

CORPORATE GOVERNANCE

The Group is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment the Group supports the highest standards in corporate governance. The Board is accountable to the company's shareholders for good governance and this statement and the Directors' remuneration report (included within the Annual Report) describe how the principles of good governance set out in the UK Corporate Governance Code, published by the Financial Reporting Council are applied within the company. We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

THE BOARD

The board comprises the non-executive chairman, one other non-executive director and two executive directors. The non-executive directors are considered by the board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. The division of responsibilities between the non-executive chairman and chief executive is clearly established and is understood by the board. The non-executive chairman is responsible for the overall strategy of the Group with the chief executive officer being responsible for implementing the strategy and for the day to day running of the Group.

The senior independent director is Michael A Kayser and he is the director whom shareholders may contact if they feel their concerns are not being addressed through the normal channels. The non-executive directors meet at least once a year without the executive directors present.

The individual committee responsibilities of the directors are as follows:

| | Board | Audit Committee | Remuneration Committee | Nomination Committee |
|--|--------------|------------------------|-------------------------------|-----------------------------|
| J F Standen (Non-Executive Chairman) | Chairman | Member | Member | Chairman |
| M A Kayser (Senior Independent Non-Executive Director) | Member | Chairman | Chairman | Member |
| P R Mines (Chief Executive) | Member | - | - | - |
| D L Brown (Group Finance Director) | Member | - | - | - |

All directors are subject to election at the AGM immediately following their appointment and to re-election every three years. The chairman and senior non-executive director provide a wide range of skills and experience to the Group. They bring an independent judgement on issues of strategy, performance, risk and people through their contribution at board and committee meetings. After careful consideration, the Board has concluded that JF Standen was independent throughout the year, and that MA Kayser was independent throughout the year. In arriving at this conclusion the Board has applied the criteria set out in provision in B.1.1 of the UK Corporate Governance Code. JF Standen's shareholding and participation in the Public Equity Scheme and MA Kayser's shareholdings in the Company are considered to be too small to affect their independence.

BOARD PROCEDURES

There is an agreed Schedule of Matters reserved for the board for collective decision including:

- determining the strategy and control of the Group
- amendments to the structure and capital of the Group

- approval of financial reporting and internal controls
- approval of capital and revenue expenditure of a significant size
- acquisitions and disposals; and
- corporate governance matters and approval of Group policies and risk management strategies.

To enable the board to perform its duties effectively all directors have full access to all relevant information and to the services of the Company Secretary whose responsibility it is for ensuring that board procedures are followed. The appointment and removal of the Company Secretary is a matter reserved for the board. There is an agreed procedure whereby directors wishing to take independent legal advice in the furtherance of their duties may do so at the company's expense. Appropriate training is available to all directors on appointment and on an ongoing basis as required. The terms of reference for each of the Board Committees are available on the website (www.biometechnologiesplc.com) or on request from the Company Secretary.