

**DATED 8 DECEMBER 2020**

**ABINGDON HEALTH PLC**

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**QCA CORPORATE GOVERNANCE MEMORANDUM**

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## THE QCA PRINCIPLES AND DISCLOSURES

### 1. ESTABLISH A STRATEGY AND BUSINESS MODEL TO PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The Board's strategy is to target the growing lateral flow market through the provision of contract development and manufacturing services. The company now has one of the largest rapid diagnostic manufacturing capacities in Europe with an ambition to be the largest globally.

Key areas of the strategy are:

- increase automated capacity;
- offer a turnkey solution;
- address the Covid-19 and non-Covid-19 market needs;
- establish a manufacturing operation in the US to target the largest diagnostics market;
- invest in product development and innovation; and
- expand the sales and marketing function.

The strategy is designed to drive shareholder value and has defined targets for sales, EBITDA, earnings per share and cash generation.

On an ongoing basis, the Board review the business' structures, resources and capabilities with the objective of delivering the strategic plan, communicating the plan to ensure that all employees are engaged, and rewarding employees suitably for doing a good job.

Further details of the Company's strategy and business model can be found in Part I of the Admission Document and on the Company's website at <https://www.abingdonhealth.com/investor/aim-rule-26>.

### 2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company is committed to communicating openly with all of its shareholders, both private and institutional. This enables the Company to ensure that its strategy, business model and performance are clearly understood. It also enables the Company to appreciate the needs and expectations of shareholders and respond to queries promptly and comprehensively.

#### *Private Investors*

The Board recognises that the AGM is an important opportunity to meet private shareholders and all shareholders have the opportunity to put questions to the Board. All board directors endeavour to attend AGMs and answer questions put to them which may be relevant to their responsibilities. In addition, the directors are available to listen informally to the views of shareholders immediately following the AGM. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are published on the Company's corporate website.

#### *Institutional Shareholders*

The CEO and the Finance Director make presentations to institutional shareholders and participate in Investor Presentations both following the announcement of the full-year and half-year results and, at other times throughout the year. The Chairman will participate in these presentations where appropriate and will make himself available to speak with shareholders. Dialogue with individual institutional shareholders also takes place in order to understand and work with these investors to seek to comply with their investor principles where practicable. The

Board responds to and will take account wherever possible of recommendations made by proxy adviser companies.

For all investor relations enquiries, please contact Consilium Strategic Communications at [abingdonhealth@consilium-comms.com](mailto:abingdonhealth@consilium-comms.com).

### **3. TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS**

The key stakeholders for the Group are customers, suppliers, employees, shareholders and the community in which we live. Whilst interactions take place at all levels of the Group, the directors are aware of the importance of the relationships with key stakeholders and feedback is utilised wherever possible to sustain these relationships in order to drive the long-term success of the business.

#### *Customers and suppliers*

We seek to establish long term agreements with customers and suppliers that provide mutual opportunities to grow our respective businesses. Our account managers work closely with customers to ensure that we understand their needs and that we work with them to deliver an outstanding product.

#### *Regulators and governments*

Regular and open dialogue with regulators is fundamental to the success of the business. The Company and its products are regulated by several regulators across the globe including the MHRA in the United Kingdom.

Over the course of the Covid-19 pandemic we have been in regular dialogue with the UK Government. Our aim has been to understand the requirements of the Government and meet those requirements whilst generating a fair return for the Company and its shareholders.

#### *Employees*

The Company places enormous importance on the contributions of its employees and aims to keep them informed of developments in the Company through a combination of meetings and electronic communication. Communication is encouraged both on an informal basis and through regular departmental meetings, where input from colleagues is actively sought and welcomed in any area. Communication channels within the business are key and the open culture demonstrated by management and regular meetings aid this. We actively look to promote from within and allocate time and resource to training of our people.

A Save as You Earn scheme is being put in place post-admission to AIM and the Board hopes that the employees actively engage in this scheme and share in the success of the business.

*Shareholders: see point 2*

#### *Community and environment*

Abingdon Health is committed to supporting local charities in York, Doncaster and Birmingham areas, being the communities in which our staff live and work. Our aim is to support our chosen charities partners through an exciting calendar of fundraising activities in order to support the invaluable work they do.

Abingdon Health is committed to minimising the impact its activities have on the environment, including initiatives to reduce waste and energy consumption. This is an area of great importance to our employees and the Board and we will be looking to implement further initiatives post-IPO.

**4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGH THE ORGANISATION**

The Company is exposed to a variety of risks that can have financial, operational and regulatory impacts on our business performance. The Board recognises that creating shareholder returns is the reward for taking and accepting risk. The effective management of risk is therefore critical to supporting the delivery of the Group's strategic objectives.

The principal risks identified by the Board are set out in the Risk Factors section of the Admission Document.

The assessment and management of risk is primarily the function of the executive officers, most specifically the Chief Executive Officer for strategic and business risk and the Finance Director for financial risk. The Group maintains a formal risk register that will be maintained and updated periodically. The register will include the risk description, risk owner, mitigation/control description and risk profile. Where appropriate, matters of risk are referred to the Board for consideration.

**5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR**

The Board has a collective responsibility and legal obligation to promote the interests of the Company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board. Comprehensive board information packs are prepared for each board meeting and circulated in advance.

The Chairman sets the agenda for Board meetings with the Company Secretary, focusing on strategic issues. The Chairman ensures there is a culture of openness and constructive debate, encouraging contributions from Non-Executive Directors (NEDs), as well as maintaining good working relations between all Directors.

The two NEDs considered by the Board to be independent are Mary Tavener and Lyn Rees. Dr Chris Hand, Abingdon Health's Chairman, Co-Founder and a Non-Executive Director, is not considered to be independent by the Board.

The Audit & Risk Committee comprises two non-executive directors: Mary Tavener (Chair) and Lyn Rees. The Remuneration Committee comprises two non-executive directors: Lyn Rees (Chair) and Mary Tavener.

Due to the size of the Group, the directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee, but will regularly reconsider whether a Nominations Committee is required.

**6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES**

The Board retains a significant amount of financial, commercial, entrepreneurial and public market experience and there is a good balance of skills, independence, diversity and knowledge of both the Company and the sectors in which it operates. The independent NEDs have been appointed on merit and for their specific areas of expertise and knowledge. This enables them to bring independent judgement on issues of strategy and performance and to debate matters constructively.

Details of each individual board member is set out on the Company's website <https://www.abingdonhealth.com/investor/board-governance/>

All Directors will receive regular updates on legal, regulatory and governance issues and where necessary further training on specific issues. In addition, each Director will have access to the

Company's senior employees and external advisers, including legal counsel and Nominated Advisor, to discuss any issues in order to have a full understanding before taking any decisions.

The Directors also will also receive regular briefings and updates from the Company Secretary and the Company's Nominated Adviser 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.

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.

We have not identified a requirement to appoint any further Board members at this stage.

#### **7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT**

The Company's performance is reported monthly against headline performance and agreed budgets and reviewed by the Board (as a minimum) at each board meeting. The Board challenges the executive directors and senior management on performance against budget, forecasts and key business milestones. The Board have adopted a set of KPI's against which the performance of the Company and therefore the Board, can be measured.

The Company remains at a relatively early stage in its development as a quoted company and is yet to adopt a formal performance evaluation procedure for the Board and directors individually. This will remain under review and the Board will consider the implementation of performance evaluations facilitated by external advisers for the Board, both individually and as a group, to ensure the efficient and productive operation of the Board. As the business of the Group grows, the expertise required at management level is expanded and developed although there are no prescribed procedures for succession planning at Board level.

The Terms of Reference for both the Audit and Remuneration committees both include a requirement to arrange for periodic reviews of their own performance and, at least once a year, review their constitution and terms of reference to ensure they are operating at maximum effectiveness.

#### **8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS**

The Board has responsibility for Abingdon Health's culture and ethics and sets the right "tone from the top".

Induction and training programmes are in place for all employees. The CEO holds weekly all employee calls to provide updates on progress, feedback on questions raised by employees and reiterate the Company's culture and objectives.

The corporate culture is monitored by the Chief Executive Officer who appraises the Board of any issues arising. In addition, the Board will receive monthly reports on HR and employee matters. The culture is implemented through a number of policies on Anti-Bribery, Whistleblowing and Employment which are regularly reviewed.

#### **9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD**

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board for its decision. These include formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions, and reporting to the shareholders. See Appendix 1 to this memo.

The Board aims to meet on a monthly basis for Board meetings. Two of these meetings will be scheduled to coincide with the announcement of the Company's annual and half yearly accounts and throughout the remainder of the year at regular intervals. These are supplemented by additional meetings where required for business including informal business reviews, to review budgets and focus on strategy. Dialogue occurs regularly between directors outside of scheduled meetings.

A formal agenda is produced for each meeting which includes the review and approval of minutes recorded, matters arising, a review of material operational matters relating to Group's businesses and other special items for discussion or consideration. Board papers are circulated to board and committee members in advance to allow directors adequate time for consideration. Any specific actions arising from such meetings are agreed by the Board or relevant Committee, circulated after the relevant meeting by the Company Secretary and then followed up by the Company's management.

The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each scheduled meeting. The Board challenges the executive directors and senior management on performance against budgets, forecasts and key business milestones. Monthly updates on performance are reviewed at each formal board meeting. The Board have adopted a set of KPI's against which the performance of the Company and therefore the Board, can be measured.

The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is primarily responsible for implementing and driving the Group strategy once it has been approved, investor relations and overseeing the management of the Company through the executive team.

As noted above, the board has established Audit & Risk Committee and a Remuneration Committee with written terms of reference, regular meeting schedule and clear objectives.

The Board anticipates that the governance structures will evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.

See Appendix 1 to this memo for details of matters reserved for Board approval.

#### **10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS**

The Company's principal means of communication with shareholders is through the Annual Report and Accounts, the full-year and half-year announcements and the Annual General Meeting (AGM).

For all investor relations enquiries, please contact Consilium Strategic Communications at [abingdonhealth@consilium-comms.com](mailto:abingdonhealth@consilium-comms.com).

A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's corporate website at <https://www.abingdonhealth.com/investor/>.

For further information please refer to the Company's Admission Document and most recent annual report and accounts which can be found at <https://www.abingdonhealth.com/investor/documents-reports/>.

**Appendix 1**

**DATED 26 NOVEMBER 2020**

**ABINGDON HEALTH PLC**

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**SCHEDULE OF  
MATTERS RESERVED FOR THE BOARD**

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## **Schedule of Matters Reserved for the Board**

**Adopted on 26 November 2020**

### **1. Interpretation**

1.1 The following definitions apply throughout this document, unless otherwise stated or the context requires otherwise:

“Auditors”	the external auditors of the Company from time to time;
“Board”	the directors of the Company from time to time;
“Chairman”	the chairman of the Board;
“Group”	the Company and its subsidiaries or holding company and any subsidiary of its holding company from time to time;
“CEO”	the chief executive of the Company from time to time;
“Secretary”	the secretary of the Company; and
“Senior Independent Director”	the senior independent director of the company.

1.2 Where the context admits, the singular shall include the plural and vice versa.

1.3 A reference to any gender includes a reference to all genders.

1.4 The headings and sub-headings and inserted for convenience only and shall not affect the construction of this document.

### **2. Strategy and Management**

2.1 Responsibility for the overall management of the Group.

2.2 Approval of the Group’s long term objectives and commercial strategy.

2.3 Approval of the annual business plan, annual operating and capital expenditure budgets and any material changes to them.

2.4 Oversight of the Group’s operations ensuring:

2.4.1 competent and prudent management;

2.4.2 sound planning;

2.4.3 an adequate system of internal control;

2.4.4 adequate accounting and other records; and

2.4.5 compliance with statutory and regulatory obligations.

2.5 Review of performance in the light of the Group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

2.6 Extension of the Group’s activities into new business or geographic areas, formation of new companies or joint ventures.

2.7 Any decision to cease to operate all or any material part of the Group’s business.

### **3. Structure and capital**

- 3.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs including the use of treasury shares.
- 3.2 Changes to the Group's management, control, corporate or financial structure.
- 3.3 Any changes to the Company's status as a public limited company whose shares are traded on the Alternative Investment Market of London Stock Exchange plc.

### **4. Financial reporting and controls**

- 4.1 Approval of preliminary announcements of interim and final results.
- 4.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 4.3 Approval of the dividend policy.
- 4.4 Declaration of the interim dividend and recommendation of the final dividend.
- 4.5 Approval of accounting and financial policies or practices and significant changes to them.
- 4.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 4.7 Approval of any banking matters.

### **5. Internal controls**

- 5.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - 5.1.1 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - 5.1.2 undertaking an annual assessment of these processes; and
  - 5.1.3 approving an appropriate statement for inclusion in the annual report.

### **6. Contracts**

- 6.1 Major capital projects in excess of £100,000.
- 6.2 Contracts of the Company or any subsidiary which are unbudgeted and material strategically or by reason of size (meaning in excess of £100,000 or such higher amount as agreed by the Board, save for contract manufacturing agreements, development contracts or supply agreements entered into in the ordinary course), entered into by the Company or any subsidiary

in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets.

- 6.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments; foreign currency transactions; major acquisitions or disposals.
- 6.4 Major investments including the acquisition or disposal of interests of more than 5 percent in the voting shares of any company or the making of any takeover offer.

## **7. Communication**

- 7.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting of the Company.
- 7.2 Approval of all circulars and listing particulars, approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee.
- 7.3 Approval of press releases concerning matters decided by the Board.

## **8. Board membership and other appointments**

- 8.1 Changes to the structure, size and composition of the Board.
- 8.2 Ensuring adequate succession planning for the Board and senior management.
- 8.3 Appointments to the Board.
- 8.4 Selection of the Chairman and the CEO.
- 8.5 Appointment of one of the non-executive directors to be the Senior Independent Director.
- 8.6 Membership and chairmanship of Board committees.
- 8.7 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the annual general meeting of the Company and otherwise as appropriate.
- 8.8 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
- 8.9 Appointment or removal of the Secretary.
- 8.10 Appointment, reappointment or removal of the Auditors to be put to shareholders for approval, following the recommendation of the audit committee.
- 8.11 Appointments to boards of any subsidiaries of the Company.

## **9. Remuneration**

- 9.1 Determining the remuneration policy for the executive directors, Secretary and other senior executives.
- 9.2 Determining the remuneration of the non-executive directors, subject to the articles of association of the Company and shareholder approval as appropriate.
- 9.3 The introduction of new share incentive plans or major changes to existing plans.

## **10. Delegation of Authority**

- 10.1 The division of responsibilities between the Chairman, the CEO and other executive directors, and non-executive directors which should be in writing.
- 10.2 Approval of terms of reference of Board committees.
- 10.3 Receiving reports from Board committees on their activities.
- 10.4 Approval of delegation of authority.

## **11. Corporate governance matters**

- 11.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 11.2 Determining the independence of the Company's non-executive directors.
- 11.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 11.4 Review of the Group's overall corporate governance arrangements.
- 11.5 Receiving reports on the views of the Company's shareholders.

## **12. Policies**

- 12.1 Approval of the Company's policies, including:
  - 12.1.1 Code of Conduct.
  - 12.1.2 Share dealing code.
  - 12.1.3 Anti-bribery and corruption policy.
  - 12.1.4 Policy on directors taking independent legal advice.
  - 12.1.5 Health and safety policy.
  - 12.1.6 Environmental policy.
  - 12.1.7 Communications policy including procedures for the release of price sensitive information.
  - 12.1.8 Corporate social responsibility policy.
  - 12.1.9 Charitable donations policy.

## **13. Other**

- 13.1 The making of political donations.
- 13.2 Approval of the appointment of the Group's principal professional advisers.
- 13.3 Prosecution, defence or settlement of litigation likely being material to the interests of the group.
- 13.4 Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance and indemnification of directors.

13.5 Major changes to the rules of the Group's pension scheme, or changes of trustees or changes in the fund management arrangements.

13.6 Approval of unbudgeted capital expenditure in excess of £100,000.

13.7 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.