



MICROSALT PLC

CORPORATE GOVERNANCE STATEMENT

Overview

The Chair of the Board of Directors of MicroSalt plc (MicroSalt, the Company or the Group as the context requires) has the responsibility to ensure that MicroSalt has both sound corporate governance and an effective Board. The Chair's responsibilities include leading the Board effectively, overseeing the Group's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner. Judith Batchelar is currently Chair of MicroSalt.

MicroSalt has adopted the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long term shareholder value, encompassing an efficient and effective management framework accompanied by good communication to promote confidence and trust. This statement follows the structure of these guidelines and explains how the Group has applied the guidance as well as any areas of non-compliance.

MicroSalt sets out in the following sections how it applies the ten principles to deliver medium to long term shareholder growth.

Principle 1: Establish a business strategy and business model which promote long-term value for shareholders

The Company's mission is to reduce excess sodium consumption which significantly contributes to hypertension and heart disease, by providing a full-flavour salt with approximately 50 per cent. less sodium than traditional salt for food manufacturers and consumers. The Group has developed a patent protected and scalable manufacturing process that produces a salt crystal that is approximately 100 times smaller than traditional salt. Due to its micron sized particles, MicroSalt has improved adhesion to food (compared with traditional salt crystals) and dissolves much faster on the tongue, thereby delivering the same sense of saltiness as traditional snacks but using approximately half the amount of sodium.

Demand for reduced sodium and 'clean' product labels across both B2B and B2C channels has increased significantly due to enhanced governmental and societal pressure for healthier products. As a result, MicroSalt's primary strategy is to partner with brands seeking to reduce the sodium content in their foods, for both existing and new product lines. Recent commercial progress spans multiple FMCGs and national retailers in the US as part of its B2B focused strategy, whilst its products are already sold in over 1,000 stores across premium and/or health focused retailers across the US. This is complemented by a direct-to-consumer presence on Amazon.

The Directors believe that the Group's model and growth strategy will promote long-term value for Shareholders. An update on strategy will be given from time to time in the Strategic Report that is included in the annual report and accounts of the Group.

Tekcapital Europe Limited (Tek Europe) is a controlling shareholder of MicroSalt and employs MicroSalt's Chief Financial Officer, Konrad Dabrowski, as their (non-Board) Chief Financial Officer.



Accordingly, the Company and Tek Europe have entered into the Relationship Agreement which regulates the ongoing relationship between Tek Europe and the Company with a view to ensuring that, amongst other things, any transactions and relationships between the Company and Tek Europe are entered into on an arm's length basis. The Relationship Agreement is binding for so long as Tek Europe and its concert parties hold at least 20 per cent of the issued share capital of the Company.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board will maintain active dialogue with both institutional and private shareholders, who will be kept up to date through announcements made by way of a Regulatory Information Service ("RNS") on matters of a material substance and/or a regulatory nature. Updates will be provided to the market through a RNS from time to time, including any financial information, and any expected material deviations to market expectations, which have been acknowledged by the Group. The Group's interim and annual reports, in particular the Chair's statement, will provide an update to shareholders on developments in the Group's strategy. In addition, management will endeavour to present results on online platforms such as InvestorMeetCompany providing shareholders and potential investors with further access to management.

The Company's annual general meeting will be an opportunity for shareholders to meet with the Chair and other members of the Board. The meeting will be open to all shareholders, giving them the option to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM will be announced through a RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and MicroSalt will seek to engage with shareholders who do not vote in favour of resolutions at annual general meetings to understand their motivation.

There is also a designated email address for investor relations, (investors@microsaltinc.com), and all contact details are included on the Group's website www.MicroSalt.co.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities, including its wider ESG responsibilities, very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders in order to achieve long term success.

The Group has identified its key stakeholders, including shareholders, employees, customers, suppliers and communities, and is reliant on its ability and willingness to engage with them to positively influence the development of the companies and communities it interacts with, together with the environments in which the Group operates.

The Board has also established a number of formal policies which directly set out external communications, dealings and behaviours.

The Directors will maintain an open and ongoing dialogue with the Company's stakeholders, providing opportunities to raise issues and provide feedback, therefore helping to promote the long-term success of the Group.



Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

The risks involved and the specific uncertainties for the Group will be regularly monitored and the Board will formally review such risks at regular intervals and adapt them as the Group's operations grow and evolve. All proposals reviewed by the Board will include a consideration of the issues and risks of the proposal. Where necessary, the Board will draw on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risk.

The Board has reviewed the need for an internal audit function and has decided that, given the nature of the business, assets and overall size of the Group, the systems and procedures currently employed provide sufficient assurance that a sound system of internal controls are in place, which safeguards the shareholders' investment and the Group's assets. An internal audit function is therefore considered unnecessary. However, the Board will continue to monitor the need for this function.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises two Executive Directors, Rick Guiney and Konrad Dabrowski, and three independent Non-Executive Directors, Judith Batchelar, Daniel Emery and Gary Urmston. Judith Batchelar is the Chair of MicroSalt.

The Non-Executive Directors are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. The Non-executive Directors devote such time as is necessary for the proper performance of their duties.

The current Chief Financial Officer, Konrad Dabrowski, is also employed by Tek Europe, the majority shareholder of MicroSalt as its (non-board) Chief Financial Officer. Konrad does however commit the majority of his time to the Group and is contracted to commit not fewer than 25 hours per week to the Group.

The Board is also supported by the Audit Committee and the Remuneration Committee. MicroSalt does not currently have a nomination committee but the composition of the Board will be kept under regular review, taking into account the relevant skills, experience, independence, knowledge and gender balance of the Board. The Directors will be subject to retirement by rotation at every third annual general meeting of the Company.

The Board will meet at regular intervals throughout the year and will hold at least 9 board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.



The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional executive and non-executive directors as the Company fulfils its growth objectives.

Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out on the Company's website www.MicroSalt.co.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. Experiences are varied and contribute to maintaining a balanced Board that has the appropriate level and range of skill to push the Group forward.

The Board is not dominated by any one individual and all the Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors have also received a briefing from Zeus in respect of continued compliance with, among other things, the AIM Rules for Companies.

As the Group evolves, the experience and skills of the Directors will be re-assessed to ensure the composition of the Board remains appropriate.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider seriously the effectiveness of the Board, Audit Committee, Remuneration Committee, and individual performance of each Director.

The Company intends to establish a formal process for an annual assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. This will be conducted by the Non-Executive Chair who will discuss the results with the Board on a collective and individual basis as appropriate. In addition, the Non-Executive Chair will consider whether the annual evaluation should be facilitated externally.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The Board has established formal policies and guidelines which directly promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Executive Directors take responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

The culture is set by the Board and is regularly considered and discussed at Board meetings.



Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

By adopting and complying with the requirements of the QCA Code, the Board ensures that good corporate governance is maintained. The Non-Executive Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit Committee and Remuneration Committee. There are certain material matters which are reserved for consideration by the full Board.

The Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward. This will be coordinated by Gary Urmston, an independent Non-Executive Director.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with shareholders. The Board intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well with analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Directors.

The Company's corporate governance statement (which sets out how it complies with the principles of the QCA Code) and the information that will be contained in the Group's annual report and accounts, provide details to all stakeholders on how the Group is governed. The Board views that the annual report and accounts as well as its half year report as key communication channels through which progress in meetings the Group's objectives and updating its strategic targets can be given to shareholders and other interested stakeholders.

Additionally, the Board will use the Company's annual general meetings as a primary mechanism to engage directly with shareholders, to give information and receive feedback about the Group and its progress.

MicroSalt's website will be updated on a regular basis with information regarding the Group's activities and performance, including financial information.

There is also a designated email address for investor relations, investors@microsaltinc.com, and all contact details are included on the Group's website.

This statement was issued on **01 February 2024**