CORPORATE GOVERNANCE STATEMENT

As an AIM-quoted company, PHSC plc ("PHSC" or the "Company") is required to apply a recognised corporate governance code, demonstrating how it complies with such corporate governance code and where it departs from it.

The Board has formally taken the decision to apply the QCA Code. The Board notes the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders. The Company will provide annual updates on its compliance with the QCA Code in its Annual Report.

This statement sets out how the Company complies with the 10 principles of the QCA Code.

Stephen King
Executive Chairman

1. STRATEGY & BUSINESS MODEL

The Company and its subsidiaries (together, the "Group") is dedicated to being a leading provider of health, safety, hygiene and environmental consultancy services and security solutions to the public and private sectors.

The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also seeks to ensure that adequate resources are available to implement the Company's strategy in a timely manner. The Company has set out a strategy and business model to promote long-term value creation for shareholders and will update all shareholders on this in the annual report each year.

The Board meets on a regular basis to discuss the strategic direction of the Company and any significant change will be highlighted promptly.

2. UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

The Company remains committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The AGM is a forum for shareholders to engage in dialogue with the Board. The results of the AGM will be published via a regulated information service and on the Company's website.

Stephen King is the principal contact between PHSC and its shareholders, with whom he maintains a regular dialogue. The views of shareholders are communicated to the whole Board.

The Company's progress on achieving its key targets is regularly communicated to investors through its announcements to the market, which can be found here. The Company also use other professional advisers such as the Company's Nomad, Broker, Auditor and Company Secretary who provide advice and recommendations on shareholder communication.

3. TAKING INTO ACCOUNT WIDER STAKEHOLDER & SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Board recognises its responsibilities to stakeholders including staff, suppliers, customers and the community within which it operates. The heads of each of its operating subsidiaries provide regular feedback to the Executive Directors, who then ensure that the Board as a whole is informed of any major developments.

The PHSC plc group of companies also has a long tradition of supporting local causes through sponsorship and community involvement, more information can be found here.

4. EMBEDDING EFFECTIVE RISK MANAGEMENT

The Board regularly reviews the risks facing the business and the internal controls which are in place to address these risks. Each operating subsidiary has reviewed its business and identified the key risks which it faces. As a result, plans have been put in place to deal with various contingencies which might arise. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the group are appropriate for the business.

5. MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

It is the role of the Board to ensure that the Company is managed for the long-term benefit of all shareholders and other stakeholders with effective and efficient decision-making. Good corporate governance is an important contributor, reducing risk and adding value to PHSC. The Board will continue to monitor the governance framework of the Company on an ongoing basis.

The Board comprises four Directors, of which two are Executives and two are Non-executives, reflecting a blend of different experience and backgrounds. The Chairman of the Board is Stephen King, who is also the Company's CEO. He oversees the financial position of the Group on a day to day basis with assistance from the Group Accountant. Nicola Coote is the Deputy CEO and she leads on the Group's marketing initiatives and oversees PHSC Limited. Graham Webb and Lorraine Young are the Non-executive Directors, whom the Board considers to be independent.

The Board sets direction for the Company and has a formal schedule of matters reserved for its decision, including Group strategy, approval of major capital expenditure, approval of the annual and interim results, annual budgets, dividend policy and Board structure. The Board monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The Board delegates day-to-day responsibility for managing the business to the Executive Directors and the senior management team.

The QCA Code recommends that the Chair and Chief Executive should not be the same person. Currently Stephen King, the Company's Chief Executive Officer, is also the Company's Chairman. As the Board is comprised of only four members, two of whom are independent Non-executive Directors, the Directors are of the view that there is no need to split these roles. For the same reason the Board has not appointed a senior independent director.

Graham Webb has served on the board for 15 years. The Board is of the view that he retains his independent judgement and continues to make a valuable contribution to the Board.

Regular Board meetings are held (a minimum of five per year) and other meetings are scheduled as required. Directors' attendance at Board meetings is reported in the annual report.

Brief biographical details of the current Directors can be found on the Company's website at https://www.phsc.plc.uk/directors/

6. HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD

The Board has a mix of experience, skills and personal qualities that help deliver the strategy of the Company. The Company will ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities to deliver the Company's strategy.

7. EVALUATING BOARD PERFORMANCE

Given the Company's current size, the Board has not considered it necessary to undertake a formal assessment of the Board's performance and effectiveness.

8. ETHICAL VALUES & BEHAVIOURS

The Company has a corporate culture that is based on ethical values and behaviours. It will maintain a quality system appropriate to the standards required for a Company of its size. The Board communicates regularly with staff through meetings and other forms of internal communication. Information is cascaded to staff at subsidiaries via Operational Board meetings (which are held at least quarterly). The head of each subisdiary attends these meetings with the Executive Directors. The Non-executive Directors attend these meetings from time to time to keep up to date with performance and developments throughout the business.

9. MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES

The Board

In addition to the information given under principle 5 above, the Chairman is responsible for the leadership of the Board and is pivotal to fostering a culture that adopts good corporate governance.

The Chairman, together with the rest of the Board sets direction for the Company through a formal schedule of matters reserved for its decision which are set out under principle 5.

Board Committees

The Board has established two committees comprising the Non-Executive Directors.

Audit	**Remuneration**
Lorraine Young (Chair)	Graham Webb (Chair)
Graham Webb	Lorraine Young

Audit Committee
The Audit Committee meets twice each year to review the full and half year results before publication, the effectiveness of external audit and internal financial controls. The Audit Committee terms of reference are available here.

Remuneration Committee

The Remuneration Committee meets twice each year to set the policy for the remuneration of the Executive Directors and other members of the senior management team. The Remuneration Committee terms of reference are available here.

The remuneration of the Non-executive Directors is a matter for the Executive Directors to determine.

Nominations Committee

The Board has not set up a separate Nominations Committee. Any matters which would normally be dealt with by such a committee will be considered by the whole Board.

10. COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Company makes available on its website, historical annual reports, notices of meetings and other publications over the last five years. These can be found here.

To date, the Board has not published an audit committee report in its annual report and accounts. The Board will keep this under review.

31st March 2023