

REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board of Directors and our management, as the Corporation believes that this will help create and maintain shareholder value in the long term. The Board of Directors has considered its corporate governance practices against the corporate governance guidelines set out in Ontario Securities Commission National Instrument 58-101, *Disclosure of Corporate Governance Practices*, (“NI 58-101”). On April 28, 2008, the Corporation adopted a Code of Ethics and Business Conduct (the “Code”) along with formal mandates for the Board of Directors and each of its committees (Audit Committee and Compensation Committee). Accompanying position descriptions for the chair of the Board of Directors and for each of the committees were also adopted on April 28, 2008. A copy of the mandate for the Board of Directors is attached at Appendix “A”. Copies of the Code, all mandates and the accompanying position descriptions may be obtained free of charge upon request from the Secretary of the Corporation at 70 East Beaver Creek Road, Suite 30, Richmond Hill, Ontario, L4B 3B2.

Our senior officers have established a culture of transparency and integrity, and have developed operating policies and procedures to support the Code. No violations of the Code have been observed or reported.

Corporate Governance Committee

Effective November 11, 2013, the Corporation no longer has a corporate governance committee (the “Corporate Governance Committee”) as the Corporation decided that the Board of Directors as a whole should have responsibility for governance matters. The Board of Directors has reviewed the role that it has, the conduct of its meetings, its composition and that of its committees, and its standards of conduct and determined that they all meet expectations. The Board of Directors has judged that it is effective and compares favorably with other effective boards with whom members are knowledgeable. The Board of Directors did not recommend the formation of additional committees nor identified the need for additional individual board member skill sets for the ensuing year.

Independence of Directors

Between the last annual meeting of shareholders on June 28, 2022, the Board consisted of a total of four directors of which three were considered “independent” as such term is defined in NI 58-101. The four independent directors were Rory Riggs, Garth MacRae, and Harry Glorikian. Since July 2013, James Howard-Tripp has not been an independent director in his role as the Corporation’s Executive Chairman and, effective August 2016, as the Chairman and CEO. Mr. Stewart resigned from the Board on September 1, 2019.

In 2022, the Audit Committee was comprised of two directors, namely Garth MacRae (Chair), Rory Riggs . All members are independent.

Since June 30, 2016, the Compensation Committee was comprised of two directors, namely Harry Glorikian (chair) and Rory Riggs, both of whom are independent. The Corporate Governance Committee was composed of entire Board of Directors.

The independent directors may meet without the presence of non-independent directors and management or may excuse members of management and non-independent directors from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The board is also scheduled to meet without management and non-independent directors during the course of each board meeting. In 2022 the Board of Directors judged it did not need to meet without management and non-independent directors at any of the five board meetings held during the year.

With respect to consideration of matters where a director may have a material interest, the Board of Directors will form a special committee composed of directors with no material interest to maintain the Board of Directors’ ability to exercise independent judgment.

Meeting Attendance

In 2022, the Board of Directors held 6 meetings; this excludes resolutions passed by written approval of the directors without holding a meeting. The attendance record was as follows:

Director	Board meetings attended	Board meeting attendance rate	Committee meetings attended	Committee meeting attendance rate
Rory Riggs	6	100%	6	100%
James R. Howard-Tripp	6	100%	n/a	n/a
Garth MacRae	6	100%	6	100%
Harry Glorikian	6	100%	6	100%

Notes:

- Percentage of committee meetings attended is based on each director's specific committee membership as noted earlier in this Circular.

In addition to formal meetings, our directors and our executive officers engage in informal consultation as matters arise.

The following table describes the Corporation's position on each of the Ontario Securities Commission *National Policy 58-201 – Corporate Governance Guidelines* ("NP 58-201").

Corporate Governance Guideline	Does StageZero align?	Comments
Composition of the Board The board should have a majority of independent directors.	Yes	At the date of filing, 3 of the 4 directors meet all requisite independence requirements.
Chair independence The chair of the board should be an independent director	No	The Chairman and Chief Executive Officer performs the role of Chair of the Board of Directors and Chief Executive Officer.
Meetings of Independent Directors The independent directors should hold regularly scheduled meetings at which non-independent directors are not in attendance	Yes	The independent directors are provided with the opportunity to hold in camera sessions without the presence of non-independent directors and management at every scheduled Board meeting. The independent directors also held informal consultations among themselves over the course of the year.
Board Mandate The Board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer	Yes	

Corporate Governance Guideline	Does StageZero align?	Comments
The Board's written Mandate should specify responsibility for the following:		
Satisfying itself, to the extent feasible, as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization	Yes	See Appendix A – Board of Directors Mandate
Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account among other things, the opportunities and risk of the business	Yes	The Board of Directors as a whole is responsible for strategic planning.
Identifying the principal risks of the issuer's business and ensuring the implementation of appropriate systems to manage these risks	Yes	The Board and its Audit Committee perform these tasks.
Formalizing the succession planning process (including appointing, training and monitoring senior management)	Yes	Although a formal succession planning process has not been adopted, the Board has provided for mentorship to senior management and promotes from within.
Adopting a communication policy for the issuer	Yes	The Corporation has a disclosure policy in effect
Overseeing the issuer's internal control and management information systems	Yes	This is covered by our Audit Committee Mandate
Developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer	Yes	The Board of Directors as a whole is responsible for our corporate governance policies.
The Board's written mandate should also set out the following:		
Measures for receiving feedback from stakeholders (e.g., The board may wish to establish a process to permit stakeholders to contact the independent directors directly)	No	The Board of Directors has deferred the establishment and adoption of this process.
Expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting material.	Yes	See Appendix A – Board of Directors Mandate

Corporate Governance Guideline	Does StageZero align?	Comments
<p>Position Descriptions</p> <p>The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board together with the CEO should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.</p>	Yes	See Appendix A – Board of Directors Mandate. The position descriptions for the Chair of the Board of Directors, each of Directors committee chair and the Chairman and Chief Executive Officer have been developed.
<p>Orientation and Continuing Education</p> <p>The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business.</p>	Yes	New members of the Board of Directors can be provided an orientation, educational materials and opportunities for additional education.
<p>The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as ensure their knowledge and understanding of the issuer's business remain current</p>	Yes	The Board of Directors periodically receives relevant articles and reports that relate to the diagnostics and health market and our particular business. The members of the Board of Directors are also provided with materials to maintain current on evolving public company director responsibilities and corporate governance requirements.

Corporate Governance Guideline	Does StageZero align?	Comments
<p>Code of Ethics and Business Conduct</p> <p>The board should adopt a written code of business ethics (a code). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:</p> <p>(a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;</p> <p>(b) protection and proper use of corporate assets and opportunities;</p> <p>(c) confidentiality of corporate information;</p> <p>(d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;</p> <p>(e) compliance with laws, rules and regulation; and</p> <p>(f) reporting of any illegal or unethical behavior</p>	Yes	See Appendix B – Code of Ethics and Business Conduct “Code”).
<p>The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.</p>	Yes	See Appendix A – Board of Directors Mandate. Each director required to execute an acknowledgment to comply with the Code. No waivers from the Code have been requested.

Representation of Women on the Board

The Corporation had at least one female executive officer since May 2008 and at least one female director since 2013. From May 1, 2010 until October 22, 2018, when she resigned, Ms. Leslie Auld was the Corporation's CFO and was appointed to the Corporation's board on June 28, 2013. With Ms. Auld's roles, the Corporation had 50% representation of women as executive officers of the Corporation (one of two executive officers) and 17% representation of women on the Board of Directors (one of six directors).

While the Board of Directors considers diversity when considering new candidates for director and executive positions, the Board of Directors has not adopted a written policy relating to the identification and nomination of women directors or executive officers or set specific minimum targets for Board of Directors or executive officer composition at this time. The Board of Directors believes that each potential nominee should be evaluated based on his or her individual merits and experience, taking into account the needs of the Corporation and the current composition of the Board of Directors and management team, including the current level of representation of women in such positions.

After the 2015 annual meeting, an informal search was initiated for an additional female board member who had a background in molecular diagnostics, oncology and/or medical technology. This search was based on recommendations of candidates from directors' own networks. Although a number of initial contacts were made, an appropriate candidate was not identified and a formal search has not been initiated at this time. No additional directors are being nominated by the Corporation to join the Board of Directors.

Director Term Limits

Directors can be re-elected to the Board of Directors annually. The Board of Directors has not adopted a term limit for directors or established a retirement age for directors. The Corporation believes that the imposition of director term limits implicitly discounts the value of experience and continuity on the Board of Directors and runs the risk of excluding effective directors who have longstanding knowledge of the Corporation and its operations as a result of an arbitrary determination. The Board of Directors believes that it can achieve the right balance between continuity and encouraging turnover and independence without mandated term limits and relies on its annual director assessment procedures in this regard.

Majority Voting Policy

The Board of Directors of the Corporation has unanimously adopted a policy providing for majority voting in director elections at any meeting of the Corporation's shareholders other than at "contested meetings," which is defined as a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board of Directors.

Pursuant to the policy, the forms of proxy circulated in connection with a meeting of Shareholders at which an uncontested election of directors is to be conducted shall provide the Shareholders with the ability to vote in favour of, or to withhold from voting, separately for each director nominee. The chair of the Board of Directors will ensure that the number of votes in favour of or withheld from voting on each director nominee is recorded and promptly made public after the meeting. If the number of proxy votes withheld for a particular director nominee is greater than the votes in favour of such nominee, such director nominee shall be required to promptly submit his/her resignation to the chair of the Board of Directors following the applicable Shareholders' meeting, effective upon acceptance by the Board of Directors.

Following receipt of a resignation submitted pursuant to the policy, the Board of Directors (other than the director nominee in question) shall consider whether or not to accept the resignation. With the exception of special circumstances that would warrant the continued service of the applicable director on the Board of Directors, the Board of Directors shall be expected to accept the resignation by the Board of Directors. In considering whether or not to accept the resignation, the Board of Directors will consider all factors deemed relevant by members of the Board of Directors including, without limitation, the stated reasons, if any, why the Shareholders withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director's contributions to the Corporation and the Corporation's governance guidelines.

Once a director receives fewer votes for than votes withheld, such director is required to immediately submit his or her resignation to the chair of the Board of Directors. Following the Board of Directors decision on the resignation, the Board of Directors shall promptly issue a news release outlining their decision whether to accept the applicable director's resignation, including a full statement of the reasons for rejecting the resignation, if applicable, a copy of which must be provided to the TSX. If a resignation is accepted, (i) such resignation will be effective upon acceptance by the Board of Directors, and (ii) subject to any corporate law restrictions, the Board of Directors may leave the vacancy unfilled or appoint a new director to fill the vacancy.

A director who tenders his or her resignation pursuant to the majority voting policy shall not be permitted to participate in any meetings of the Board of Directors at which his or her resignation is to be considered. In the event that a sufficient number of the directors received a greater number of proxy votes withheld than votes for such members in the same election, then such directors receiving a majority withheld vote shall not be permitted to vote in any meeting of the Board of Directors at which his or her resignation is considered, however he or she shall be counted for the purpose of determining whether the Board of Directors has quorum.

In the event that any director, who received a greater number of proxy votes withheld than votes in favour of such director's election, does not tender his or her resignation in accordance with the majority voting policy, he or she will not be re-nominated by the Board of Directors.

The Board of Directors may adopt such procedures as it sees fit to assist it in its determinations with respect to the policy. Each of the current directors has agreed to abide by the provisions of the policy and any subsequent nominee will, as a condition to such nomination, be required to abide by the policy.