

Corporate Governance Statement

EKF Diagnostics Holdings Plc (“EKF”) recognises the value of good corporate governance in every part of its business. In the past EKF recognised principles of the UK Corporate Governance Code where applicable although, as an AIM company, compliance with the code was not required. In March 2018 the London Stock Exchange issued AIM Notice 50 requiring AIM companies to adopt a recognised corporate governance code and disclose how the AIM company complies with that code and where it departs from that code with explanation of the reasons for doing so.

EKF has made continuous improvements in corporate governance in recent time and now, in September 2018, the EKF Board adopted the principles of the 2018 Quoted Companies Governance Code – (“the QCA Code”). We expect this to usher in a further improvement in our approach to governance. EKF’s Chairman plays a pivotal role in ensuring compliance throughout the business.

EKF’s Compliance with Ten Principles of the QCA Code is as follows:

	Principle	How QCA code complied and if not complied why it hasn’t
1.	Establish a strategy and business model which promotes long-term value for shareholders	EKF explains its strategy and business model very clearly in the in the Chairman’s Statement in the Annual Report (2017 page 8), which articulates clearly how we propose to achieve long-term value for shareholders. The main focus of this strategy is on expanding the sales of point-of-care and clinical chemistry diagnostics globally whilst simplifying the business and reducing costs, both structural and manufacturing. In addition, any changes in strategy or new strategic initiatives are announced in RNS and ad-hoc announcements throughout the year and at the time of the publication of interim results.
2.	Seek to understand and meet shareholder needs and expectations	<p>At a minimum, the Board engages with shareholders to understand their needs and expectations and exchange opinions at Annual General Meetings, to which all shareholders are invited. In addition, The Chairman, Chief Executive Officer and Finance Director meet institutional investors and those with significant shareholdings at least twice annually and are open to holding such meetings at any time. EKF holds investor briefings for shareholders with smaller shareholdings annually.</p> <p>All of the directors are happy to meet any shareholders who wish to raise matters with them.</p> <p>Contact can be made as follows:</p> <p>Tel: 029 20 710570 Fax: 029 20 705715 Email: investors@ekfdiagnostics.com</p>

3.	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>EKF recognises that it is responsible not only to its shareholders and employees, but to a wider group of stakeholders including its customers, suppliers and the local communities in which it operates. EKF has a duty to be a good corporate citizen and is conscious to ensure that its business processes minimise harm to the environment and that it contributes as far as is practicable to the local communities in which it operates.</p> <p>EKF plays a key role in serving the community as a whole, since patients rely on its tests for their good health and payers in the health systems depend on the supply of diagnostic tests which are cost effective. We have well-developed quality systems which help us to achieve the former and experienced development and manufacturing engineers who deliver the latter.</p>
4.	Embed effective risk management, considering both opportunities and threats throughout the organisation	<p>EKF has adopted a Risk Management Policy to manage the risks it faces. This policy sets out EKF's vision, approach and key roles and responsibilities for how risks are to be managed in the Group. The policy is reviewed on periodic basis.</p> <p>The key principles that embody EKF's risk management approach are outlined below:</p> <ul style="list-style-type: none"> - It is the responsibility of all employees to ensure they understand and comply with this policy and their defined risk management roles and responsibilities. - There is a defined risk management governance structure with clear accountabilities at each EKF location. - A consistent risk management approach is used throughout EKF to identify and manage risks. - Risk management is embedded in all key processes and decision points within EKF (including strategy setting, budgeting, planning and performance), as well as in day-to-day operations and activities. <p>A Risk Register is maintained and updated periodically. The register includes the risk description, risk owner, mitigation/control description and risk profile</p> <p>EKF also discloses in the Annual Report (2017 pages 14 and 15 and pages 44 and 45) the principal risks it faces, along with how it mitigates those risks. The Group's strategic decision-making includes risk assessment to determine the group's resilience to potential risks arising as a consequence of those decisions and views the returns in the light of those risks.</p>

5.	Maintain the board as a well-functioning, balanced team led by the chair	<p>The Board currently includes three Non-Executive directors and two Executive directors, which we deem to be the right balance for the size of the company.</p> <p>The Board is supported by Audit and Remuneration Committees. The Nomination Committee has not been set up formally as yet as the Board collectively consider the nomination of new directors to the Board.</p> <p>It is the Board’s opinion that the two directors, Adam Reynolds and Carl Contadini, are independent in character and judgment and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. Both Mr. Reynolds and Mr. Contadini have been appointed to the Boards of numerous companies, with Mr. Reynolds specialising in corporate finance matters and Mr. Contadini specialising in operations in the healthcare and electronics sectors. The Board is cognisant that Mr. Contadini serves as an operational adviser to Harwood Private Equity, an investment entity of which Christopher Mills is Managing Partner. The three Board members (other than Mr. Contadini and Mr. Mills) consider that Mr. Contadini’s decision-making on the EKF Board is driven by his relevant industry experience which underpins his independence. There is a majority of Board members unconnected to Mr. Mills such that it functions in a balanced manner.</p> <p>All Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment and are subject to re-election at least every three years. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate Non-Executive Directors for election by Shareholders.</p> <p>Further details of the composition of the Board, time commitment required from the Directors and each Director’s attendance at Board and Committee meetings in the prior financial year are shown in the Annual Report (2017 pages 18 and 19).</p>
6	Ensure directors have the necessary up-to-date experience, skills and capabilities	<p>The Board currently comprises of three Non-Executive Directors and two Executive Directors who have appropriate balance of skills between them covering the In-Vitro Diagnostics industry, finance and experience in managing the public company aspects of EKF, all of which are considered important in terms of the strategic delivery of value to the shareholders over the medium- to long-term.</p>

		<p>A profile of each Director is provided on the website (https://www.ekfdiagnostics.com/investors-directors-advisors.html) and in the Annual Report (2017 pages 12 and 13). All Directors receive regular updates on legal, regulatory and governance issues and where necessary further training on specific issues. In addition, each Director has access to EKF's senior employees and external advisers, including legal counsel and Nominated Advisors, to discuss any issues in order to have a full understanding before taking any decisions.</p> <p>The Directors also receive regular briefings and updates from the Company Secretary and EKF's Nominated Advisors and legal advisers with respect to continued compliance with AIM Rules for Companies and the Market Abuse Regulations. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating the flow of information to and from the Board.</p> <p>In addition, the Non-Executive Directors benefit from their involvement in other companies in terms of exposure to a range of business models and growth company issues.</p> <p>The Board is considering how best to incorporate greater gender balance in its composition.</p>
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>Currently the annual review of the effectiveness of the Board is conducted by the Non-Executive Chairman on an informal basis. The Board is reflecting on whether any additional arrangements are appropriate, for example, with regard to identifying development or mentoring needs of directors or senior managers in the business.</p> <p>The Board intends to develop further its evaluation of the performance of the Board and Committees on an annual basis. The evaluation will include board composition, experience, dynamics and the board's role and responsibilities for strategy, risk review and succession planning. The evaluations will involve a detailed questionnaire and individual discussions between the Non-Executive Chairman and the Directors. Being a small listed company, the Board considers it unnecessary to have evaluations facilitated by an external consultant. Independent Director Adam Reynolds will conduct an evaluation of the Non-Executive Chairman's performance in conjunction with the other independent Director, Carl Contadini and input from the two Executive Directors. The outcome from these evaluations will be discussed by the Board at one of its Board meetings.</p>

		<p>In future annual reports, a summary will be provided of any board performance evaluation including its results and recommendations, as well as progress against any prior recommendations.</p> <p>The performance review of individual executive directors is undertaken by the Remuneration Committee.</p> <p>The Board is collectively responsible for the succession planning of the executive team. The succession planning is reviewed on an ongoing basis alongside the capability of the senior management and the Directors.</p>
8	Promote a corporate culture that is based on ethical values and behaviours	<p>The EKF Employee handbook, which is read by all employees as part of their induction in various locations, provides specific detail of the policies in place to promote and support ethical behaviour and values. EKF's Human Resource department monitors and ensures that the employee handbooks in each local jurisdiction are followed, that the company's culture is visible in recruitment, nominations, training, and reward systems. Any fundamental breach of the Employee Handbook is reported to the board.</p> <p>In addition, EKF has also adopted a code of conduct policy. The adoption of the policy is designed to: inform employees about the criminal offence of insider dealing; promote honest and ethical conduct; promote full, fair, accurate, timely and understandable disclosure in reports and other public communications made by EKF; promote compliance with applicable government laws, rules and regulations; promote fair dealing practices and deter wrongdoing.</p> <p>The values of EKF's culture permeate its annual report, website and other communications issued by the Company and the Board utilises the HR function to ensure that the Company's ethical values and behaviours are recognised and respected by all staff.</p>
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the board	<p>The roles and responsibilities of specific Directors and Board Committees, including terms of reference for the latter and a list of matters reserved for the Board, are available on our website.</p> <p>The Board meets formally numerous times each year. The Audit and Remuneration Committees have terms of reference outlining the specific responsibilities delegated to them. The summarised terms of reference of each Committee are disclosed on our website.</p>

		<p>The appropriateness of the Board’s structures and processes are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Non-Executive Chairman. These will evolve in parallel with the EKF’s objectives, strategy and business model as it develops, to include a regular assessment of governance arrangements.</p>
10	<p>Communication how company is governed and is performing by maintaining with shareholders and other relevant stakeholders</p>	<p>The Company communicates progress throughout the year through announcements notified by way of a Regulatory Information Service and in more detail in its Annual Reports and Interim results.</p> <p>The results of shareholder votes are made public on EKF’s website (https://www.ekfdiagnostics.com/iqs/rp.1/investor-announcements.html) after the meetings concerned.</p> <p>Shareholders may contact EKF directly as follows:</p> <p>Tel: 029 2071 0570 Fax: 029 20 705715 Email: investors@ekfdiagnostics.com</p>