

DIACEUTICS PLC
CORPORATE GOVERNANCE STATEMENT

Chair's Introduction

As an AIM quoted company, we recognise the importance of sound corporate governance principles in supporting and delivering the strategy of the Company and its subsidiaries (the "Group") and embedding these within, and as an integral part of, the operations of the Group. The board of directors (the "Board") adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") on the Company's IPO in March 2019. This has been reviewed and the Corporate Governance Statement, as updated on 22 March 2022 in respect of the year ended 31 December 2021, is set out below. The Company's Corporate Governance Statement is available to view on the Company's website at www.diaceutics.com.

The Board has responsibility for ensuring that appropriate corporate governance principles are in place and that these requirements are followed and applied across the Group. The corporate governance arrangements are designed, inter-alia, to protect and respect the interests of all stakeholders, to ensure that the Company is managed for the long-term benefit of the Group's shareholders and other stakeholders and to provide shareholders and other stakeholders the opportunity to express their views and expectations for the Group in a manner that encourages open and ongoing dialogue with the Board.

The COVID-19 pandemic continued to impact on the means of communication with the Group's stakeholders in 2021 but wherever possible communication which would otherwise have taken place face-to-face has been undertaken virtually.

This statement sets out our approach to governance, provides further information on the operation of the Board and its committees and how the Group seeks to comply with the ten principles of the QCA Code.

Ms Deborah Davis
Chair



22 March 2022

Principle 1

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

The Group has established a strategy and business model which aims to promote long-term shareholder value. The Group's strategy is reviewed each year.

Business overview

Diaceutics is a diagnostic commercialisation company which serves the global Pharma industry. It has combined a suite of real-world data-driven products and laboratory implementation services into a business model. Its data-enabled products, model and services are focused on removing the diagnostic testing hurdles for the biomarkers and companion tests required to guide the selection of precision medicines. The Company provides services to 39 Pharma customers and their precision therapy brands in 28 markets. Diaceutics has amassed a suite of proprietary intellectual property that provides long-term value to shareholders and stakeholders.

Diaceutics has established a global network of testing laboratories that contribute data to the Group. The Group has developed a series of sophisticated and proprietary data-mining tools to make sense of that raw data and present it to Pharma companies in a meaningful way. In addition, the Company has a team of disease experts that overlay their scientific knowledge onto the data to create insights and patient outcome analysis that informs our pharmaceutical customers. Further, the Company has established a proprietary therapeutic launch-playbook to derive from its experience on over 500 projects. The Company has established over eight years of proprietary data which informs the clinical pathway and creates a deep disease-level understanding, and algorithms, which the Company describes as a diagnostic deductive pathway ("DDP"). Through this, Diaceutics' key value to Pharma companies is in providing products and services which enable insight into where, when and how the necessary precision testing procedures take place. The data generated by Diaceutics enables Pharma companies to identify the patients suitable for their therapeutic, allowing them to reach peak sales sooner than would otherwise be possible.

Diaceutics provides an end-to-end solution for the development and commercialisation of Precision Medicine diagnostics, from biomarker discovery to in-market test availability. Having launched its DXRX platform in October 2020, and with 60% of revenues delivered via the platform in 2021, the Company has a scalable, efficient platform as its core delivery mechanism, allowing Diaceutics to operate effectively across markets to meet customer demand. The Company can maintain efficiency and create better quality of forward earnings via a product suite underpinned with data subscription, tech-enabled services and professional services.

Diaceutics' services result in more effective patient diagnoses for treatments which, in turn, lead to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and higher numbers of patients treated. The social impact of better testing is of importance to global healthcare systems. If patients can receive the right treatment at the right time, it allows for efficient use of time and resources and leads to better patient outcomes.

Diaceutics' strategy has focused on collating large amounts of real-world laboratory data, patient data (on a de-identified basis), claims and payor data which it uses to direct and deliver, via its laboratory liaison team, improved testing with over 2,500 laboratories globally on behalf of leading Pharma companies.

Business Strategy

The Group seeks to have a balanced business model with revenues derived from three areas:

- **Data provision** – delivered via the DXRX platform and applying its extensive dataset and analysis of real-world evidence supplemented with proprietary algorithms, to provide new insights which fully align precision testing with the corresponding Precision Medicines;
- **Implementation services** – delivered via the DXRX platform as Tech enabled services this service provides test commercialisation services centred on the “Diaceutics Method” and leveraging its global laboratory database and laboratory liaison team to implement rapid improvements to clinical testing with laboratory partners in key Pharma markets; and
- **Professional services** – delivered via traditional consulting routes with our customers. This service provides both data insights and implementation services which are off platform. This high-end service allows for a tailored scope and delivery in the form and content requested by the customer.

The Group has identified multiple growth drivers over the years ahead. In the near term, the Group intends to continue with the organic growth within its core data analytics and implementation services business by offering, additional products and services and end-to-end projects and selling an ever-wider range of services to its customers. The Group expects to derive growth from the greater number of precision medicines progressing through clinical development as well as expanding its addressable market through the following areas:

- **Additional indications:** Most of the Group's operations are presently focused on oncology, but additional datasets from testing in cardiovascular, central nervous system, autoimmune and infectious disease will open companion diagnostic opportunities in these large therapeutic areas. Diaceutics has 77 DDPs, six are now in non-oncology diseases;
- **Non-Pharma:** it is the Groups intention to leverage its extensive data lake and open new revenue streams in the areas of data aggregators and diagnostic providers. During 2021 the Group transacted with three diagnostic providers providing data and insights to these providers; and
- **Subscription and Value Sharing:** The Group is expected to derive additional value as DXRX becomes more embedded with our Pharma customers and other stakeholders including gradually transitioning customers to a subscriptions and value-sharing business model. This is driven by the Group's ability to provide an end-to-end outsourced diagnostic commercialisation service to its customers whereby it can be rewarded for the delivery of key milestones, allowing us to support brands over a longer period and delivering a predictable and recurring revenue stream.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communications and constructive dialogue with both its institutional and private investors and the interests of shareholders are considered paramount to the decision-making process and strategic direction of the Group.

The Board actively seeks dialogue with its shareholders via investor roadshows, capital market days, one-to-one meetings and regular reporting. The Board believes that appropriate open communication with investors and the Company's analysts is the best way to ensure that shareholders understand the Group's business, strategy and performance and, in turn, what is expected of the Group to enable its business to be driven forward.

The COVID-19 pandemic prevented face-to-face communication with shareholders in 2020. This meant that all communication was necessarily held virtually and has continued to impact on communications in 2021. Whilst some face-to-face interaction took place with investors in 2021, virtual presentations and investor meetings were also utilised, and will continue to be so for the foreseeable future alongside face-to-face meetings. This forum is an important tool in allowing the Company to be agile and flexible in communications with investors enabling greater investor interaction. In 2021, the Chief Executive Officer and Chief Financial Officer have held virtual meetings with those shareholders who hold the majority of institution-held shares.

The Company also held one Capital Markets Day in 2021 allowing shareholder to have a look and feel of the platform and also learn from Pharma executives how the DXRX platform benefits their business. The Chief Executive Officer and Chief Financial Officer regularly present at conferences attended by many potential and current retail investors and meet with specialist private customer fund managers. The Board is provided with feedback from all meetings and communications with shareholders.

The Company communicates with all shareholders through the Annual Report and financial statements, the announcement of its full-year and half-year results, the Annual General Meeting (AGM) and the release of news via the London Stock Exchange Regulatory News Service (RNS). The AGM in 2022 is proposed to be held in person, allowing all shareholders an opportunity to ask questions or represent their views formally to the Board during the AGM, or with directors after the meeting. The Company releases the voting results for the AGM and other General Meetings by RNS.

Corporate information, including Company announcements and presentations, are available to shareholders, investors and the public on the Group's website www.diaceutics.com The Company's contact details and email address for investor queries, and correspondence address are listed on the website and the website offers a facility to sign up for email alert notifications of the Company's news and regulatory announcements.

The Company has in place a process for answering communications made to the Board in a timely manner.

Principle 3

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

The Group has strong regard for the importance of its shareholders, customers and suppliers, partners and laboratories, patients, the community and employees, many of whom are also shareholders.

Employees

The Group recognises that central to its success is the recruitment, retention, development and motivation of its workforce. The Group operates multiple human resources projects to recruit and retain talented individuals to support its strategic goals. These include a global healthcare and benefits programme, a multi-faceted recruitment process, a residential onboarding programme to integrate new employees, which since 2020 has been conducted virtually, and a robust Group-wide Performance Management Framework (PMF) linking each employee's daily activity to overall corporate goals. These initiatives are enhanced by bespoke developmental opportunities such as our internal mentoring programme and the City and Guilds accredited Diaceutics EFFECTive Leaders programme support and encourage employees in their personal and career development within the Group. This is in addition to overall training and development plans that promote and support personalised career development, leadership skills and learning.

In January 2022, the Company introduced the EXCO sponsorship scheme which provides the Group's account managers with individual EXCO support to help maximise the opportunities and success at the highest levels within the Group's customers. A further job shadowing/rotation initiative is also underway to provide employees with a broader experience of other roles within the Group.

In addition to this, the PMF process has been enhanced to include Succession Planning which is driven by the Individual Development Plan (IPD) element of the PMF discussions between the employee and line manager which will empower employees to take control of their professional development.

The Group strives to achieve a supportive and inclusive work environment which promotes well-being and welfare, equality, respect and human rights together with engagement with the Group's performance, its strategic directions and goals. The Group has several engagement initiatives to support its workforce including Town Hall presentations held at least quarterly where employee feedback and interaction is encouraged, and updates from the executive directors and other key senior management. The Chief Executive Officer regularly publishes podcasts and news articles aimed at keeping staff up to date with the direction of the Group. Employee engagement surveys are undertaken periodically, and actions taken to address key themes via sub-groups.

The Diaceutics' "Employee Assistance Programme", launched in 2020 to foster employee wellbeing in the workplace continued to operate through 2021. This provides support for all employees in many areas including counselling, legal information and services, bereavement

support and medical and health risk assessments. Line managers have also been given guidance on how to support staff wellbeing in the workplace via the Return to Office training and COVID-19 Toolkit for Managers which provide links to other external and internal sources. In response to the COVID-19 pandemic, Diaceutics launched an online “COVID-Toolkit” which included resources for line managers to assist staff to sustain remote working, home-schooling, virtual engagement and communication and the Diaceutics’ “Culture” programme provided a platform for employees to interact with colleagues.

Following the staged return to work, in the Belfast office, COVID-19 risk assessments are updated at least every three months, in co-ordination with the COVID-19 work group, which also assesses and monitors the ongoing impact of COVID-19 within the Group’s wider geographic regions, developing, implementing, and revising procedures to ensure a safe working environment for all Group employees.

In April 2021, the Company launched a Share Incentive Plan (SIP) in which Group employees are entitled to participate. UK employees participate through an HMRC approved share matching scheme and non-UK employees through a share option structure. The SIP enables employees to purchase shares up to a value of £1,800 in the Company which are initially matched by the Company on a two for one basis for the first year, until April 2022 and thereafter on a one for one basis. As at 31 December 2021, 54 UK and 19 global employees had participated in the scheme representing 55% of total Group employees.

Customers and Suppliers

The Group’s customer base consists of Pharma companies across several geographical markets including Europe, Asia, and the US who require our products to help with the planning, commercialising and implementation of Precision Medicine. We regularly liaise with our customers to ensure that our products serve their purpose in informing and solving the problems of the end user. Building on the launch of the DXRX platform in October 2020 Diaceutics continued to transition its business model in 2021 and will continue this journey through 2023. This will be transformative for the Precision Medicine market and will provide our customers with access to real-time data, analytics and enhanced educational services and support which will further support our customers in achieving their end goal. Customer feedback is gathered across the Group and collated by project managers to ensure consideration of customers’ expectations and project delivery to the highest quality.

Throughout the year, the Board was apprised of major contract negotiations and relations with key suppliers. Diaceutics aims to balance the requirement for strong business relationships with suppliers with the need to maintain value for money for our investors.

Partners and Laboratories

The Group has engaged with a range of partners and laboratories over several years and the DXRX platform has been purpose built to solve the real-world challenges faced by laboratories. It provides a secure online platform within which laboratories can enhance and promote their services, showcase their abilities, gain accreditation and access benchmarking and analytics and support services. Our Partners gain access to the laboratory, diagnostic and Pharmaceutical industry participants on a global level. Our partnerships are designed to foster business growth and strong, long lasting collaborations. We partner with organisations specialising in Precision Medicine diagnostics including areas such as test access and

reimbursement, pathology training, health economics, reference standards and External Quality Assessment (EQA).

Patients

The Group's mantra is "Better Testing, Better Treatment". The Group has demonstrated its commitment to patients by establishing a formal 501(c)(6), non-profit organisation called the Precision Medicine Connective ("The Connective"). The Connective's mission is to increase awareness about testing so that every patient is empowered to make the best possible decisions in their treatment journey. It has partnered with international patient advocacy groups such as Inspire to Live, the European Cancer Patient Coalition (ECPC), Myeloma Patients Europe and Lungevity to disseminate valuable information about diagnostic testing to patients.

Communities and Charities

Diaceutics' goal, working alongside other healthcare stakeholders, is ultimately aimed at providing earlier and more accurate diagnosis for patients, accelerating patients' reach to precision medicines which, in turn, leads to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and a higher number of patients treated, benefitting individual patients and the patient community, as a whole. The DXRX Test Signal product introduced in 2021 exemplifies the direct link to patients and improved patient outcomes.

Diaceutics supported a colleague's running team in Spain which raised funds for cancer research. They took part in Trail Solidari Alcoi (Alicante, Spain), where the proceeds go to the Scholarship created by + QUEUNTRAIL and ASIECA (Spanish Association of Researchers in Cancer) for young Spanish researchers, who also hold an annual international Meeting of Young Researchers in Cancer of the Valencian Community. In 2021, £500 was raised by one executive for the Belfast based Children's Cancer Unit Charity. A Charity Working Group has been formed for 2022 with fortnightly meetings, with the aim of targeting local and global charities and providing a structured means for the Group of supporting the charitable causes most closely linked to the Company and its employees.

Regulators

Diaceutics produces many of its products using data obtained from various channels and is committed to the security, protection and lawful treatment of personal data. We acknowledge that protecting the confidentiality and integrity of personal data is a critical responsibility that we must always take seriously.

Diaceutics has a data protection regime in place, which ensures that all personnel are sufficiently trained to handle any personal data in accordance with internal policies and standard operating procedures. This regime continues to evolve to keep abreast of regulatory developments across the globe.

Diaceutics' Legal and Quality and Compliance departments play a key role in administering the data protection regime and ensuring Diaceutics' activities (including its data lake) are fully compliant with relevant regulatory requirements across the globe, including GDPR in the UK and HIPAA in the US.

Principle 4

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

The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable assurance with regard to the safeguarding of the Group's assets, operations, people and reputation. The Board is responsible for reviewing and approving overall Group strategy and determining the financial structure of the Group including treasury, tax and dividend policies.

There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and for forecasting expected performance over the financial year. These cover profits, cash flows, capital expenditure and the balance sheet.

The principal business and financial risks have been identified and control procedures implemented. These are monitored using a structured approach in the format of a consolidated risk register which is colour-coded to prioritise the most significant risks for ongoing EXCO and OPCO attention and mitigation. The risk management approach has been designed to identify the major risks identified within operational activity as well as Group-wide risks and those risks of a corporate nature covering strategy, markets and financial performance.

The Audit Committee of the Board ensures the maintenance of internal controls. It assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business and operational and financial controls, including the review of results of work performed by the Group controls department.

Further to the Board, the Company has an executive committee ("EXCO") comprising Peter Keeling, Ryan Keeling, Nick Roberts, Julie Browne (Chief Operating Officer), Susanne Munksted (Chief Precision Medicine Officer), Stefan McDonald (Chief Growth Officer) and Jordan Clark (Chief Commercial Officer). EXCO has a weekly operations call and monthly strategy call to review the financial position of Group and current risks, alongside future strategy for the business. A reporting pack is provided in advance of the meetings and is used to direct discussions on performance, position, cash flow and prospects of the business. An operations leadership team ("OPCO") comprising members of senior management, was implemented in 2020 to add an additional layer of control over the day-to-day business operations.

The Company employs a General Counsel to assist and advise on all legal aspects of the business, including leading the Legal and Quality and Compliance departments. The Legal department provides legal support, while its Quality and Compliance department promotes a risk and audit programme, aimed at protecting the interests of Diaceutics from a data protection compliance, contractual risk and intellectual property perspective. The department takes an active role in ensuring that compliance is at the core of all aspects of the business.

The effectiveness of the established framework of business and internal financial controls is regularly reviewed by the executive management, the Audit Committee and the Board.

Previously this review identified that the Group would benefit from an internal audit process and during 2021 key areas of the business have been progressed through this process and recommendations reviewed by the board.

The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

Principle 5

Maintain the Board as a well- functioning, balanced team led by the Chair Composition, Roles and Responsibilities

The Board is responsible for the long-term success of the Company.

Deborah Davis was appointed Chair on 4 January 2021. Nick Roberts was appointed as Chief Financial Officer on 18 March 2022 in place of Philip White who resigned from the Board on that date.

The Board currently comprises the Chair, Deborah Davis, two non-executive directors, Charles Hindson and Mike Wort and three executive Directors, Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer) and Nick Roberts (Chief Financial Officer).

The Directors' biographies, together with their respective Board Committee memberships, are set out [here](#)

The Chair is responsible, inter-alia, for the proper functioning of the Board and the Chief Executive Officer has executive responsibility for running the Group's business and the development and implementation of the Group's strategy. The Chief Innovation Officer is responsible for the development and commercialisation of the Group's technology, including DXRX and the Group's proprietary data lake. The Chief Financial Officer is responsible for all of the Group's financial and risk management operations and developing the global financial architecture that underpins Group strategy.

The non-executive directors have a particular responsibility for bringing objective challenge, judgement and scrutiny to all matters of the Board. They critically challenge proposed strategies and current operational performance. The Board considers that the non-executive directors are independent.

The Board considers that it has an appropriate balance between independence, knowledge of the Company's technology, sector experience and professional standing to allow it to discharge its duties and responsibilities; pursue the Company's strategic goals and address anticipated issues in the foreseeable future. However, the composition of the Board remains constantly under review and consideration will be given to any potential additions to the Board, to further broaden the experience and effectiveness of the Board as the Group develops. At this stage in the Company's development the Board does not support the nomination of a senior non-executive director, but this will also remain under review.

Board Operation

There is a formal schedule of matters reserved for the Board, which may only be amended by the Board. These include approval of overall Group strategy, budgets, major contracts and

investments, legal and regulatory compliance and key policy implementation, operational and management performance, risk and control processes, corporate and shareholder matters including corporate capital structure, annual reports and financial statements and dividends. The Board holds monthly meetings, which are supplemented by additional meetings where required for the proper management of the business. In addition, the Board holds at least one strategy meeting each year to formulate, evaluate and interrogate the Group's near and long-term strategy. For 2022 a programme is being developed to ensure that one board meeting in each quarter will be held face to face and be devoted to a more in-depth review of themes including people, safety and security, strategy updates, Board evaluation, marketing; and environmental, social and governance matters. The Directors are provided with regular and timely information regarding the Group's operational and financial performance with a monthly reporting pack being received, as a minimum.

Relevant information is circulated to the Directors in advance of meetings to allow adequate time for discussion or consideration.

The Board met 20 times during the financial year ended 31 December 2021.

The following table shows the Directors' attendance at Board and Committee meetings during the year ended 31 December 2021:

	Board	Audit	Remuneration	Insider
Deborah Davis (Appointed 4 January 2021)	20/20	3/3	2/2	n/a
Peter Keeling	20/20	n/a	n/a	n/a
Ryan Keeling	20/20	n/a	n/a	n/a
Philip White (Resigned 18 March 2022)	20/20	n/a	n/a	None
Charles Hindson	20/20	3/3	2/2	None
Mike Wort	19/20	3/3	2/2	None

Each of the executive directors are required to commit at least five days per week to their roles. The non-executive directors are required to provide such time as is required to fully and diligently perform their duties. All Board members are expected to attend all meetings of the Board and the committees on which they sit, wherever possible.

The directors of the Company (the "Directors") are encouraged to debate and use independent judgement, based on their respective knowledge and experience, to challenge all matters affecting the business, whether strategic or operational.

The Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Group's expense.

The Company has effective procedures in place to monitor and deal with conflicts of interest. 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.

Board Rotation

The Company's Articles of Association (the "Articles") require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new directors appointed during the year must stand for re-election at the AGM immediately following their appointment. In accordance with the Articles, Nick Roberts will stand for re-election at the AGM to be held in 2022 and Charles Hindson will retire by rotation and stand for re-election at the AGM. Directors are required to seek re-election at least once every three years.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The biographies of the Board are set out [here](#). The Board retains a range of industry, technology and finance experience and there is a good balance of skills, independence, diversity and knowledge of both the Group and the arena in which it operates including Pharma, platform technology, innovation, marketing, finance and public markets. The non-executive directors have been appointed on merit and for their specific areas of expertise and knowledge. This enables them to bring independence of judgement on issues of strategy and performance and to debate matters constructively.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills, knowledge, experience and time committed to enable it to deliver the strategy of the Group, it is nevertheless mindful of the need to continually review the needs of the business to ensure that this remains true.

Directors receive regular and timely information on the Group's operational and financial performance with information being circulated to the directors in advance of meetings. The business reports monthly on its performance against its agreed budget.

Operational skills are maintained through an active day to day involvement with leading global experts from the laboratory, diagnostic and Pharma industries. Peter Keeling is a member of the COVID-19 Testing Industry Consortium group which is a group of 19 leading healthcare companies which aims to inform, improve, innovate and accelerate aspects of COVID-19 testing and highlight the wider effects of COVID-19.

The Group gains important insight and support through its DXRX Network Advisory Panel, an external advisory panel comprising a recruited group of scientific advisors, typically in the field of oncology and pathology who are key industry opinion leaders well recognised in their fields. They support the Company's collaborations with industry bodies, assist with abstract submissions for the likes of ASCO, and customer engagement. The panel meets monthly and is led by Ryan Keeling.

Board members may attend such courses or training, as they feel appropriate, to keep up to

date. Involvement with a variety of other boards allows the members to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Group's advisors.

During 2021, external accounting advice was sought to support the setting of the Long Term Incentive Plan ("LTIP") target framework to support the vesting of the share options and the absolute shareholder return underpinning the performance of the share option.

All Directors may take independent professional advice in the furtherance of their duties, if necessary, at the Group's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

The Chair, together with the Company Secretary, ensure that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board.

Principle 7

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

Since the Company's IPO in March 2019, the Board has sought to improve the ways in which it interacts and the manner in which information is presented to it. The processes that have been put in place allow for a consistent approach to reporting, thus aiding analysis by the Board of all matters at hand.

A formal Board effectiveness review was undertaken following the first year of establishment of the current board and was repeated in the year-ended 31 December 2021. This review was in the form of a structured questionnaire circulated to all directors, asking them to rate the Board's performance in several strategically important areas and provide a rationale for their view. Results and outcomes were analysed by the Company Secretary and reported to the Board. The Chair reported and discussed the key themes with the Board, with appropriate recommendations arising from this review being implemented by the Board. These include a plan for the consideration of key topics such as ESG, marketing, people, strategy, safety and security at quarterly face to face board meetings, the development of Committee reporting and a review of board training.

In addition to the formal appraisal process for Board members, the Chair and Chief Executive Officer regularly discuss the performance of the Board and the information provided by the executive team.

Diaceutics' succession planning module was developed to focus on the individual employee and their development, as well as the longer-term strategy of the Company. It uses a Performance Management Framework ("PMF") which allows us to nurture via a structured employee engagement a talent pool in a manner which is aligned with Diaceutics' immediate and future business strategy. The process is driven by creating an Individual Development Plan ("IDP") for each employee taking account of their future aspirations in collaboration with senior management thus identifying individuals who would like to progress within the Company. The PMF process has been enhanced to include succession planning which is driven by the IDP element of the PMF discussions between the employee and line manager which will empower employees to take control of their professional development. In addition, a job

shadowing/rotation initiative is underway to provide employees with a broader experience of other roles within the Group. These initiatives operate for all employees apart from EXCO, where succession planning is managed by the Chief Executive Officer with the support of the Board.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The Board believes that an organisation is defined by its people. In 2018, the Group established a formal working group, known as “The Culture Club” to formulate Diaceutics’ values.

These values continue to provide the core structure of our culture and are based on the key values of **Empowerment, Foresight, Fun, Entrepreneurship, Communication and Trust**, together known as the Diaceutics **EFFECT** values. Diaceutics has a dedicated working group of 19 Culture Ambassadors, who ensure that the corporate culture which was embedded in its policy and processes remains at the forefront of leadership thinking within its principal executive and operating groups. These EFFECT values are core to both our recruitment and annual Performance Management Framework and are the cornerstone on which our mandatory onboarding programme is based.

A Code of Conduct for Employees, which will also include ethics and ethical behaviour, is currently being developed.

The Board is committed to maintaining appropriate standards for all the Company’s business activities and ensuring that these standards are set out in written policies and procedures to support these standards. These include our Equality, Diversity and Inclusion policy, Anti-Bribery and Anti-Corruption Policy, Human Rights policy, Whistleblowing policy and Anti-Slavery and Human Trafficking Statement. Our critical vendor assessment policy for new core suppliers, includes a request for information as to their code of ethics thereby seeking to ensure alignment of their culture with our own and assessments of existing suppliers are carried out as part of the regular risk review process.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board

The Group’s governance structures have been reviewed in the light of the QCA Code. The Board believes them to be in accordance with best practice as adapted to best comply with the Group’s circumstances and stage of development.

The Board has overall responsibility for implementing the Group’s strategy and promoting the long-term success of the Group. The executive directors have overall responsibility for managing the day-to-day operational, commercial and financial activities, supported by EXCO. The non-executive Directors are responsible for bringing independent and objective judgement to Board decisions.

The Board seeks to meet regularly, but in any event to hold no fewer than 12 board meetings in each year, which are scheduled prior to the commencement of each financial year. These

meetings are scheduled to coincide with the announcement of the Company's annual and half yearly results and throughout the remainder of the year at regular monthly intervals. Of these monthly meetings, those that are held each quarter are held face to face wherever practicable, which enhances communication between board members and facilitates more in-depth engagement on key areas. These scheduled board meetings are supplemented with additional meetings and informal discussions between members of the Board, the executive Directors and senior operational managers of the Company, in relation to strategic business development and other topics which are key to the Company's progress.

The Board is supported by the Audit Committee, Remuneration committee and Insider Committee, all of which have formally delegated duties and responsibilities and written terms of reference. The terms of reference of each committee are available [here](#)

The Audit Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It meets at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Committee's responsibilities are set out in its terms of reference and include amongst other things, reviewing the adequacy of the Group's accounting and operating controls, reviewing the proposed financial statements of the Group prior to publication and recommending the appointment of the auditor and review of the scope and results of its audit. It is also responsible for ensuring that an effective system of internal control is maintained.

The Remuneration Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It also meets at least twice a year at appropriate times in the accounting cycle and otherwise as required. The Committee's responsibilities include amongst other things, responsibility for determining the remuneration for the Group's executive directors and senior management and reviewing the design of share incentive plans and setting of performance related pay schemes and total annual performance related payments.

Operational inside or price sensitive information, relating for example to a significant contract, is typically identified initially by EXCO (all members of whom are listed on the Company's Insider List). There is an internal procedure for the assessment and announcement of such information, in discussion with the Company's advisors, where necessary, and the Board is included on all such announcements. Other, one off or non-operational price sensitive events, would be considered by the Insider Committee, which comprises Nick Roberts, Charles Hindson and Mike Wort and meets on an *ad hoc* basis as required. It is responsible for assisting and informing the decisions of the Board concerning the identification of non-operational inside information and/or price sensitive information, and to make recommendations about how and when the Company should disclose that information in accordance with the Company's disclosure manual, the Disclosure Guidance and Transparency Rules, the AIM Rules and the Market Abuse Regulations ("MAR").

In 2021, the Board formed a subcommittee to appoint a new CFO, with its members being the Chief Executive Officer, Peter Keeling and the two Non-Executive Directors, Charles Hindson and Mike Wort. The subcommittee appointed an experienced recruitment adviser and ran a selection process resulting in the appointment of the new CFO being announced on 11 January 2022

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable each committee to discharge its duties. For each Board meeting an agenda is prepared and approved by the Chair and followed. Conflict of interest is an agenda item at every meeting of the Board and Related Party transactions is a standard agenda item at each monthly or other scheduled meeting. The Board is confident that its governance structures and processes are consistent with its current size and complexity of the business. The appropriateness of the Group's governance structures will be reviewed annually to take account of further developments of accepted best practice and the development of the Company.

Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicates with shareholders through the Annual Report and financial statements, the announcement of its full-year and half-year results, the AGM and the release of news via RNS channels and by regular one-to-one meetings with large existing or potential new shareholders and by open events with private shareholders.

The Group encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. The Chief Executive Officer talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. Investor roadshows are held following the release of half and full-year results; and the Chief Executive Officer and Chief Finance Officer attend several investor and sector specific conferences which give smaller investors the opportunity to speak with the executive.

The Group's workforce is regularly updated as appropriate, with the development of the Group and its performance. A group information platform entitled DXHub contains Company communications including Town Hall recordings, Employee spotlights, DXRX updates, health and wellness information, press releases and news, culture initiatives and best practice and resource information together with links to all of our internal systems and training and performance management platforms.

An all-company Town Hall webinar is held quarterly during the year (sometimes more often) updating staff and consultants on past performance and future plans for the Group along with employee related matters.

The Company aims to hold an annual four-day All Company Meeting (ACM), to which all employees are invited in order to communicate, disseminate and discuss the Group's plans and goals. This aims to engage and align the entire workforce with the culture and strategic goals of the Group in an environment which is effective and conducive to their attainment.

Corporate information, including Group announcements, financial reports and presentations, are also available to shareholders, investors and the public on the Group's corporate website www.diaceutics.com