companies from start-ups to large established technology companies, with complementary financial, commercial, sales and marketing skills.

All Directors are able to take independent legal advice in relation to their duties, if necessary at the Company's expense.

Directors have direct access to the advice and services of the Company Secretary and Group CFO. The Directors keep their skills up to date through a combination of their other roles (if applicable), attending appropriate training courses and seminars funded by the Company if appropriate, and by reading widely.

There are no external advisers to the Board or any of its committees, other than the auditors (MHA LLP).

It has not been deemed necessary to formalise a training and development programme for each Director.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Corero has established a Board effectiveness review to enable the Board to stand back and assess its strengths and areas for development. This review is conducted internally and is performed annually.

Given Corero's size, the Company does not have internal succession candidates for the Executive Directors. In the event an Executive Director replacement is required, the Company would seek to recruit a replacement through a recruitment search process. The Board are satisfied that the Company's middle management will ensure the Company's business is not adversely impacted in the period between an Executive Director leaving and a replacement being recruited.

The Corero NC reviews and recommends nominees as new Directors to the Board. Senior management appointments are required to be approved by the Corero RC.

The performance of the Executive Directors is measured against the internal budget with a performance related bonus for exceeding the internal budget targets.

The members of the RC do not have any conflicts from cross-directorships that relate to the business of the committee. The members of the RC do not have any day-to-day involvement in the running of the Group.

The RC's remit is to measure the performance of and determine the remuneration policy relating to Directors and senior employees. To support this responsibility, it has access to professional and other advice external to the Group. Taking the performance factors into account, it then makes recommendations to the Board.

To assist the work of the RC, the views of the Chief Executive Officer and the Group CFO are also invited where appropriate. However, they do not participate in any decision related to their own remuneration.

The Group is committed to the governing objective of maximising shareholder value over time. Each year the remuneration framework and the packages of the Directors are reviewed to ensure they continue to achieve this objective.

The Group operates in the cyber security market which is a market with significant growth potential. It is also a competitive market with a number of players who are significantly larger than Corero. The Group's executive Director remuneration policy is designed to attract and retain Directors of the calibre required to maintain the Group's position in its marketplace. This is maintained through the use of bonus and share option schemes, as follows:

Bonus

A cash bonus designed to incentivise specific short-term financial goals. Goals and objectives are set for the executive Directors with a significant weight being put on key financial performance metrics. Executive Directors' on-target bonuses are set at two-thirds of base salary.

Share options

Share options are granted to encourage and reward delivery of the Company's long-term strategic objectives and provide alignment with shareholders through the use of share-based incentives.

All share-based incentives offered to Directors have a 3-year vesting schedule, with one-third vesting on the first anniversary of the grant/start date, a further third on the second anniversary of the grant/start date and the final third the third anniversary of the grant/start date. Shares acquired on the exercise of options may not be sold until the second anniversary of the grant date. Share options are granted with an exercise price set at the higher of market price or such other price as determined by the RC.

8. Promote a corporate culture that is based on ethical values and behaviours

Corero recognises the importance of culture and values and in conjunction with employees defined the Company's agreed values:

- Integrity
- Customer delight

- Innovation
- Open and honest communications
- Empowerment

Corero has invested in an online tool, called HiBob, which is used to acknowledge, reinforce and measure the values-supporting behaviours and actions taken by team members.

The Corero equal opportunity policy sets out the Company's position on equal opportunity in all aspects of employment.

The policy has been developed to maintain the following policy objectives:

- To provide a safe and welcoming environment, in which individuals are valued, included and respected;
- To eliminate unfair discrimination;
- To advance equality of opportunity; and
- To foster good relations between different groups of people.

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board

The Board

The Board sets Corero's overall strategic direction, reviews management performance and ensures that the Company has the necessary financial and human resource in place to meet its objectives. The Board is satisfied that the necessary controls and resources exist within the Company to enable these responsibilities to be met.

Audit, Risk and Compliance Committee ("ARCC")

The ARCC has responsibility for planning and reviewing the Group's interim and preliminary reports and accounts and determines the application of the financial reporting and internal control and risk management procedures and the scope, quality and results of the external audit.

Remuneration Committee ("RC")

The RC is responsible for the policy for the remuneration of the executive Directors and senior management, and sets the remuneration of the Executive Directors, determines the payment of bonuses to Executive Directors and approves the Company's bonus and incentive arrangements for employees.

Nomination Committee ("NC")

The NC is responsible for reviewing the composition, structure and size of the Board, the leadership needs of the Group and recommending nominees as new Directors to the Board.

Evolution of the Company's governance framework

The Board will on an on-going basis, and as the Company's business develops and grows, review the appropriateness of the governance framework, including the composition of the Board and the requirement for an internal audit function, to ensure the Company delivers on its strategy and goals whilst maintaining appropriate governance structures.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half year results announcements, the AGM and one-to-one meetings with institutional and material private shareholders and potential new shareholders. A range of corporate information (including Company announcements and presentations) is also available to all shareholders, investors and the public on the Company website <https://www.corero.com/about/investor-relations>

The Board receives regular updates on the views of shareholders through briefings and reports from the Chairman, Chief Executive Officer, Group CFO and the Company's brokers and financial public relations advisers. The Company communicates with institutional and material shareholders through briefings with management, and with retail shareholders and potential investors through investor conferences. The Company conducts regular updates to maintain an open dialogue with employees and reviews with customers as part of its strategy to maintain high levels of customer satisfaction.