

Corporate Governance

The Quoted Companies Alliance Corporate Governance Code (2018) (the “QCA Code”)

The Board recognises the importance of good corporate governance and have chosen to apply the QCA Code. The QCA Code was developed by the Quoted Companies Alliance (the “QCA”), the independent membership organisation that champions the interests of small to mid-size quoted companies, in consultation with a number of significant institutional small company investors, as a suitable corporate governance code applicable to AIM companies.

As stated by the QCA, good corporate governance is about *“having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long-term”*. This is achieved through a series of decisions made by the Board, which needs to be kept dynamic, diverse and engender a consistent corporate culture throughout the Iofina group of companies (the “Group”).

Our values are based on “Doing the right thing” for our customers, people, suppliers and shareholders. The Board believes this is vital to creating a sustainable, growing business and is a key responsibility of the Group. This culture supports the Group’s objectives to grow the business through acquiring and retaining customers. It is the Board’s job to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

The Board has adopted the QCA Code in line with the London Stock Exchange’s recent changes to the AIM Rules requiring all AIM-quoted issuers to adopt and comply with a recognised corporate governance code. To see how we address the key governance principles defined in the QCA Code please refer to the below table. Further information on compliance with the QCA Code will be provided in the Group’s next annual report.

Lance Baller
Non-Executive Chairman

THE PRINCIPLES OF THE QCA CODE

DELIVER GROWTH

QCA Code Principle	Application	What we do and why
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The board must be able to express a shared view of the company’s purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>The Group’s strategy is explained fully within our Strategic Report section on pages 11 to 15 of our Annual Report & Accounts for the year ended 31 December 2017 (the “2017 Annual Report”).</p> <p>Our strategy is principally focused around four key areas: profitable sales growth, diversification, research and development, and enhancing our iodine production through strategic expansion.</p> <p>The key challenges to the business and how these are mitigated are detailed on pages 13 to 15 of the 2017 Annual Report.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company’s shareholder base.</p> <p>The board must manage shareholders’ expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us and, in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending conferences and our regular reporting.</p> <p>The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are</p>

		<p>available to listen to the views of shareholders informally immediately following the AGM.</p> <p>The AGM is the main forum for dialogue with retail shareholders and the Board. The notice of AGM is sent to shareholders at least 21 days before the meeting. The chair of the Board and the Executive Directors routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on the Company's corporate website.</p> <p>The person at the Company with principal responsibility for liaising with shareholders is: Tom Becker.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be</p>	<p>Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board stays abreast of stakeholder insights into the issues that matter most to them and our business, which enables the Board to understand and consider these issues in decision-making. Aside from our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups and the Board closely monitors any feedback it receives from employees to ensure alignment of interests.</p> <p>For more information please see our Strategic Report environmental and regulation sections on</p>

	<p>integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>pages 13 to 14 and 15 respectively of the 2017 Annual Report.</p> <p>Employee representatives meet in forums to discuss business related issues. Furthermore, there are various manager meetings with regard to business strategies and operations, and safety meetings where all employees are encouraged to provide feedback.</p> <p>The Group encourages feedback from our customers.</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>Principal risks and uncertainties on pages 13 to 15 of the 2017 Annual Report detail risks to the business, how these are mitigated and the change in the identified risk over the last reporting period.</p> <p>The Board considers risk to the business at Board meetings (which are scheduled to take place at least quarterly). The Company formally reviews and documents the principal risks to the business at least annually.</p> <p>Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts, and new risks associated with ongoing trading.</p>

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

QCA Code Principle	Application	What we do and why
<p>5. Maintain the board as a well- functioning, balanced team led by the chair</p>	<p>The board members have 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.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board comprises the Non-Executive Chairman, two Executive Directors and one Non-Executive Director. Whilst the Company has not appointed an independent non-executive director, and whilst the Company has never referred to him as an independent, the Board does believe that William Bellamy satisfies the independence requirements. Furthermore, the Board considers the Non-Executive Directors bring an independent judgment to bear.</p> <p>The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Board intend to continue to assess and monitor the Company's requirements in this regard, and expect to review the situation on an ongoing basis.</p> <p>All Directors receive regular and timely information relating to the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors are circulated to the Board for approval.</p>

		<p>The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committee. The Committees' Terms of Reference are available on the About / Committees page of this website.</p> <p>The primary tasks of the CEO are as follows: (i) Communicate, on behalf of the Company, with shareholders, partners and stakeholders; (ii) Lead the development of the Company's short- and long-term strategy; (iii) Create and implement the Company's vision and mission; (iv) Evaluate the work of other executive leaders within the Company, including other Directors; (v) Maintain awareness of the competitive market landscape, growth opportunities and industry developments; (vi) Ensure that the Company maintains high social responsibility wherever it does business; (vii) Assess risks to the Company and ensure they are monitored and minimised; (viii) Set strategic goals and make sure they are measurable and describable.</p> <p>The primary tasks of the CFO are as follows: (i) Contribute to the achievement of the Company's business objectives by providing advice and guidance on financial strategy; (ii) Develop and control the Company's annual operating budget to ensure that performance against financial targets is properly monitored and explained, and financial and statutory regulations complied with; (iii) Oversee the preparation of the Company's financial accounts to ensure these are presented accurately and on time; (iv) Develop and maintain all necessary systems, policies and procedures to ensure effective</p>
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<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of iodine, finance, capital markets, innovation and international trade. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings.</p> <p>The Directors' service contracts are available for inspection at the Company's registered office and at each AGM.</p> <p>All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.</p> <p><i>Appointment, removal and re-election of Directors</i> The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.</p> <p><i>Independent advice</i> All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In</p>
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<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>The individual contributions of each of the members of the Board are regularly assessed to ensure that: (i) their contribution is relevant and effective; (ii) that they are committed; and (iii) where relevant, they have maintained their independence.</p> <p>The Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner.</p> <p>One-third of the Directors must stand for re-election by shareholders annually in rotation and all Directors must stand for re-election at least once every three years.</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The</p>	<p>The Social Responsibility Statement contained in the 2017 Annual Report details the ethical values of the Group. It cross-refers to the Community section of this website, where we outline our commitments to health and safety, environmental sustainability and social responsibility. The Group supports the growing awareness of social, environmental and ethical matters when considering business practices. A statement on the Social Responsibility section of this website provides an outline of the policies in place that guide the Group and its employees when</p>

	<p>performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	dealing with social, environmental and ethical matters in the workplace.
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	Our Corporate Governance Statement on pages 18 to 19 of the 2017 Annual Report details the Company's governance structures and why they are appropriate and suitable for the Company.

BUILD TRUST

QCA Code Principle	Application	What we do and why
<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p>	<p>The Company encourages two-way communication with its shareholders and responds quickly to all queries received. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.</p>

	<p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> • the communication of shareholders' views to the board; and • the shareholders' understanding of the unique circumstances and constraints faced by the company. <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p>
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This disclosure was last reviewed and updated on 26 September 2018