



Rule 26 Corporate Governance Disclosure

The Board is committed to achieving high standards of corporate governance, integrity and business ethics and has taken the decision to apply the 2018 QCA Corporate Governance Code (the "Code") with effect from September 2018.

The Company last reviewed its compliance against the Code in September 2018 and intends to review its continuing compliance with the Code at least annually.

We set out below how eve Sleep plc ("we", the "Company", "eve" or the "Group") complies with the Code's ten principles, and explain any areas in which the Company's practice and policies deviate from the Code. The Company intends to develop the required disclosures under the Code in a more fulsome manner within the Company's Annual Report for the financial year ended 31 December 2018.

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

eve is a direct to consumer, e-commerce sleep brand. Our aim is to design quality sleep products that are beautifully simple, and simply beautiful. Starting with the eve mattress we have expanded our range of premium sleep products.

eve is focused on winning share from traditional operators in the sleep market, as the transition from offline to online purchase accelerates over the next few years. The company remains confident that it has a customer proposition, direct to consumer focused agile business model and a fast growing brand that is sufficiently strong and differentiated to win in this transition.

Our strategy revolves around building a sustainable and profitable business that will deliver long-term value to our shareholders.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

eve is committed to proactive engagement with our private and institutional shareholders and achieve this in a range of different ways.

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to all shareholders at least 21 days in advance of the meeting, and all Directors routinely attend the AGM and are available to answer questions raised by shareholders.

In addition to the AGM the Group also regularly meets with, and presents to, its institutional shareholders, including regular roadshows following the announcement of interim and full year results. This allows the Group to maintain a dialogue with its shareholders to ensure we understand their needs and expectations.

Relations with existing shareholders is primarily the responsibility of our Chairman, supported by the Chief Executive Officer and the Chief Financial Officer. We also operate an email address (investors@evemattress.co.uk) to provide a portal for shareholders to contact and communicate with the Company.

The Company has to date, had all resolutions it has proposed to its shareholders passed, showing a good level of engagement and agreement with the proposals made by the Company to its shareholders.

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

eve continues to work closely with a range of stakeholders to successfully deliver upon its strategy, and recognises the importance of strong stakeholder relationships in ensuring long term success.

We maintain a close relationship with our outsourced partners. We have a robust new product and supplier onboarding process to ensure new products and suppliers are of the highest standards. The Group also retains insurance brokers to review and analyse insurance coverage to ensure sufficient insurance coverage for product liability and associated losses. In addition, return rates of our products is a KPI which is monitored closely.

The Group is subject to fluctuations in the cost of materials which may adversely impact on the Group’s profit margins. The Group manufactures its EU mattress in the EU and manufactures its UK mattress in the UK creating a hedge against currency movement for its key products. For other products the Company looks to agree prices for a period of time where possible to provide a degree of certainty on currency fluctuations.

The Board places due weight on stakeholder awareness and engagement. It assesses stakeholders according to the definition of stakeholders set out in the Global Reporting Initiative (Standard 101 paragraph 1.1) as organisations or individuals who have “a reasonable expectation of being significantly affected” by the Group’s activities or products. The Board has identified the Group’s stakeholders and approved a strategy for engaging with these groups as follows:

Stakeholder	Channel of engagement
Investors	1:1 meetings by executives with larger investors both on a regular basis and ad hoc; Meeting with smaller shareholders at the AGM.
Employees	Quarterly performance reviews; Weekly feedback exercises Exit interviews Mental Health awareness and training and employee support Continuing personal development plans
Local communities	The Company has a range of initiatives including volunteer days for employees, support of relevant charities through selective partnerships and the regular review of additional ways it can provide support to the local community and relevant charitable organisations.

Key Suppliers	Regular meetings and reviews with key contact within Company and senior management team
Key Partners	Regular meetings with partnership managers and continuous review of partnership generally.

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

eve constantly monitors and analyses financial performance and key business metrics to ensure up to date and accurate forecasting. The Company also supplements its in-house marketing expertise with third party media and marketing agencies to monitor and advise on the effective implementation and roll out of marketing and advertising campaigns to meet targeted KPIs.

Risk Management is an important part of the management process for the Group. Regular reviews are undertaken to assess the nature of risks faced, the magnitude of the risk presented to business performance and the way the risk may be mitigated. Where controls are in place, their adequacy is regularly monitored. The risks that are held to be particularly important to eve at the current time identified in the Annual Report are: marketing, product, operations and competition.

The Board and Audit Committee actively engage with the risk management process and receive regular updates from management about the principal risks facing the Company, alongside the effectiveness of risk management mechanisms in place. The Audit Committee also receives regular updates from the Company’s external auditor on their assessment of the controls in place and their adequacy.

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

The Board comprises a non-executive chairman, two executive directors and two independent non-executive directors.

The Company has constituted a Nomination Committee, comprising solely of non-executive Directors, which regularly considers Board and Committee composition. The Committee takes a wide range of considerations into account in considering the required skills and competencies mix required for an effective and balanced Board, including the need to ensure that diversity considerations are take into account. The Board is aware of the commitments and interests of the directors and has processes in place to ensure that any changes in such commitments and interests are reported and agreed by the rest of the Board where appropriate.

The Board is aware of the other 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. eve Sleep hold effective procedures in place to monitor and deal with conflicts of interest.

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

The Board of Directors hold a variety of skills and experience within various backgrounds including finance, government services, entertainment, retail and consumer services. The successful delivery of eve's strategy depends upon attracting and retaining the right talent. This starts with having a high-quality Board. Balance is an important requirement for the composition of the Board, not only in terms of the number of Executive and Non-executive Directors, but also in terms of skill, knowledge and expertise each Director brings.

We do not fully comply with this provision at this point, but that this is reflective of it being a predominantly new Board, and newly listed. Over the next 6 – 12 months, we will look to undertake skills and competencies matrices, led by the Nomination Committee, to lead on training and development needs for the Board.

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

The Board continually strives to improve its effectiveness and recognises that its annual evaluation process is an important tool in reaching that goal. eve will be undertaking an evaluation of the Board's effectiveness, and of the effectiveness of each of the Board Committees in 2018 and will report to shareholders in the 2018 Annual Report on the outcomes of that exercise.

We do not fully comply with this provision at this point, but that this is reflective of it being a predominantly new Board, and newly listed.

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

We promote a culture within the Group of ethical values and behaviours, we also require all suppliers to undergo a diligence process to ensure they meet these standards. We have internal policies covering a range of ethical behaviours, such as anti-bribery and corruption, money laundering, supplier diligence and employee conduct generally both internally and externally.

New employees are trained on these policies and the expectations of the Company when it comes to ethical values and behaviours. Senior management take these responsibilities seriously by maintaining a continuing dialogue with key stakeholders both internally and externally, including regular sessions with key suppliers.

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

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. The Board is collectively responsible to the shareholders for the overall direction and control of the company and has powers and duties set out in the relevant laws of England and Wales and the company's Articles of Association. The Board delegates certain matters to committees of the Board as outlined below and delegates the detailed implementation of matters approved by the Board and the day to day management of the business to the executive directors and senior management.

The Board is collectively responsible to the shareholders for the overall direction and control of the company and delegates the day to day management of the business to the executive directors and senior management. The Board also delegates certain matters to its Board Committees so that it can operate efficiently and give the right level of attention and consideration to relevant matters.

Roles and Responsibilities of the Executive Directors and Chairman

The Company has two executive directors, the Chief Executive Officer and the Chief Financial Officer. The executive team are primarily responsible for the overall day to day operation of the business as well as the medium to long term strategy of the business. The executive team is responsible for formulating and proposing the Company strategy to the Board, and once approved, responsible for implementing it throughout the business. They are also responsible for managing and overseeing the day to day operations of the business, key risks, management development and corporate responsibility.

The Chairman of the Company is responsible for (i) running the business of the Board and for ensuring appropriate strategic focus and direction (ii) relationships and dialogues with institutional shareholders.

Roles and Responsibilities of the Board

The Board members have responsibility for the direction of the business including the following key areas:

1. The approval of financial statements, dividends and significant changes in accounting practices;
2. Overall strategy and direction of the group;
3. Board membership and powers including:
 - the appointment and removal of directors;
 - the appointment and remuneration of auditors
4. Approval of major capital projects and oversight of execution and delivery;
5. Ensuring satisfactory dialogue with shareholders, approval of all shareholder circulars, prospectus and approval of press releases concerning significant matters;
6. Approval of policies including health and safety, environmental, and employment; and
7. Approval of major changes to the Company's capital structure.

Day to day operations of the Company are carried out primarily by the Chief Financial Officer and the Chief Executive Officer. The Board may also elect to retain the services of a third party provider of support services. The Company have adopted terms of reference for the Board, which reserves certain key decisions of the Company for the determination of the Board, including:

1. Establishing the overall control framework;
2. Significant financial matters including the approval of the budget and financial plans, changes to the Group's capital structure, the group's business strategy, acquisitions and disposals of businesses and capital expenditure;
3. The approval of significant changes in accounting practices;
4. The approval of full year financial statements;

5. Stock Exchange related issues including the approval of communications to the Stock Exchange and communications with shareholders;
6. Other matters including significant health and safety policy, insurance and legal compliance matters.

Board Committees

The Board has established an Audit Committee, a Nomination committee and a Remuneration Committee. Terms of reference for each committee and the reason for its constitution and remit are available at:

<https://investor.evemattress.co.uk/>

Each Committee regularly reviews its terms of reference, including whether the remit and responsibilities of each Committee remain appropriate and whether the Committee meets sufficiently frequently to discharge its responsibilities effectively.

Only members of the Committees shall have the right to attend and vote at Committee meetings. However, other individuals, including senior management and external advisers of the Company may be invited to attend for all or part of any meeting as and when appropriate and necessary.

Audit Committee

The Board has established an Audit committee which is responsible for:

- reviewing the risks faced by the Company and the continued effectiveness of the controls in place;
- reviewing the risks in connection with any potential acquisition;
- the Company's accounting and financial reporting processes;
- the integrity and audits of the Company's financial statements and financial announcements;
- the Company's compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of the Company's independent auditors.

The audit committee meets at least three times per year and the composition of the committee are the three non-executive directors of the Company.

Nomination Committee and Remuneration Committee

The Board has established nomination and remuneration committees responsible for and to lead the process for Board appointments. The Nomination and Remuneration committees will be independent non-executive directors.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new directors, appointment of committee members and succession planning for senior management. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters. The Nomination Committee prepares a

description of the role and capabilities required for a particular appointment. The Nomination Committee will meet formally at least twice a year and otherwise as required.

The Remuneration committee meets as required with composition of the non-executive directors. The Remuneration Committee reviews the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

The Company believes it has an appropriate board governance framework in place for the size and stage of its business but the Board will continue to review this at regular intervals to ensure the framework remains appropriate.

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

eve is committed to communicating openly with shareholders to ensure that their strategy and performance are clearly understood. eve Sleep communicates with Shareholders through the publication of the Annual Report, full-year and half-year announcements, trading updates and its Annual General Meeting (AGM) and encourages shareholders' participation in face-to-face meetings. In addition to the AGM the Group also regularly meets with, and presents to, its institutional shareholders, including regular roadshows following the announcement of interim and full year results. This allows the Group to maintain a dialogue with its shareholders to ensure we understand their needs and expectations.

A range of corporate information is also available for Shareholders, investors and the public to access on the eve Sleep Corporate website <https://investor.evemattress.co.uk/>

Announcements released to the London Stock Exchange are available at <https://investor.evemattress.co.uk> and <https://investor.evemattress.co.uk/notification>

At the Company's last AGM, all proposed resolutions were duly passed without any significant vote against any of the proposed resolutions.

Statement last updated: 26 September 2018
eve Sleep plc