

Corporate governance statement

Introduction

This statement explains the key features of the Group's governance structure and how it complies with the Code. The Code is published by the Financial Reporting Council (FRC) and is available at www.frc.org.uk.

Compliance with the Code

The Group is committed to achieving and maintaining the highest standards of corporate governance. During 2019, the Group was compliant with the Code except for:

- Provision 36 – the Group did not comply with the requirement to develop a formal policy for post-employment shareholding requirements. The remuneration committee considers that market practice in this area is still developing and will make any necessary changes when it becomes clearer. The long-term incentive plan (LTIP) leaver provisions already provide some requirement for post-employment shareholding by Executive Directors.

- Provision 38 – the Group did not comply with the requirement that pension contribution rates for Executive Directors, or payments in lieu of pension, are aligned with those available to the workforce. Employer pension contributions for EMIS Group staff range from 5% to 10% of base salary (dependent on seniority) and are set at 15% for Executive Directors. The remuneration committee recognises the importance of aligning pension contributions for Executive Directors with those of the wider workforce and it will be reviewing the pension contribution arrangements for all staff in 2020. In light of that review the remuneration committee will make a decision on the process for aligning contribution rates for existing Executive Directors with staff generally. Pension contributions for any new Executive Directors will be aligned with those for other senior staff.

Details and explanations of the application of the principles of corporate governance are set out in the following sections of this corporate governance statement.

BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

The Board's principal role is to provide effective leadership of the Group and establish and align the Group's purpose, strategy, values and culture. It is responsible to shareholders for delivering shareholder value by developing the overall strategy and supporting the development of the direction of the Group. The Board is also responsible for overseeing the Group's external financial and other reporting and for ensuring that appropriate risk management and internal control systems are implemented and maintained. These responsibilities are largely exercised through the audit committee, which reports on its activities on pages 51 to 55.

The Board has a schedule of matters reserved to it including, but not limited to:

- strategy and long-term objectives;
- financial statements, dividend payments and accounting policies and practices;
- approval of the Group budget;
- measuring performance using KPIs, both financial and non-financial;
- capital structure;
- internal controls and risk management;
- acquisitions and disposals;
- major capital expenditure;
- legal (including major contracts), health and safety and insurance issues;
- approval of policies adopted by the Group; and
- Board structure and the appointment of advisers.

The business model on pages 10 and 11 explains the basis on which the Group generates and preserves value over the longer term. The strategy of the Group and its achievements in 2019 are outlined on pages 16 to 18.

The Board recognises the importance of establishing the right culture and communicating this message throughout the organisation. It is important that it provides strong and effective leadership and constructive challenge and, along with the GXT, the Board accepts collective accountability for the long-term sustainable success of the Group. In so doing, the Board will continue to drive and deliver its strategy in the best interests of all the Group's stakeholders.

2019 membership and Board attendance

The attendance record for Board members during the year ended 31 December 2019 is set out below. The Board met nine times in 2019. Additional ad hoc meetings are held at short notice, as appropriate. There were no ad hoc meetings held in 2019.

	Number of meetings attended
Executive Directors	
Andy Thorburn	● ● ● ● ● ● ● ● ● ●
Peter Southby	● ● ● ● ● ● ● ● ● ●
Non-executive Directors	
Mike O'Leary (Chair)	● ● ● ● ● ● ● ● ● ●
Kevin Boyd	● ● ● ● ● ● ● ● ● ●
Andy McKeon	● ● ● ● ● ● ● ● ● ●
Jen Byrne ¹	● ● ● ● ● ● ● ● ● ●
David Sides ²	● ● ● ● ● ● ● ● ● ●
Robin Taylor ³	● ●

- 1 Jen Byrne was appointed to the Board on 8 May 2019.
- 2 David Sides resigned from the Board on 22 August 2019.
- 3 Robin Taylor retired from the Board after the AGM on 8 May 2019.

Corporate governance statement continued

**BOARD LEADERSHIP AND COMPANY PURPOSE
CONTINUED****Board operation**

The Board meets as often as necessary to discharge its duties.

The number of Board meetings held during 2019, together with the Directors' attendance records, is set out on page 45. Details on the number of committee meetings held during the year together with the Directors' attendance records can be found in the committee reports on pages 51, 56 and 60. The location for Board meetings is rotated around the Group's principal sites in order to provide opportunities for the Board to meet management and employees and develop a better understanding of the Group's operations and culture within the Group.

The Directors have access to the advice and services of the Company Secretary, Christine Benson, who is responsible for ensuring that the Board and its committees' procedures and applicable rules and regulations are met. The Directors all have access to the Group's key advisers. If required in the performance of their duties, Directors may take independent professional advice at the Company's expense. Appropriate insurance cover is in place in respect of legal action against the Directors. The Group has adopted and maintained a share dealing code for Directors and employees in accordance with the Market Abuse Regulations.

Board and committee papers are circulated one week in advance of meetings to enable the Board to review and consider the materials provided.

The Chair ensures that input is sought and obtained from any Director who is unable to attend a Board meeting and he provides a verbal update following the meeting to complement the minutes. There is ongoing contact between the Chair, Executive Directors and Non-executive Directors between Board meetings.

A topical Board calendar is prepared on an annual basis with GXT members regularly invited to attend to present an update on their areas of the business. This is highly valuable in providing further detail to support strategic decisions. In addition, the Board meets on an ad hoc basis as necessary to consider specific issues, such as potential corporate activity, supported by detailed Board papers circulated in advance analysing relevant aspects of the topic under discussion.

**STANDING AGENDA ITEMS**

At each meeting comprehensive Board packs are provided and the following standing items are discussed:

- strategy;
- financial results and KPIs;
- sales pipeline and forecasts;
- management accounts and commentary;
- reports from the Chief Executive Officer on operational matters and the Chief Financial Officer on financial matters;
- regular presentations from members of the GXT;
- mergers and acquisitions;
- progress reports on major projects;
- analysts' forecasts;
- Board committee updates;
- investor relations engagement;
- legal, governance and regulatory matters; and
- implementation of actions agreed at previous meetings.

KEY TOPICS CONSIDERED BY THE BOARD IN 2019

- acquisition opportunities;
- appointment of Jen Byrne and Patrick De Smedt;
- banking facilities;
- internal reorganisation;
- employee engagement and culture;
- presentations on Patient marketplace, product roadmap, information security, business continuity and disaster recovery;
- review, debate and challenge of the corporate strategy and plan;
- risk management and internal controls;
- 2020 Group budget;
- Group operating model;
- disposal of the Specialist & Care business;
- financial results announcements, presentations, report and accounts and market updates (annual and half year);
- investor engagement;
- the Group's viability statement and capital allocation policy, including dividends;
- Group segmental reporting;
- Board evaluation and discussion of the recommendations and review of the Chair's performance;
- management information and KPIs;
- half yearly update on environmental/health and safety matters; and
- operational efficiency, including service level reporting.

Stakeholder engagement

The Board recognises its responsibility to take into consideration the needs and concerns of the Group's stakeholders as it discusses matters and makes decisions.

Relations with shareholders

Communication between the Group and its shareholders is an essential element of a sound governance framework.

The Chief Executive Officer and Chief Financial Officer are the main day-to-day point of engagement with shareholders and prospective investors. During the year, formal programmes of meetings with analysts and institutional shareholders took place immediately after the results announcements, supplemented by ad hoc meetings and calls at other times.

Feedback from these meetings, and regular market updates prepared by the Group's broker, are presented to the Board to ensure the Directors have a good understanding of shareholders' views. The Chair and the Senior Independent Director are also available separately to shareholders to discuss strategy and governance issues. Feedback from any such communications is provided to the Board at the next scheduled meeting. The Chair of the remuneration committee consulted with a number of shareholders in 2019 to seek views on the 2019 LTIP awards. The Chair of the Board also consulted with a number of shareholders in 2019 to seek views on strategy and remuneration matters.

The Group has a dedicated investors section on its website, www.emisgroupplc.com/investors, together with a wide range of information on the Group's activities, including all regulatory announcements.

The AGM will be held at 10.30am on Wednesday 6 May 2020 at the offices of Pinsent Masons LLP, 1 Park Row, Leeds LS1 5AB. All shareholders will have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM is available on the Group's website and sets out the business of the meeting and an explanatory note. In line with good governance, voting on all resolutions at this year's AGM will be conducted by way of a poll.

Workforce engagement

In line with the Code, the Board decided to appoint a designated Non-executive Director in 2019 to better understand the views of employees. Jen Byrne was appointed designated Non-executive Director during the year and meets with groups of employees around the business on a regular basis. The feedback from these meetings is discussed with the Board on a six-monthly basis. Further information on workforce engagement can be found in the people section on pages 38 to 40 and the stakeholder engagement section on pages 12 and 13.

More detail on how the Group has engaged with its various different stakeholders during the year can be found on pages 12 and 13.

Whistleblowing

A whistleblowing policy is in place where employees can raise concerns to an independent organisation on a confidential basis. Reports on the use of the service, any significant concerns that have been received, details of investigations carried out and any actions arising as a result are reported to the audit committee on a regular basis.

Conflicts of interest

Directors have a legal duty to avoid conflicts of interest. Prior to appointment, conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from taking on the appointment. If any potential conflict arises subsequently, the Articles of Association permit the Board to authorise the conflict, subject to such conditions or limitations as the Board may determine. In situations where a potential conflict arises, the Director concerned will not be permitted to remain present in any meeting or discussion concerning that conflict, and all material in relation to that matter will be restricted, including Board papers and minutes.

DIVISION OF RESPONSIBILITIES

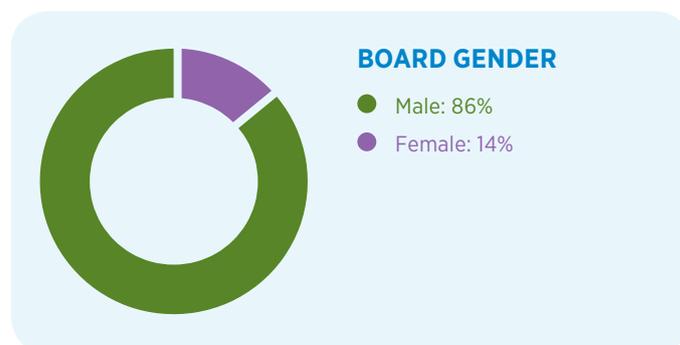
Board structure

Robin Taylor retired at the AGM on 8 May 2019 having served nine years on the Board. Andy McKeon took on the role of Senior Independent Director and Kevin Boyd took on the role of Chair of the audit committee. Jen Byrne was appointed as a Non-executive Director to the Board at the close of the AGM on 8 May 2019. David Sides resigned from the Board on 22 August 2019 and Patrick De Smedt was appointed to the Board as Non-executive Director and Chair designate on 1 January 2020. Mike O'Leary will retire from the Board at the AGM on 6 May 2020 as he will have completed nine years' service. A recruitment process is underway to appoint an additional Non-executive Director. Biographies of each Director are provided on pages 42 and 43. Their respective Board and committee responsibilities are outlined below and in the committee reports.

Appointments to the Board are led by the nomination committee. Further information on succession planning can be found in the nomination committee's report on pages 56 and 57.

The Board delegates certain responsibilities to the three principal Board committees: the audit committee, the remuneration committee and the nomination committee. These responsibilities are set out in formal terms of reference for each committee, which are available on the Group's website, www.emisgroupplc.com/investors/corporate-governance, and which are reviewed annually.

The Chair of each committee reports to the Board in relation to the committee's activities and recommendations. Members of the Board who are not members of individual committees may be invited to attend meetings of those committees at the discretion of the respective committee's Chair; however, they are not permitted to vote in respect of committee business. Details are provided in the respective committee reports.



Corporate governance statement continued

DIVISION OF RESPONSIBILITIES CONTINUED

Chair

The roles of the Chair and the Chief Executive Officer are separate and defined in writing. This provides a clear division of responsibilities between the running of the Board and the executive responsibility for running the business. The key responsibilities of the Chair, the Chief Executive Officer and Non-executive Directors are set out below:

Mike O'Leary, as Chair, is responsible for the leadership and effectiveness of the Board.

The Chair's responsibilities include:

- chairing the Board, the nomination committee and shareholder meetings (including the AGM);
- providing leadership of the Board and ensuring the effectiveness of all aspects of the Board's role;
- providing challenge to the Executive Directors and working closely with the Chief Executive Officer on key strategic decisions;
- maintaining a dialogue with major shareholders on governance and other strategic matters, as appropriate;
- setting the Board agenda and ensuring all Directors have the opportunity to maximise their contribution to the Board by encouraging open and honest debate and constructive challenge of the Executive Directors; and
- undertaking the annual evaluation of the Board and the Directors and building an effective Board.

On his appointment, Mike O'Leary met the Code's requirement for independence. There have been no significant changes to his other commitments during the year which could impact his ability to perform his duties for the Group.

Chief Executive Officer

The Chief Executive Officer, Andy Thorburn, is responsible for the implementation of the approved strategic and financial objectives of the Group. To assist in this, the Chief Executive Officer leads the GXT, which consists of the Chief Financial Officer, the Group Chief Operating Officer, the Chief Executive Officer of EMIS Health, the Chief Executive Officer of Dovetail, the Chief Executive Officer of Patient, the Group HR Director, the Chief Medical Officer, the Group Chief Technology Officer and the Group Business Development Director. The GXT has a weekly call and meets in person on a regular basis with a focus on cross-group integration and operational performance.

The Chief Executive Officer's responsibilities include:

- the day-to-day running of the business, accountable to the Board for the Group's financial and operational performance;
- developing and reviewing the Group strategy;
- with the Chief Financial Officer, maintaining close contact with government, shareholders and major customers;
- with the Chief Financial Officer, approving the divisional budgets;
- chairing the GXT to direct and co-ordinate the management of the Group's business generally;
- monitoring the performance of senior managers; and
- monitoring the Group's principal risks.

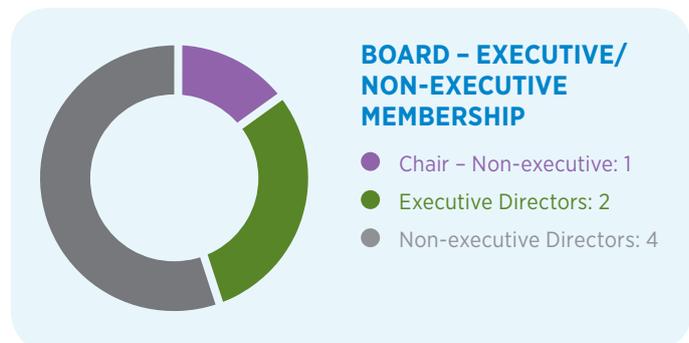
Senior Independent Director

The Senior Independent Director, Andy McKeon, acts as a sounding board for the other Directors and conducts the Chair's annual evaluation. He is also available to Directors and shareholders should a situation arise where it is necessary for concerns to be referred to the Board other than through the Chair or the Chief Executive Officer.

Non-executive Directors

The Non-executive Directors provide independent, constructive challenge and insight to the executive team forming an integral part of the Board's decision-making process together with the monitoring of management and business performance.

The Non-executive Directors play a key role in developing and reviewing proposals on strategy, actively participating in the annual strategy forum. They strengthen governance through leading and participating in the Board committees, providing a wide range of experience and independence. This aids the Board in developing a broader understanding and in evaluating the implications, risks and consequences of decisions.



Independence

Mike O'Leary, Patrick De Smedt, Kevin Boyd, Andy McKeon and Jen Byrne were considered by the Board to be independent at the time of their appointments. Each Non-executive Director is considered to be independent as to character and judgement and to be free of relationships and other circumstances that might impact their independence. The Chair and Non-executive Directors meet at least annually without the Executive Directors present.

Appointments of Non-executive Directors are for specific terms (initially for three years) and are subject to statutory provisions relating to the removal of a Director.

Time commitments

The amount of time that Non-executive Directors are expected to commit to discharge their duties is agreed on an individual basis at the time of appointment and reviewed periodically thereafter. The time commitment agreed takes into account whether the appointee is the Chair or a member of a Board committee and whether the Director has any external executive responsibilities. Typically this equates to circa two days per month for a Non-executive Director and four days per month for the Chair. As part of the Chair's annual review of Directors' performance it was confirmed that each of the Non-executive Directors continues to allocate sufficient time to discharge responsibilities effectively and did so throughout the year.

COMPOSITION, SUCCESSION AND EVALUATION

Nomination committee and diversity

The nomination committee is responsible for leading the Board appointments process and for considering the size, structure and composition of the Board. Full details of the work of the committee are set out in the nomination committee report on pages 56 and 57.

The Board is satisfied that the size of the Board and its committees and the balance of Executive and Non-executive members is such that no individual or small group of individuals can unduly influence its decisions. The Board is made up of a majority of independent Non-executive Directors. As at the date of this report, the Board comprised the Chair, four independent Non-executive Directors and two Executive Directors who collectively possess an appropriate balance of expertise appropriate to lead the Group's business. The Non-executive Directors have a broad range of UK and international business knowledge and experience, as well as specific skills in the NHS, healthcare, digital technology, finance, corporate transactions and risk management. A skills matrix is included in the Directors' biographies on page 43.

The Executive Directors do not hold any external directorships.

Annual re-election of Directors

Directors are subject to election or re-election by shareholders at each AGM. The nomination committee considers that all the Directors continue to be effective and demonstrate an appropriate commitment to their roles.

Board and committee effectiveness

The Board has extensive operational experience and many years of detailed knowledge of the healthcare sector, both in the UK and overseas. The Board also benefits from significant financial, transactional, risk management and public company expertise.

During the year, the Chair undertook an overall effectiveness review, including the performance of the Board and each Director.

The Chair met individually with each Board member during the year. A framework for those meetings was provided covering topics which included strategic direction, governance, meeting agendas, Board packs, Board composition, risk monitoring and mitigation, and specific areas for improvement. Board members were invited to add any other topics to this agenda which they felt to be material or appropriate.

When considering Board appointments, a wide variety of factors is taken into account, including the balance of skills, experience, independence, knowledge of the Group and diversity, including gender.

The 2019 Board evaluation concluded that the Board meets its regulatory requirements and that appropriate processes are in place for setting the strategic direction of the Group. Board discussions are open and constructive, and members are encouraged to express their views in an independent fashion.

A tailored questionnaire was circulated for completion by members and regular attendees of each principal committee, covering all aspects of good governance. Directors were required to assess their satisfaction with the operation of the Board and its committees, as well as effectiveness of these bodies in fulfilling the key responsibilities set out in their respective terms of reference. The responses were collated and discussed. Each committee concluded that it continued to be effective and all members are considered to have made valuable contributions.

Further details of the effectiveness of each committee are outlined in their individual reports.

As Senior Independent Director, Andy McKeon reviewed the performance of the Chair with the other members of the Board. The Directors unanimously agreed that Mike O'Leary continues to lead the Board in an effective and inclusive way. He remains engaged, knowledgeable and committed to his role. Mike will retire at the 2020 AGM as he has completed nine years' service. Patrick De Smedt will take the role of Chair at the close of the 2020 AGM. Directors are actively encouraged to contribute to Board discussions on all matters of significance to the strategy and development of the business.

The Board will consider carrying out an external Board evaluation in 2020 in line with good governance practice.

Appointment and induction

The process for the appointment of new Directors is rigorous and transparent. All new Directors undergo a comprehensive induction and development programme which is designed to help Directors make an early contribution to the Board. Further information on appointments and induction is contained in the report of the nomination committee on pages 56 and 57.

AUDIT, RISK AND INTERNAL CONTROL

Audit committee composition

The committee is responsible for overseeing the Group's external financial reporting and associated announcements, considering risk management, internal controls procedures and the work of the external and internal auditors. Full details of the work of the committee are set out in the audit committee report are set out on pages 51 to 55.

Accountability

There are formal and transparent arrangements for considering how corporate reporting, risk management and internal control principles are applied.

The Group has a range of governance-related policies and procedures in place. Full details are set out on page 50.

Internal control

The Board is accountable to its shareholders and seeks to balance its interests with those of a broader range of stakeholders, which includes employees, suppliers, customers, regulators and the community. The Board has ultimate responsibility for the Group's internal control arrangements and for reviewing their effectiveness. Such arrangements guide and direct the activities of the Group to support delivery of its strategic, financial, operational and other objectives and safeguard shareholders' investment and the Group's assets. The Board governs through clearly defined committee structures, which support the work of, and are accountable to, the Board. Details of the role and activities of the principal committees are set out in the committee reports.

The Board recognises that a system of internal control reduces, but cannot eliminate, the likelihood and impact of poor judgement in decision making, human error, deliberate circumvention of control processes by employees and others, management override of controls and the occurrence of unforeseeable circumstances.

The Board sets policies and seeks and obtains on an ongoing basis, both directly and through the audit committee, assurance regarding the existence and operation of appropriate internal controls to mitigate key strategic, financial, operational, compliance and reputational risks. The Board and audit committee consider any significant control matters raised in reports from management, the Group's external auditor and the Head of Group Internal Audit, and they monitor the progress of remedial actions.

Corporate governance statement continued

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Internal control continued

The key components of the Group's overall control frameworks, all of which were in place, or established, throughout 2019 and up to the date of approval of this report, are set out below:

- delegated limits of authority in place;
- an appropriate finance function for each business unit in the Group with suitably qualified and experienced professionals;
- a comprehensive weekly and monthly financial and operational performance reporting system which covers, amongst other things, operating results, cash flow, balance sheet information, forecasts and comparisons against budgets;
- letters of representation issued to all senior management and senior Group finance officers in respect of key risks, internal controls, business relationships and financial controls for the financial year under review;
- a risk management committee meets on a monthly basis to review and monitor risk and mitigating controls across the Group; and
- regular updates to the Board from management on property, insurance, litigation, human resources, corporate social responsibility and health and safety matters.

Segregation of duties, authorisation limits and other key internal controls are designed into both system-based and manual processes. These arrangements are reviewed periodically by management, internal quality assurance functions and internal audit to ensure they remain appropriate.

In 2020, the Group is planning to introduce a control and risk self-assessment questionnaire covering a wide range of risks. Management will be expected to provide signed confirmation that internal controls are in place and operating effectively for these key risk areas.

The Group has extensive internal quality assurance processes in critical areas of the business and there are functions within the Group that provide assurance and advice covering specialist areas, such as information security and clinical safety.

The Group's businesses hold eight ISO certifications against the following five standards: ISO 27001: Information Security, ISO 9001: Quality, ISO 20000: Service Management, ISO 14001: Environmental and, most recently, ISO 22301: Business Continuity.

A single management system covers all five standards and five of the eight certifications.

Throughout 2019, the Group continued to consolidate and update its ISO certifications, merging EMIS Health Primary Care and Egton's ISO 20000 certifications. The Group also achieved certification for ISO 22301 for head office and data centre operations, providing further assurance that operational activities and processes that support key products will continue seamlessly in the event of a major incident.

In 2020, the Group plans to continue to consolidate and update the ISO certifications, including bringing Dovetail and Patient under the scope of the EMIS Group 27001 certification, merging the EMIS Health India ISO 9001 certification into the EMIS Group ISO 9001 certification and adding the Bolton office into the scope of the EMIS Group ISO 20000 certificate.

Financial planning and monitoring

EMIS Group sets annual budgets, which are subject to Board approval, and also prepares longer-term five-year projections.

The Board reviews business performance when it meets. Summary financial information, including actual performance versus budget and expected future performance, is provided to all Board members as part of the Board papers. The monthly reporting cycle includes a twelve-month rolling forecast.

Policies, procedures and authorisation limits

The programme to define, create and embed Group-wide policies in key areas continued throughout 2019.

Policies and documented procedures in place include:

- Group finance manual;
- Group expenses policy;
- Group treasury policy;
- Group anti-tax evasion policy;
- delegated authority limits;
- Group anti-bribery and corruption policy;
- Group human resource and staff welfare policies;
- Group health, safety and environmental policies;
- Group code of ethics and standards of business conduct;
- Group contract management process; and
- Group whistleblowing policy.

The Group whistleblowing procedures include a confidential reporting hotline operated by an external, independent whistleblowing service provider. The policy and the reporting hotline continue to be internally promoted and all employees were required to acknowledge that they have read and understood the policy and procedures in place during the year. Employees were also required to formally acknowledge that they have read and understood the anti-bribery and corruption policy and the code of ethics and standards of business conduct policy.

Risk management

The approach to risk management, risk appetite and the principal risks themselves are set out on pages 24 to 29.

Internal audit

The Group has an established risk-based internal audit function. The Head of Group Internal Audit leads a team of two internal auditors and managing the co-sourcing agreement with Deloitte which provides specialist knowledge and expertise in areas such as cyber security, data privacy, clinical safety governance and culture.

The Head of Group Internal Audit reports administratively to the Chief Financial Officer, but operates independently and has direct and unfettered access to the Chair of the audit committee. These reporting lines are kept under constant review to ensure the function maintains its independence from management. The function provides regular and timely updates on its activities to the audit committee. The work of internal audit is further described in the report of the audit committee on pages 51 to 55.

REMUNERATION

Remuneration is addressed separately in the report of the remuneration committee and the Directors' remuneration report on pages 58 to 67.

Christine Benson Company Secretary

17 March 2020