

QCA Code

Compliance Statement

Allergy Therapeutics plc (the “**Company**”) is firmly committed to business integrity, high ethical values, and professionalism in its activities and operations. As an essential part of this commitment, the Company’s board of directors (the “**Directors**” and together the “**Board**”) endorses the highest standards of corporate governance and is accountable to the Company’s shareholders.

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”), which it believes is the governance framework that is most suitable for the Company, its subsidiaries and subsidiary undertakings (together, the “Group”), having regard to its strategy as well as its size, nature and resources.

The following is a high-level summary of the Group’s compliance with the QCA Code principles as at the date of this statement. The Board will provide annual updates on the Group’s compliance with the QCA Code in its Annual Report and Accounts and on its website.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Further information on the Group’s strategy and business model can be found in Annual Report and Accounts for the year ended 30 June 2020 (the “**Annual Report**”), available [here](#).

The key challenges to the business are detailed in the Annual Report.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group values its dialogue with both institutional and private investors.

Effective two-way communication with fund managers, institutional investors, and analysts is actively pursued and encompasses issues such as performance, policy and strategy. The Group maintains regular contact with institutional shareholders through one-to-one visits and briefings. Contact with major shareholders is principally maintained by the Chief Executive Officer and Chief Financial Officer, who ensure that shareholder views are communicated to the Board as a whole. The principal point of contact for shareholders outside of the Executive Directors is the Chairman.

All investors are encouraged to participate in the Company’s Annual General Meeting (“**AGM**”), at which Directors, including the Chairman and the Chairman of the Audit, Nomination and Remuneration Committees are available to review the results, comment on current business activity and to answer questions. Voting results any resolutions proposed of our 2019 AGM, held on 25 November 2019, can be found [here](#).

The 2020 AGM will be held on 8 December 2020.

Further information on shareholder engagement can be found in the Annual Report and the Corporate Governance section of our website, available [here](#).

Shareholders can request further information or a meeting [here](#).

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

The Group strives to be a business that customers and suppliers respect as a strategic partner, that employees are proud to work for, that communities recognise as a contributor, and that investors value. Our core values of visionary, commitment and menschlichkeit (humanity) shape how we work and are at the heart of every decision the business makes.

More information on our culture and values can be found [here](#).

Employees

The Group strives for a culture of open communication, transparency, team work, accountability and innovation. The Group actively engages its team members through communication of Group news and information in a variety of formats. Management encourages feedback from all team members and engages in dialogue across all levels of the business. The Group maintains a policy of accessibility of senior management to all staff. Feedback received from team members is duly reviewed and, where considered necessary and appropriate, acted upon by the Group.

A targeted employee “Pulse survey” was deployed during the COVID-19 lockdown period provided a valuable insight into employees well-being and enabled the Company to take specific actions to improve the work place environment where possible.

The Group recognises that continuous improvement in the area of people engagement is required and will launch its first ever Group Employee Engagement Survey this autumn; the results of which will be benchmarked against other businesses and be presented to the Board.

Communities

The Group supports its local communities by maintaining sound business practices and by acting as a good corporate citizen and a valued employer. The Group is a responsible member of its local business communities and an active member of business organisations that promote awareness of allergies and their treatments.

Environment

Throughout its business activities, the Group is committed to the basic principles of conservation: reduce, reuse, and recycle. More details of the Groups commitments to reducing its carbon footprint and energy saving schemes can be found in the [Annual Report](#).

Modern Slavery

The Group has taken steps to ensure that we avoid slavery and human trafficking in our own operations and in our supply chain. For more information please see our modern slavery and human trafficking statement [here](#).

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The role of the Board is to provide strategic leadership to the Group within a framework of effective controls, which enables risk to be assessed and managed. The Directors are responsible for the Group’s system of internal control and reviewing its effectiveness and confirm that the Board has acknowledged this responsibility. The Directors further confirm that there is an ongoing process for evaluating internal

controls and effectiveness as well as identifying, evaluating, and managing the significant risks facing the Group.

The Executive Team are responsible for the day to day operational and commercial activity across the Group and are therefore responsible for the management of risk. The Audit Committee reviews the key risks on an annual basis and any emerging risks are identified and reported to the Board at each meeting. Further information on the Group's internal control systems and risk management, as well as a summary of the principal risks and uncertainties facing the Group, can be found in the [Annual Report](#).

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Group is currently overseen by a Board comprised of an independent Non-Executive Chairman, two Executive Directors and four Non-Executive Directors, three of which are considered independent.

During the year, the Nomination Committee considered the tenure of the Company's Chairman in light of the requirement under the 2018 UK Corporate Governance Code that a chair should not remain in post beyond nine years from the date of their first appointment to the board.

The Senior Independent Director therefore led a review of the Chairman's appointment which included obtaining feedback from the Company's Nomad. The review determined that the Chairman continues to perform his role effectively and that he continued to be independent in both character and judgement. It was also considered that it was not currently an appropriate time to undertake a search for a new chair. The Board therefore concluded that Peter Jensen should continue in his role as Chairman. The Committee will review this position again later in 2020.

Steve Smith has also served on the Board for more than 10 years and particular consideration has been given to whether he should continue to be considered independent. It was concluded that Steve continues to make a valuable contribution to the work of the Board and its Committees and that despite the length of his service on the Board; it is considered that Steve retains his independent status as he continues to challenge the Executive Directors and makes independent decisions.

Scott Leinenweber represents the interests of Abbott Laboratories on the Board. Under the 2012 Subscription Agreement made between the Company and CFR International SPA, Abbott Laboratories are entitled to nominate a person willing to act as a Non-Executive Director of the Company.

Other Independent Non-Executives are Tunde Otulana, who is currently Chief Medical Officer of Veloxis Pharmaceuticals in North Carolina and Mary Tavener, former CFO for Advanced Medical Solutions ("AMS").

Biographies of all the Directors can be found [here](#).

The Non-Executive Chairman, Peter Jensen, is responsible for ensuring the efficient and effective working of the Board as well as for implementing the strategy of the Group and ensuring the effectiveness of executive functions. He leads the Board while focusing on the Group's long-term strategy and the achievement of its objectives.

The Board is responsible for overall Group strategy, approval of major expenditures and consideration of significant financing and corporate structure matters. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, if necessary, to take independent professional advice. All Board members have access to advice from the Company Secretary.

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

Principle 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 required to execute the Group's strategy. Full biographical details of the Directors are available [here](#) and in the [Annual Report](#).

The Chairman and the Nomination Committee ensures that the Directors keep their skills and knowledge up to date to allow them to fulfil their roles on the Board and Committees. The Company Secretary updates the Board on regulatory and corporate governance matters and periodic briefings are arranged with external advisors, such as our Nominated Adviser (Panmure Gordon (UK) Limited), to provide a better understanding of the broader market. Directors also receive regular business updates from the Executive Directors and other members of the Executive Management team. Directors may also take independent advice at the Company's expense if they feel this is appropriate.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

To ensure that the Board continued to be effective, the Board carries out a regular internal evaluation of the Board's performance. The last evaluation of Board and Committee effectiveness was conducted in 2019 and the next review is scheduled for spring 2021. Any agreed actions are reported in the Annual Report [here](#).

The performance of Executive Directors is evaluated by the Remuneration Committee. Each year the Executive Directors agree personal objectives and targets, including financial and non-financial metrics, against which their performance is measured.

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

The driving forces behind the Group and the achievement of its goals are the people and how they conduct business. We are committed to creating a culture that values individual and collective energy, leadership, and innovation. To realise the Group's goals and to facilitate such a culture, the Group has developed the Allergy Therapeutics core values: Commitment, Visionary and Menschlichkeit. The Group's Values are at the heart of every decision the business makes and provide a firm foundation of our corporate behaviours. For more information on how the business is developing its culture and living its values, see Annual Report [here](#)

The Group recognises that it is stronger and more effective as a team than as a group of individuals. The Group promotes an open, communicative and transparent culture. The Group also recognises that diversity and inclusion is a source of strength and listens to differing viewpoints so that management can constructively solve problems. Good teamwork allows an opportunity to empower employees and encourages necessary risk-taking.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board endorses the highest standards of corporate governance. The Board's ability to make decisions that support its strategy and benefit stakeholders is a function of, among other things, its composition and competence (see Principles 5 and 6, above), its committees (described below), its internal controls (see

Principle 4, above) and engagement with stakeholders, including shareholders and employees (see Principle 3, above).

The Board is supported by the Audit, Nomination and Remuneration Committees, which report to the Board at each Board Meeting.

The Audit Committee oversees the financial reporting process as well as monitoring the effectiveness of internal controls, internal audit, risk management and the external audit to ensure the integrity of the information reported to the shareholders. It also monitors the independence of the external auditors and the provision of non-audit services. The Audit Committee's terms of reference are available [here](#).

The Nomination Committee has responsibility for making recommendations on Board appointments and succession planning to the Board. The Nomination Committee's terms of reference are available [here](#).

The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration. The Remuneration Committee determines the contract terms, remuneration, and other benefits for Executive Directors including performance related bonus schemes, share awards and performance targets, retirement plan rights, and other compensation. The Board determines the remuneration of the Non-Executive Directors. The Remuneration Committee's terms of reference are available [here](#).

Please see our Corporate Governance Statement in the Annual Report for further information about the Board and its committees.

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

The Group communicates with shareholders through the Annual Report and Accounts, at the AGM and individual meetings with large potential or existing shareholders, where requested. A significant volume of corporate information (including all of the Group's announcements and presentations) is available to shareholders, investors and the public on our website, available [here](#).

Please see Principles 2 and 3 (above) for further information on how the Group maintains dialogue with shareholders and other stakeholders.

The Corporate Governance Statement in the Annual Report contains a detailed description of the way in which the Group is governed and includes reports from the three Board Committees outlining the work undertaken during the year.

Peter Jensen
Chairman
21 September 2020