



**Bioventix plc  
("the Company")**

**Corporate Governance**

**Chairman's Statement**

As Chairman of Bioventix plc it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so. We believe that a sound and well understood governance structure is essential to maintain the integrity of the Company in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

After due consideration, Bioventix plc has adopted the QCA Corporate Governance Code ("the Code") as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a Board and as a company, and this statement shows how we apply the Code's ten guiding principles in practice.

The Board has undertaken an annual review of the corporate governance framework that Bioventix operates and considers it to be effective and proportional to the size, risks, complexity and operations of Bioventix and reflective of the Company's culture and values. A Board Evaluation process was held in the financial year resulting in a number of codifications and an increased formality of corporate governance practices adopted by the Company. These are detailed further below.

**The QCA Corporate Governance Code**

|   | Principle  | Disclosure   |
|---|--|--|
| 1 | <b>Establish a strategy and business model which promotes long-term value for shareholders</b> | <p>The Company's strategy and business model is set out in the Company's annual report.</p> <p>The Company generates long-term value for shareholders and achieves sustainable shareholder returns by (i) its understanding of the globally competitive market for diagnostic antibodies; (ii) its research activities and development of suitable and commercially viable products; (iii) the employment of expert individuals and (iv) its relationships with multi-national clients. The annual report sets out a number of risks and uncertainties that may represent challenges to the execution of the Company's strategy and business model, and how such risks and uncertainties are managed by the Company.</p> |

|   |  |   |
|---|--|---|
| 2 | <p><b>Seek to understand and meet shareholder needs and expectations</b></p>   | <p>Bioventix has an established programme of engaging openly with shareholders. Communications with shareholders are via its website, the publication of the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting where the Board encourages investors to participate.</p> <p>The Company’s website contains information on the Bioventix business, corporate information and specific disclosures required under AIM rules and the QCA Code. Following the announcement of the Company’s full year and half year results the Company makes presentations to institutional shareholders, private client brokers and investment analysts. Periodic meetings and site visits are held with existing and prospective institutional and other investors. Formal feedback from shareholder meetings is provided by the Company’s broker and discussion of this feedback is a standard item on the Board’s agenda.</p>  |
| 3 | <p><b>Take into account wider stakeholder and social responsibilities and their implications for long term-success</b></p> | <p>The Company recognises its responsibility to promote its success for the benefit of its stakeholders and understands that the business has a responsibility towards its shareholders, employees, partners, customers, suppliers and to the local community. The Board is also conscious that the tone and culture that it sets will impact all aspects of the Company and the way employees behave and operate. The importance of sound ethical values and behaviors is crucial to the ability of the Company to successfully achieve its corporate objectives whilst, in particular, meeting the demands of a sophisticated client base. The Company has close on-going relationships with a broad range of its stakeholders; monitors feedback from them and uses this to develop future policy.</p>   |
| 4 | <p><b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b></p>     | <p>The Board is responsible for the Company’s system of internal controls and for the reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company’s strategic objectives and business model. The Board monitors financial controls through the setting and approval of an annual budget and the regular review of management accounts. Management accounts contain a number of indicators that are designed to reduce the possibility of misstatement in the financial statements.</p> <p>Each year on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by a comprehensive review of risks which cover both financial and non-financial issues potentially affecting the Group and from discussions with the external auditor. Details of these risks, and their management, are contained in the Company’s Annual Report.</p> |

|   |  |  |
|---|--|--|
|   |  | <p>The Board is not aware, to the best of its knowledge, of any significant failings or weaknesses in the system of internal control. On the recommendation of the audit committee, the Board has determined that an internal audit function is not required due to the small size of the administrative function and the high level of director review and authorisation of transactions.</p> <p>Where the management of operational risk requires outside advice, this is sought from expert parties, and the Company has put measures in place to protect itself against supplier failure including insurance and contingent stock.</p>   |
| 5 | <p><b>Maintain the board as a well-functioning, balanced team led by the chair</b></p> | <p>The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for employees, customers, suppliers and our impact on the environment and the communities in which Bioventix operates. The full Board is responsible and accountable to the shareholders for the management and success of Bioventix and to provide effective controls to assess and manage risks in the Company.</p> <p>There is a formal schedule of matters specifically reserved for the Board that includes matters relating to strategy &amp; management; structure &amp; capital; financial reporting &amp; controls; internal controls; contracts; communications; board membership and other appointments; delegation of authorities and corporate governance.</p> <p>The Company has three non-executive Directors, each considered to be independent by the Board. Ian Nicholson became Non-Executive Chairman of the Company in 2007 and is considered by the Board to remain independent of the management and free to exercise independence of judgement. The Board meets on a minimum of 4 occasions with board meetings spread across each year which tie in as far as possible with the Group's financial reporting and trading calendars. This frequency is considered appropriate to the size and complexity of the Company and additional meetings are held as required.</p> <p>The Board has an audit committee, a remuneration committee and a nominations committee each with delegated duties and responsibilities.</p> |

|  |  |   |
|--|--|---|
|  |  | <p>The audit committee, which comprises Treena Turner and Nick McCooke, with Treena Turner as Chairman, determines and examines any matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. In addition, it considers the financial performance, position and prospects of the Company and ensures they are properly monitored and reported on. The audit committee can request attendance at committee meetings by, amongst others, the Chief Executive. The formal terms of reference for the audit committee are published on the Company's website.</p> <p>The remuneration committee, which comprises Ian Nicholson and Nick McCooke, with Nick McCooke as Chairman, reviews the performance of the executive Director and sets their remuneration, determines the payment of bonuses to the executive Director and considers the Company's bonus and option schemes. The remuneration committee can request attendance at committee meetings by, amongst others, the Chief Executive. The formal terms of reference for the remuneration committee are published on the Company's website.</p> <p>The nomination committee, which comprises Ian Nicholson and Nick McCooke, with Nick McCooke as Chairman, reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes; gives consideration to succession planning for directors and other senior executives and evaluates the balance of skills, knowledge, experience and diversity on the Board. The formal terms of reference for the nomination committee are published on the Company's website.</p> <p>The Board and its committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and board committee papers are distributed several days before meetings take place. Any director can challenge proposals with decisions being taken after discussion. Any director can ask for a concern to be noted in the minutes of the meeting which are circulated to all directors. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management.</p> <p>All relevant directors attended all board and board committee meetings during the year. All directors spend such time as is necessary to effectively carry out their roles and directors have access to advice or services needed to enable them to carry out their roles and duties.</p> |
|--|--|---|

|   |  |  |
|---|--|--|
| 6 | <p><b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p> | <p>The directors of the Company are:</p> <ul style="list-style-type: none"> <li>• Ian James Nicholson, Non-Executive Chairman</li> <li>• Peter John Harrison, Chief Executive Officer</li> <li>• Treena Joan Turner, Non-Executive Finance Director</li> <li>• Nicholas John McCooke, Non-Executive Director</li> </ul> <p>The skills and experience of the Board are set out in their biographical details included within the investors section of the Company’s website and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company for the benefit of its shareholders over the medium to long term. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.. The Board is assisted by Ian Farrelly, the Company Secretary, whose services are retained through a contract with Cargil Management Services Limited, a professional company secretarial services provider.</p> <p>At each Annual General Meeting (“AGM”) one third of the Directors are subject to re-appointment by rotation under the Company’s Articles of Association, as are Directors who have been appointed during the year. However, in line with best practice, all Directors, being eligible, will be seeking re-appointment by shareholders at the Company’s forthcoming AGM.</p> |
| 7 | <p><b>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p>        | <p>The collective performance of the Board is reflected in the success of the business. Evaluation of the performance of the Board, its Committees and individual members had historically been implemented on an on-going and ad hoc basis, and in the financial year ended 31 June 2019 this process was improved with a formal board evaluation process being undertaken that was led by the Chairman, assisted by the Company Secretary.</p> <p>Individual directors responded to a detailed questionnaire covering numerous aspects of the effectiveness of the Board’s performance as a unit, as well as that of its committees and the individual directors. The results of this questionnaire were compiled into a formal report that was reviewed and discussed by the Board.</p>   |

|   |   |  |
|---|---|--|
|   |   | <p>Whilst the overall results of the report were encouraging in that the consensus was that the Board, its committees and individual directors were felt to be performing well and in a positive way, a number of improvement recommendations concerning the codification of the Company's corporate governance practices were made. The improvement recommendations have now been implemented and will be monitored and reviewed on an on-going basis.</p> <p>Succession planning is recognised as a material topic for the Company and is the responsibility of the Nominations Committee that makes recommendations to the Board concerning Board appointments.</p>   |
| 8 | <p><b>Promote a corporate culture that is based on ethical values and behaviours.</b></p>   | <p>The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate. The importance of sound ethical values and behaviors is crucial to the ability of the Group to successfully achieve its corporate objectives whilst, in particular, meeting the exacting demands of a sophisticated customer base. The Company's ethical approach to business is reflected in the way the Company has been able to develop long term and fruitful relationships with its clients.</p> <p>The Company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.</p> |
| 9 | <p><b>Maintain Governance structures and processes that are fit for purpose and support good decision making by the board</b></p> | <p>The Company maintains appropriate governance structures and processes according to its size and complexity.</p> <p>There is a clear division of responsibility between the Non-Executive Chairman and the Chief Executive. The Chairman is responsible for running the business of the board and for ensuring appropriate strategic focus and direction. The Chief Executive is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group.</p>   |

|    |   |   |
|----|---|---|
|    |   | <p>The role of the Independent Non-Executive Directors includes questioning and challenging the Executive Director and assisting where possible in developing strategic proposals, reviewing and commenting on the integrity of the Company's financial reporting systems and the information they provide; recommending appropriate standards of corporate governance; reviewing internal control systems; ensuring that risk management systems are robust and reviewing corporate performance and ensuring that performance is reported to shareholders. The roles of the Board and its Committees are described in section 5 above.</p>   |
| 10 | <p><b>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p> | <p>The Company recognises that meaningful engagement with its shareholders is integral to the continued success of the Group and the Company has actively engaged with shareholders through meetings, presentations and roadshows. The Board believes that the Annual Report and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Company's position and prospects. All RNS press releases are published on the Company's website. The Annual General Meeting is an opportunity for shareholders to meet and discuss the Company's business with the Directors.</p> <p>The Board is supported by the audit, remuneration and nominations committees, each of which has access to information, resources and advice that it deems necessary, at the Company's cost, to enable the committee to discharge its duties.</p> |

**Ian Nicholson**  
 Non-Executive Chairman  
 Bioventix plc

October 2019