

Executive Chairman's governance statement



Miroslav Reljanović,
Executive
Chairman

Introduction

The Board is committed to maintaining the highest standards of corporate governance, striving at all times for effective and open communication, transparency and integrity. The Board continuously and diligently works to manage Ergomed in an efficient and entrepreneurial manner for the benefit of shareholders over the longer term.

As a public company with shares listed on the Alternative Investment Market ('AIM') of the London Stock Exchange, Ergomed has adopted the Quoted Companies Alliance's Corporate Governance Code ('QCA Code'). In my capacity as Executive Chairman, I have assumed responsibility for, and I am committed to, ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied.

The corporate governance arrangements that the Board has adopted are designed to ensure not only that the Company delivers long-term value to its shareholders, but also that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Board recognises that its decisions regarding strategy and risk, and the way they are communicated, will affect the corporate culture of the Group as a whole, the engagement of employees and, inevitably, the performance of the Group. Each Director therefore places great importance on demonstrating ethical behaviours, both during the decision-making process, and in the implementation and communication of strategic decisions.

In this Corporate Governance Report we aim to explain how the Board discharges its governance responsibilities.

The Board of Directors

The Board is responsible for taking all major strategic decisions and addressing any significant operational matters. In addition, the Board reviews the risk profile of the Group and ensures that an adequate system of internal control is in place. A schedule of matters reserved for the Board has been adopted and is regularly reviewed.

Meetings

The Board meets regularly throughout the year to consider strategy, performance and the framework of internal controls. Directors are expected to attend all meetings of the Board and the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on the matters to be considered at the meeting are discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The Presidents of the Group's CRO and PV businesses, the Chief Commercial Officer and other key management personnel are invited to attend Board and Committee meetings as appropriate.

Ergomed's General Counsel and Company Secretary attend all Board meetings and assist Directors with any legal or administrative issues arising.

Scheduled Board meetings take place four times a year, and it is usual for all Directors to attend. Scheduled Board meetings are ordinarily face-to-face but have largely taken place by video conference in 2021, due to the COVID-19 pandemic. We hope to resume face-to-face Board meetings during 2022, subject to the status of the COVID-19 pandemic and the safety of our Directors. The Board also meets for a strategy meeting at least once a year, and from 2022 will meet for four additional informal telephone/video conferences per year, for the purpose of free discussion on key issues. In addition, the Board has telephone/video conferences or communicates via email on material matters that may arise throughout the year.



“At Ergomed we understand that good corporate governance benefits not only the Group and its shareholders, but also our colleagues, patients and communities. I am proud to support Ergomed’s efforts to continually improve its standards of corporate governance.”

Miroslav Reljanović, Executive Chairman

Board and committee meetings

Name	Notes	Number of meetings			
		Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings		4	3	4	1
Executive Directors					
Miroslav Reljanović		4/4	-	-	1/1
Richard Barfield		4/4	-	-	-
Non-Executive Directors					
Mark Enyedy	Appointed 10 June 2021	3/3	-	2/2	-
Ian Johnson	Resigned 28 April 2021	1/1	1/1	-	-
Llew Keltner	Appointed 28 April 2021	3/3	1/1	-	-
	Appointed as Audit Committee member 10 June 2021				
Rolf Soderstrom	Resigned 30 September 2021	3/3	3/3	3/3	1/1
Michael Spiteri		3/4	2/3	4/4	1/1

	Primary responsibilities
Executive Chairman	Lead and manage the Board and wider business, ensuring the Board’s effectiveness and delivery of the Group’s strategy through the senior management team.
Chief Financial Officer	Manage the Group’s finance activities, support the Executive Chairman in delivering the Group’s strategy and manage investor relations.
Non-Executive Director	Oversee the development and delivery of the Group’s strategy, performance of senior leadership and the adequacy of governance policies and processes.

Governance focus areas

Key areas of governance focus in the year, and since the year end:

- Committed to the Group’s disciplined M&A strategy and the acquisition of ADAMAS;
- Overseeing the integration of PrimeVigilance USA and MedSource;
- Ongoing review of Risk, Compliance and Corporate Governance processes;
- Implementation of share options administration system;
- Overseeing of key corporate policies; approving revised policies, anti-bribery and whistleblowing policies; and
- Formal, regular Board effectiveness evaluations.

Executive Chairman's governance statement

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Board meetings typically take half a day with one day of preparation time per meeting. Non-Executive Directors are required to spend a minimum of 12 days per year, and such additional time as is necessary, on Company business (including attendance at Board meetings), and Executive Directors are full-time employees. The table on page 53 of the 2021 Annual Report shows the number of scheduled Board and Board Committee meetings held during the year to 31 December 2021 and the attendance of individual Directors at those meetings. There were further ad hoc meetings held when required.

To enable the Board to discharge its duties, the Directors receive appropriate and timely information, including monthly management reports. A formal agenda and briefing papers are distributed to the Directors in advance of each Board meeting. The Directors have access to the advice and services of the General Counsel and Company Secretary (who are responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with) and to the Chief Financial Officer. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. The Board sets direction for the Company through a formal schedule of matters reserved for its decision, which is regularly reviewed.

Composition and independence

The Board is drawn from an international background, representing the international nature of the Group, and many clients' businesses. In 2021 we welcomed Dr Llew Keltner and Mark Enyedy to the Board, both experienced US-based Directors with an in depth understanding of our key strategic US market. Post year end we welcomed John Dawson, CBE as a Director on 9 March 2022 and expect John's extensive international experience in the healthcare industry will be invaluable as the Company continues to grow. The Board recognises that diversity is an important factor in ensuring stakeholder representation and promoting long-term shareholder value and supports an improved gender and cultural balance as an important goal.

The Board currently consists of two Executive Directors and four Non-Executive Directors. Biographical information for each Director and their contribution to the business is set out on pages 50 to 51 of the 2021 Annual Report. The Board considers Mark Enyedy, Llew Keltner, Michael Spiteri and John Dawson to be independent.

Appointment, removal and re-election

Directors are subject to election by shareholders at the first Annual General Meeting ('AGM') following their initial appointment, and at each AGM one-third of the Directors shall retire by rotation and put themselves forward for re-election. All Directors must retire by rotation and put themselves forward for re-election at least once every three years.

Ian Johnson and Rolf Soderstrom resigned as Directors in 2021 to focus on their other business interests, and the Board would like to thank Rolf and Ian for their service and wish them well in their future endeavours.

Induction and development

Individual Directors attend ad hoc training, seminars and conferences relevant to their specific skills and roles within the Board. Executive Directors regularly attend industry seminars and conferences in furtherance of their experience, skills and industry awareness, and in order to consolidate relations with our stakeholders. New Directors attend induction training to familiarise themselves with their duties and responsibilities as Directors of an AIM listed company.

Communication with investors

The Board attaches great importance to communication with both institutional and private shareholders.

Regular communication is maintained with our shareholders primarily through:

- our Annual General Meeting;
- our investors' dedicated email address: ir@ergomedplc.com;
- our website – www.ergomedplc.com;
- meetings and conversations between the Executive Chairman, Chief Financial Officer and shareholders, both on an ad hoc basis, and following publication of the interim and final results;
- Company announcements via RNS; and
- investor conferences and webinars.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders, especially considering the long-term nature of the business. Institutional shareholders are in contact with the Directors through presentations and meetings to discuss issues and give feedback regularly throughout the year. With private shareholders this is not always practical and the Board uses the Company's Annual General Meeting as its main opportunity to meet with them. A presentation on the activities of the Group is given at each AGM, and following the presentation there is an opportunity for shareholders to ask questions of Directors on a formal and informal basis, and to discuss the development of the business.

The COVID-19 pandemic resulted in some disruption to the usual methods of investor communication, namely the Group's ability to hold 'in-person' meetings. The AGM held on 10 June 2021 was held as a closed meeting with shareholders invited to submit questions in advance of the meeting. Responses to shareholder questions were published on the Company's website. The Group successfully utilised virtual presentations for the 2020 year end preliminary results and 2021 interim results, which were received well. At the time of writing we hope we will have the opportunity to welcome shareholders to our 2022 AGM in person.

Our Group website (www.ergomedplc.com) sets out details of the Group and its activities, regulatory announcements and company press releases, Annual Reports, half-year reports, notices of general meetings and information required by the AIM Rules for Companies and the QCA Code. The Investor Portal section of our website includes a dedicated 'Corporate Governance' section, where our annual Corporate Governance Statements can be found.

During 2021 we re-launched our Group website to make it easier for our key stakeholders, including our investors, to access information about the Company. Our Investor Portal was redesigned with improvements to user experience based around clearer signposting, a consolidated reports section (renamed our 'Results Centre'), and a calendar of financial events.

The Group also utilises social and corporate media platforms such as LinkedIn, Facebook and Twitter to communicate with our stakeholders, including clients and employees, on topics such as Company news, exhibitions we are attending, webinars we are presenting at, company and employee achievements and corporate social responsibility activities.

Board Committees

The Board delegates certain items of business to its Committees. At the year-end, these were the Audit and Risk, Nomination and Remuneration Committees. Each Committee operates under clear terms of reference.

Audit and Risk Committee

The Audit and Risk Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on, reviewing reports from the Company's auditors relating to the Company's accounting and internal controls and monitoring the primary risks and uncertainties and the potential impact they have on the Group executing its strategy.

The Audit and Risk Committee is also responsible for ensuring that the Company is complying with the AIM Rules and for reviewing and monitoring the Company's risk, compliance and corporate governance practices.

The Audit and Risk Committee is composed of three Non-Executive Directors, all of whom are independent. It has been chaired by John Dawson since his appointment as a Director on 9 March 2022 and was chaired by Rolf Soderstrom during the 2021 financial year until his resignation as a Director on 30 September 2021. Michael Spiteri and Llew Keltner are the other members of the Committee. Ian Johnson served as a member of the Committee during 2021 until his resignation as a Director on 28 April 2021.

The Audit and Risk Committee's report for the 2021 financial year is set out on pages 58 to 61 of the 2021 Annual Report.

Nomination Committee

The Nomination Committee identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Miroslav Reljanović is the Chair of the Nomination Committee. Michael Spiteri is the other member of the Committee. Ian Johnson served as a member of the Committee during 2021 until his resignation as a Director on 28 April 2021.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, to ensure they are aligned to the execution of Group strategy, and effective risk management, for the medium to long term. The Committee does so within its formal terms of reference and having due regard to the interests of shareholders.

Michael Spiteri is Chair of the Remuneration Committee and the other member of the committee is Mark Enyedy. Rolf Soderstrom was a member of the committee until his resignation as a Director on 30 September 2021.

The Remuneration Committee's report for the 2021 financial year is set out on pages 62 to 65 of the 2021 Annual Report.

AGM

The Board values each AGM as an opportunity to communicate with private and institutional investors and welcomes their participation. At the time of writing we hope that, with the continued lifting of COVID-19 restrictions, it will be possible to hold our 2022 AGM in person, and that the Board will have the opportunity to meet with and engage with our shareholders at the AGM. Arrangements for the 2022 AGM will be announced via RNS and on the Company's website at www.ergomedplc.com in due course.

QCA Corporate Governance Code

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (2018 edition) (the 'QCA Code'). The QCA Code sets out ten main corporate governance principles and requires the Company to apply these principles and publish certain related disclosures, which are summarised in the table below.

	QCA Governance Principles	Explanation
1	Establish a strategy and business model which promote long-term value for shareholders	The Board is committed to delivering long-term value for Ergomed's shareholders. During 2021, Ergomed continued to implement its strategy to become a global leader in PV and specialist clinical trials. Please see 'Strategic Report' on pages 1 to 49 of the 2021 Annual Report for further details.
2	Seek to understand and meet shareholder needs and expectations	Ergomed is committed to effective communication with all Ergomed's shareholders, both institutional and private. Details of how we communicate with our investors are set out on pages 54 to 55 of the 2021 Annual Report ('Communication with investors'). Please see 'Stakeholder engagement' (pages 34 to 35 of the 2021 Annual Report) for details of how the Group identifies shareholder needs and engages with them.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Please see 'Stakeholder engagement' (pages 34 to 35 of the 2021 Annual Report) for details of how the Group takes wider stakeholder needs into consideration. The Group has adopted policies to encourage an open and transparent corporate culture, including policies addressing anti-slavery, anti-bribery and whistleblowing, and a Supplier Code of Conduct. Please see 'Responsible business' (pages 33 to 43 of the 2021 Annual Report) for details of how the Group addresses key social responsibilities such as its impact on the environment and commitment to the well-being of patients and colleagues.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Please see 'Risk Management' (page 44 of the 2021 Annual Report) for details of the Group's risk management framework and processes and how these have been enhanced during 2021. Please see 'Principal risks and uncertainties' (pages 45 to 49 of the 2021 Annual Report) for details of the main risks and uncertainties which the Board considers to be associated with the Group's activities.
5	Maintain the Board as a well-functioning, balanced team led by the Chair	The Board is chaired by Miroslav Reljanović as Executive Chairman. Dr Reljanović founded Ergomed in 1997 and cofounded PrimeVigilance in 2008. He was CEO of the Company until June 2018, when he became Executive Vice-Chairman. He subsequently became Executive Chairman in January 2019. Dr Reljanovic has thorough knowledge and experience of the Group and the market in which it operates. The Board recognises that best practice in corporate governance is to ensure a clear division of responsibilities between the roles of Chair and CEO and continues to monitor investor feedback with regard to this on an ongoing basis. The Board is also composed of the CFO, Richard Barfield and four independent Non-Executive Directors, Michael Spiteri, Mark Enyedy, Llew Keltner and John Dawson who bring significant Boardroom experience in both executive and non-executive roles. The Board will continue to appoint additional independent Non-Executive Directors where possible. The biographies of all current serving Directors can be found on pages 50 to 51 of the 2021 Annual Report.
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Directors collectively bring a broad range of business experience and skills to the Board, resulting in a wide variety of perspectives being represented in Board discussions. Please see 'Board of Directors' (pages 50 to 51 of the 2021 Annual Report) for a summary of the experience, skills and capabilities of Ergomed's Directors.

	QCA Governance Principles	Explanation
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board carries out a formal internal evaluation of its performance on an annual basis. Recommendations from the Board evaluation carried out in 2021 included increased Board diversity and the Board will follow up on this recommendation during 2022. The need for external evaluation will be kept under review. The Board also considers the tenure of Board members and considers succession planning on a regular basis.
8	Promote a corporate culture that is based on ethical values and behaviours	<p>Each Director places great importance on demonstrating ethical behaviours, both during the decision-making process, and in the implementation and communication of strategic decisions. Senior managers are also encouraged to lead by example in the promotion of ethical values and behaviours.</p> <p>Please see 'Responsible Business' (pages 33 to 43 of the 2021 Annual Report) for details of our corporate culture.</p> <p>Ergomed has been international from its very beginning and has always appreciated and accommodated different cultural experiences and values. Directors and employees of the Group are accustomed to collaborating in the interests of our business, whilst providing space for cultural differences. The Board promotes the involvement of local managers throughout the Group to integrate our core values with local cultural sensitivities.</p> <p>Our corporate culture is also based around our need to adhere to quality standards on our clients' behalf, and this focus on quality standards underlies our business processes. As a Group, we are subject to numerous external client and regulatory audits as well as internal audits of our operations and vendors.</p>
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<p>Further details on our governance structure and the role of our Board Committees are set out on pages 50 to 51 of the 2021 Annual Report ('Board of Directors') and 55 ('Board Committees') and in the 'Investor Portal' section of our website at www.ergomedplc.com.</p> <p>The Board meets regularly throughout the year to consider strategy, performance and the framework of internal controls. A scheduled meeting calendar is arranged as far in advance as possible, and ad hoc meetings are held in person or by telephone when it is necessary for the Board to discuss specific matters outside of scheduled meetings.</p>
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>Ergomed engages with its shareholders and other relevant stakeholders in a variety of ways, to ensure they understood how the business is governed and how it is performing.</p> <p>Please see 'Stakeholder engagement' (pages 34 to 35 of the 2021 Annual Report) and 'Communication with Investors' (pages 54 to 55 of the 2021 Annual Report) for details of how we engage with our shareholders.</p>

Miroslav Reljanović
Executive Chairman

28 March 2022