

CHEMBIO DIAGNOSTICS, INC.
Form DEFR14A
May 01, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to
Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

(Name of Registrant as Specified In Its Charter)

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)Date Filed:

Explanatory Note

The Proxy Statement originally filed with the Securities and Exchange Commission on April 30, 2019 is hereby amended and restated to clarify that while beneficial owners of shares held in street name will receive a Notice of Internet Availability of Proxy Materials, stockholders of record will receive a copy of the Proxy Statement, a proxy card, and the 2018 Annual Report by mail.

NOTICE OF
2019 ANNUAL MEETING
OF STOCKHOLDERS
and
PROXY STATEMENT

2019 Annual Meeting

Tuesday, June 18, 2019
10 a.m., Eastern time
555 Wireless Boulevard
Hauppauge, New York

Inside

CEO's letter to stockholders

Information on five voting proposals:

Election of five directors

Approval of 2019 Omnibus Incentive Plan

Ratification of appointment of independent auditor for 2019

Advisory vote on 2018 executive compensation

Advisory vote on frequency of future advisory votes on executive compensation

555 Wireless Boulevard
Hauppauge, New York 11788

April 30, 2019

Dear Fellow Stockholder:

It is my pleasure to invite you to attend the Annual Meeting of Stockholders of Chembio Diagnostics, Inc. to be held on Tuesday, June 18, 2019, at 10 a.m., Eastern time, at 555 Wireless Boulevard, Hauppauge, New York. Each holder of common stock as of 5 p.m., Eastern time, on the record date of April 26, 2019, will be able to participate in the Annual Meeting.

During the Annual Meeting, stockholders will be asked to elect the entire board of directors, to approve our 2019 Omnibus Incentive Plan and to ratify the appointment of BDO USA, LLP as our independent auditor for 2019. We also will be asking stockholders for approval, by an advisory vote, of our 2018 executive compensation as disclosed in the Proxy Statement for the Annual Meeting (a “say-on-pay” vote) as well as of the board’s recommendation to submit our executive compensation to an advisory vote every year (a “say-on-frequency” vote). All of these matters are important, and we urge you to vote in favor of the election of each of the director nominees, the approval of the 2019 Omnibus Incentive Plan, the ratification of the appointment of our independent auditor, the approval of our 2018 executive compensation and the approval of an annual advisory vote on our executive compensation.

We are sending to each of our stockholders of record a copy of the Proxy Statement, a proxy card and the 2018 Annual Report by mail. You will find the instructions for voting on your proxy card. Paper copies of the proxy materials will be mailed to stockholders of record on or about May 3, 2019. The Notice of Internet Availability of Proxy Materials will be mailed to beneficial owners of shares held in street name beginning on or about May 3, 2019. It is important that you vote your shares of common stock in person or by proxy, regardless of the number of shares you own. You will find the instructions for voting on your proxy card or Notice of Internet Availability of Proxy Materials. We appreciate your prompt attention.

The board invites you to participate in the Annual Meeting so that management can listen to your suggestions, answer your questions, and discuss business developments and trends with you. Thank you for your support, and we look forward to joining you at the Annual Meeting.

Sincerely,

John J. Sperzel III

Chief Executive Officer and President

NOTICE OF

2019 ANNUAL MEETING OF STOCKHOLDERS

To Stockholders of Chembio Diagnostics, Inc.:

The board of directors is soliciting proxies for use at the Chembio Diagnostics, Inc. 2019 Annual Meeting. You are receiving the enclosed proxy statement because you were a holder of common stock as of 5 p.m., Eastern time, on the record date of April 26, 2019, and therefore are entitled to vote at the Annual Meeting. The Annual Meeting will be held to vote upon:

In addition, any other business properly presented may be acted upon at the Annual Meeting. Each share of common stock is entitled to one vote for each director position and other proposal.

We are sending to each of our stockholders of record a copy of the Proxy Statement, a proxy card and the 2018 Annual Report by mail. The Notice of Internet Availability of Proxy Materials will be mailed to beneficial owners of shares held in street name on or about May 3, 2019.

By Order of the Board,

David Gyorke

Secretary April 30, 2019

When

Tuesday, June 18, 2019

10 a.m., Eastern time

Where

555 Wireless Boulevard

Hauppauge, New York 11788

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 18, 2019:

The Notice of 2019 Annual Meeting of Stockholders, the Proxy Statement, the 2018 Annual Report to Stockholders and instructions for voting via the Internet can be accessed at:

www.chembio.com/investors/proxy

How to Vote in Advance

Your vote is important. Please vote as soon as possible by one of the methods shown below. Your proxy card, Notice of Internet Availability or voting instruction form should be readily available.

Via Internet (Any Web-Enabled Device)

Via Internet (Smartphone or Tablet)

By Telephone (U.S. or Canada only)

By Mail (Pursuant to Printed Materials)

555 Wireless Boulevard
Hauppauge, New York 11788

Proxy Statement dated April 30, 2019

2019 Annual Meeting of Stockholders

Chembio Diagnostics, Inc., a Nevada corporation, is furnishing this Proxy Statement and related proxy materials in connection with the solicitation by its board of directors of proxies to be voted at its 2019 Annual Meeting of Stockholders and any adjournments. Chembio Diagnostics, Inc. is providing these materials to the holders of record of its common stock, \$0.01 par value per share, as of 5 p.m., Eastern time, on the record date of April 26, 2019 and is first making available or mailing the materials on or about May 3, 2019. All stockholders are extended a cordial invitation to attend the Annual Meeting. If you would like to obtain directions to be able to attend the Annual Meeting in person, please contact Nancy Kandell at (631) 924-1135 or nkandell@chembio.com.

The Annual Meeting is scheduled to be held as follows:

Date	Tuesday, June 18, 2019
Time	10 a.m., Eastern time
Meeting Address	555 Wireless Boulevard Hauppauge, New York

Your vote is important.

Please see the detailed information that follows in the Proxy Statement.

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2019 Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. References in this Proxy Statement to “Chembio,” and to “we,” “us,” “our” and similar terms, refer to Chembio Diagnostics, Inc.

Annual Meeting of Stockholders

Time and Date 10 a.m., Eastern time, on June 18, 2019.

Meeting Address 555 Wireless Boulevard, Hauppauge, New York.

Record Date 5 p.m., Eastern time, on April 26, 2019.

Voting Stockholders will be entitled to one vote for each outstanding share of common stock they hold of record as of the record date.

Votes Eligible to be Cast A total of 17,166,459 votes are eligible to be cast on each proposal.

Annual Meeting Agenda

Proposal Board Recommendation

Election of directors FOR each nominee

Approval of 2019 Omnibus FOR

Incentive Plan Ratification of appointment of independent auditor for 2019 FOR

Advisory vote on 2018 executive compensation FOR

Advisory vote on frequency of future advisory votes ANNUAL on executive compensation

How to Cast Your Vote

You can vote by any of the following methods:

Until 11:59 p.m., Eastern time, on May 1, 2019

At the Annual Meeting on June 18, 2019

- Internet:
4From any web-enabled device: www.aalvote.com/CEMI
4Scan QR code from any smartphone or tablet:

- Address: 555 Wireless Boulevard
Hauppauge, New York

- Telephone: +1 (866) 804-9616

- Completed, signed and returned proxy card

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Election of Directors

We are asking stockholders to elect the following five director nominees, each of whom currently serves as a member of the board of directors.

Name	Director		Occupation	Experience/ Qualifications	Independent		Committee Memberships	Other Public Company Boards
	Age	Since			Yes	No		
Katherine L. Davis	62	2007	Owner of Davis Design Group LLC Financial Advisor to Mayor of Indianapolis	<ul style="list-style-type: none"> Leadership Governance Policy/ Government 			<ul style="list-style-type: none"> Chair of the Board Audit Nominating and Corporate Governance Audit Nominating and Corporate Governance Compensation (Chair) 	
Gail S. Page	63	2017	Venture Partner at Turret Capital Management, L.P.	<ul style="list-style-type: none"> Industry Leadership Finance 			<ul style="list-style-type: none"> Nominating and Corporate Governance (Chair) Compensation 	
Mary Lake Polan	75	2018	Professor of Clinical Obstetrics, Gynecology and Reproductive Sciences at Yale University School of Medicine Chair of Scientific Advisory Board in Women's Health for Procter and Gamble Company Managing Director of Golden Seeds angel investing group	<ul style="list-style-type: none"> Industry Leadership Governance 			<ul style="list-style-type: none"> Nominating and Corporate Governance (Chair) Compensation 	<ul style="list-style-type: none"> Motif Bio plc Quidel Corporation
John G. Potthoff	51	2018	Chief Executive Officer and Co-founder of Elligo Health Research	<ul style="list-style-type: none"> Finance Industry Leadership 			<ul style="list-style-type: none"> Audit (Chair) Compensation 	
John J. Sperzel III	55	2014	Chief Executive Officer and President of Chembio Diagnostics, Inc.	<ul style="list-style-type: none"> Industry Leadership Innovation 				

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Director Tenure

Director Age

Director Independence

Director Diversity

Additional Board Governance Practices

Elections:	Classified Board	No
	Frequency of Director Elections	Annual
	In-Person Shareholder Meeting	Yes
	Voting Standard	Plurality
	Mandatory Retirement Age or Tenure	No
Chair:	Separate Chair of the Board and CEO	Yes
	Independent Chair of the Board	Yes
	Robust Responsibilities and Duties Assigned to Independent Chair	Yes
Meetings:	Number of Board Meetings Held in 2018	15
	Directors Attending Fewer than 75% of Board Meetings in 2018	None
	Independent Directors Meet without Management Present	Yes
	Number of Standing Committee Meetings Held in 2018	8
	Members Attending Fewer than 75% of Committee Meetings in 2018	None
Director Status:	Directors "Overboarded" per ISS or Glass Lewis Voting Guidelines	None
	Material Related-Party Transactions with Directors	None
	Family Relationships with Executive Officers or Other Directors	None
	Shares Pledged by Directors	None

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Approval of 2019 Omnibus Incentive Plan

We are asking stockholders to approve our 2019 Omnibus Incentive Plan to, among other things, reserve 2,400,000 shares of common stock for awards under the plan.

Ratification of Appointment of Independent Auditor for 2019

We are asking stockholders to ratify the audit committee's retention of BDO USA, LLP, an independent registered public accounting firm, as our independent auditor to examine and report on our consolidated financial statements for the fiscal year ending December 31, 2019.

Advisory Vote on 2018 Executive Compensation

In accordance with rules of the Securities and Exchange Commission or SEC, we are asking stockholders for an advisory vote — known as a “say-on-pay” vote — of the 2018 compensation of our “named executive officers” as set forth in the compensation tables, related narrative discussion and other disclosures under “Executive Compensation” in this Proxy Statement. The following table provides information concerning the compensation paid for 2018 and 2017 to our named executive officers during 2018:

Name and Principal Position	Year	Salary (\$)	Bonus(\$)(1)	Equity Awards (\$)(2)	All Other Compensation(\$)(3)	Total(\$)
John J. Sperzel III Chief Executive Officer and President	2018	\$416,847	\$89,250	\$950,000	—	\$1,456,097
Neil A. Goldman Executive Vice President, Chief Financial Officer	2017	415,137	63,750	62,998	—	541,885
Neil A. Goldman Executive Vice President, Chief Financial Officer	2018	294,231	50,400	300,000	\$2,769	647,400
Javan Esfandiari Executive Vice President, Chief Science and Technology Officer	2017	175,769	—	423,882	—	224,638
Javan Esfandiari Executive Vice President, Chief Science and Technology Officer	2018	357,807	72,450	375,000	7,391	812,648
Javan Esfandiari Executive Vice President, Chief Science and Technology Officer	2017	342,308	51,750	9,652	5,900	347,244

(1) Based on reaching revenue targets, satisfying individual objectives, and, in 2017, reaching an operating income (loss) target and discretionary grants.

(2) Determined in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 718, Compensation—Stock Compensation.

(3) Comprised of employer matching payments to 401(k) contributions and, in 2017, a car allowance.

Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation

In accordance with rules of the SEC, we are asking stockholders for an advisory vote – known as a “say-on-frequency” vote – on how frequently they would like to cast an advisory “say-on-pay” vote on the compensation of our named executive officers. The board of directors recommends an annual advisory “say-on-pay” vote. SEC rules require that we submit a “say-on-frequency” vote to stockholders every six years

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Questions and Answers about the Annual Meeting

Q: When and where will the Annual Meeting be held?

A: This year the Annual Meeting of Stockholders of Chembio Diagnostics, Inc., which we refer to as the Annual Meeting, will be held at 555 Wireless Boulevard, Hauppauge, New York beginning at 10 a.m., Eastern time, on Tuesday, June 18, 2019.

Q: What materials have been prepared for stockholders in connection with the Annual Meeting?

A: We are furnishing you and other stockholders of record with the following proxy materials: our 2018 Annual Report to Stockholders, which we refer to as the 2018 Annual Report and which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (including our audited consolidated financial statements for 2017 and 2018); this Proxy Statement for the 2019 Annual Meeting, which we refer to as this Proxy Statement and which also includes a letter from our Chief Executive Officer and President to stockholders and a Notice of 2019 Annual Meeting of Stockholders; and

if you were a stockholder of record as of 5:00 p.m., Eastern time, on April 26, 2019, a proxy card which includes a control number for use in submitting proxies.

if you were a beneficial owner of shares held in street name as of 5:00 p.m., Eastern time, on April 26, 2019, a Notice of Internet Availability of Proxy Materials, which includes a control number for use in submitting proxies.

These materials were first mailed to stockholders, and made available on the Internet to beneficial owners of shares held in street name, on or about May 3, 2019.

If you are a beneficial owner of shares held in street name and, in accordance with the instructions provided in the Notice of Internet Availability, you request a printed set of proxy materials, you will receive by mail, at no charge, printed copies of the 2018 Annual Report, this Proxy Statement, a proxy card for the Annual Meeting and a pre-addressed envelope to be used to return the completed proxy card. If you are a beneficial owner of shares held in street name and, in accordance with the instructions provided in the Notice of Internet Availability, you request that a set of proxy materials be emailed to you, you will receive by email, at no charge, electronic copies of the 2018 Annual Report and this Proxy Statement.

Q: Why was I mailed a Notice of Internet Availability rather than a printed set of proxy materials?

A: In accordance with rules adopted by the SEC, we are furnishing the proxy materials to beneficial owners of shares held in street name by providing access via the Internet, instead of mailing printed copies. This process expedites the delivery of proxy materials to our beneficial owners of shares held in street name, lowers our costs and reduces the environmental impact of the Annual Meeting. The Notice of Internet Availability tells beneficial owners of shares held in street name how to access and review the proxy materials on the Internet and how to vote on the Internet. It also provides instructions beneficial owners of shares held in street name may follow to request paper or emailed copies of the proxy materials.

Q: Are the proxy materials available via the Internet?

A: You can access and review the proxy materials for the Annual Meeting at www.chembio.com/investors/proxy. In order to submit your proxies, however, you will need to refer to the proxy card or, if you are a beneficial owner of shares held in street name, the Notice of Internet Availability sent to you with this Proxy Statement to obtain your control number and other personal information needed to vote by proxy or in person.

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Q: What is a proxy?

A: The term “proxy,” when used with respect to stockholder, refers to either a person or persons legally authorized to act on the stockholder’s behalf or a format that allows the stockholder to vote without being physically present at the Annual Meeting.

Because it is important that as many stockholders as possible be represented at the Annual Meeting, the board of directors is asking that you review this Proxy Statement carefully and then vote by following the instructions set forth on the proxy card or, if you are a beneficial owner of shares held in street name, the Notice of Internet Availability. In voting prior to the Annual Meeting, you will deliver your proxy to the Proxy Committee, which means you will authorize the Proxy Committee to vote your shares at the Annual Meeting in the way you instruct. The Proxy Committee consists of John J. Sperzel III and Neil A. Goldman. All shares represented by valid proxies will be voted in accordance with the stockholder’s specific instructions.

Q: What matters will the stockholders vote on at the Annual Meeting?

A: Proposal Election of the following five director nominees:

- Katherine L. Davis • Gail S. Page • Mary Lake Polan
- John G. Potthoff • John J. Sperzel III

Proposal Approval of 2019 Omnibus Incentive Plan

Proposal Ratification of appointment of our independent auditor for 2019

Proposal Approval, as an advisory vote, of 2018 executive compensation as disclosed in this Proxy Statement

Proposal Approval, as an advisory vote, of the frequency of future advisory votes on executive compensation

Q: Who can vote at the Annual Meeting?

A: Stockholders of record of common stock at 5 p.m., Eastern time, on April 26, 2019, the record date, will be entitled to vote at the Annual Meeting. As of the record date, there were outstanding a total of 17,166,459 shares of common stock, each of which will be entitled to one vote on each proposal. As a result, up to a total of 17,166,459 votes can be cast on each proposal.

Q: What is a stockholder of record?

A: A stockholder of record is a stockholder whose ownership of common stock is reflected directly on the books and records of our transfer agent, Broadridge Corporate Issuer Solutions, Inc.

Q: What does it mean for a broker or other nominee to hold shares in “street name”?

A: If you beneficially own shares held in an account with a broker, bank or similar organization, that organization is the stockholder of record and is considered to hold those shares in “street name.” An organization that holds your beneficially owned shares in street name will vote in accordance with the instructions you provide. If you do not provide the organization with specific voting instructions with respect to a proposal, the organization’s authority to vote your shares will, under the rules of the Nasdaq Global Market or Nasdaq, depend upon whether the proposal is considered a “routine” or a non-routine matter.

The organization generally may vote your beneficially owned shares on routine items for which you have not provided voting instructions to the organization. The only routine matter expected to be voted on at the Annual Meeting is the ratification of the appointment of our independent auditor for 2019 (Proposal 3).

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The organization generally may not vote on non-routine matters, including Proposals 1, 2, 4 and 5. Instead, it will inform the inspector of election that it does not have the authority to vote on those matters. This is referred to as a “broker non-vote.”

For the purpose of determining a quorum, we will treat as present at the Annual Meeting any proxies that are voted on any of the four proposals to be acted upon by the stockholders, including abstentions or proxies containing broker non-votes.

Q: How do I vote my shares if I do not attend the Annual Meeting?

A: If you are a stockholder of record, you may vote prior to the Annual Meeting as follows:

• **Via the Internet:** You may vote via the Internet by going to www.aalvote.com/CEMI, in accordance with the voting instructions on the proxy card. Internet voting is available 24 hours a day until 11:59 p.m., Eastern time, on June 17, 2019. You will be given the opportunity to confirm that your instructions have been recorded properly.

• **By Telephone:** You may vote by calling +1 (866) 804-9616 and following the instructions provided on the telephone line. Telephone voting is available 24 hours a day until 11:59 p.m., Eastern time, on June 17, 2019. Easy-to-follow voice prompts will allow you to vote your shares and confirm that your instructions have been recorded properly.

• **By Mail:** If you obtain a proxy card by mail, you may vote by returning the completed and signed proxy card in a postage-paid return envelope that will be provided with the proxy card.

If you hold shares in street name, you may vote by following the voting instructions provided by your bank, broker or other nominee. In general, you may vote prior to the Annual Meeting as follows:

• **Via the Internet:** You may vote via the Internet by going to www.ProxyVote.com, in accordance with the voting instructions on the Notice of Internet Availability. Internet voting is available 24 hours a day until 11:59 p.m., Eastern time, on June 17, 2019. You will be given the opportunity to confirm that your instructions have been recorded properly.

• **By Mail:** You can vote by mail by requesting a paper copy of the proxy materials, which will include a voting instruction form.

For your information, voting via the Internet is the least expensive for us, followed by telephone voting, with voting by mail being the most expensive.

Q: Can I vote at the Annual Meeting?

A: If you are a stockholder of record, you may vote in person at the Annual Meeting, whether or not you previously voted. If your shares are held in street name, you must obtain a written proxy, executed in your favor, from the stockholder of record to be able to vote at the Annual Meeting.

Q: May I change my vote or revoke my proxy?

A: If you are a stockholder of record and previously delivered a proxy, you may subsequently change or revoke your proxy at any time before it is exercised by:

- voting via the Internet or telephone at a later time;
- submitting a completed and signed proxy card with a later date; or
- voting at the Annual Meeting.

If you are a beneficial owner of shares held in street name, you should contact your bank, broker or other nominee for instructions as to whether, and how, you can change or revoke your proxy.

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Q: What happens if I do not give specific voting instructions?

A: If you are a stockholder of record and you return a proxy card without giving specific voting instructions, the Proxy Committee will vote your shares in the manner recommended by the board on all five proposals presented in this Proxy Statement and as the Proxy Committee may determine in its discretion on any other matters properly presented for a vote at the Annual Meeting.

If you are a beneficial owner of shares held in street name and do not provide specific voting instructions to the broker, bank or other organization that is the stockholder of record of your shares, the organization generally may vote on routine, but not non-routine, matters. The only routine matter expected to be voted on at the Annual Meeting is the ratification of the appointment of our independent auditor for 2019 (Proposal 3). If the organization does not receive instructions from you on how to vote your shares on one or more of Proposals 1, 2, 4 and 5, your shares will be subject to a broker non-vote and no vote will be cast on those matters. See “Q. What does it mean for a broker or other nominee to hold shares in ‘street name’?” above.”

Q: What if other matters are presented at the Annual Meeting?

A: If a stockholder of record provides a proxy by voting in any manner described in this Proxy Statement, the Proxy Committee will have the discretion to vote on any matters, other than the five proposals presented in this Proxy Statement, that are properly presented for consideration at the Annual Meeting. We do not know of any other matters to be presented for consideration at the Annual Meeting.

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Vote Required for Election or Approval

Our only voting securities are the outstanding shares of common stock. As of the record date, which is 5 p.m., Eastern time, on April 26, 2019, there were outstanding 17,166,459 shares of common stock, each of which will be entitled to one vote on each proposal. Based on the number of votes for each share common stock, up to a total of 17,166,459 votes can be cast on each proposal.

Only stockholders of record as of the record date will be entitled to notice of, and to vote at, the Annual Meeting. A majority of the issued and outstanding shares of common stock entitled to vote, represented either in person or by proxy, constitutes a quorum at the Annual Meeting. For the purpose of determining a quorum, we will treat as present at the Annual Meeting any proxies that are voted on any matter to be acted upon by the stockholders, as well as abstentions or any proxies containing broker non-votes.

Election of Directors

The affirmative vote of a plurality of votes cast by shares entitled to vote and present in person or represented by proxy at the Annual Meeting at which a quorum is present is required to elect each director. Votes to “abstain” will not be counted for the purpose of determining whether a director is elected. Similarly, broker non-votes will not have any effect on the outcome of the election of directors, since broker non-votes are not counted as “votes cast.”

Approval of 2019 Omnibus Incentive Plan

Our 2019 Omnibus Incentive Plan must be affirmatively approved by a majority of the votes entitled to be cast and present in person or represented by proxy at the Annual Meeting. Abstentions will count as votes against this proposal because shares with respect to which a stockholder abstains will be deemed present and entitled to vote. Broker non-votes will have no effect on the outcome of this proposal because broker non-votes are not counted as “votes cast.”

Ratification of Appointment of Independent Auditor for 2019

The ratification of BDO USA, LLP as our independent auditor for the year ending December 31, 2019 must be approved by affirmative votes constituting a majority of the votes entitled to be voted and present in person or represented by proxy at the Annual Meeting. Abstentions will count as votes against this proposal, because shares with respect to which the stockholder abstains will be deemed present and entitled to vote. Because this proposal is considered a routine matter, discretionary votes by brokers will be counted.

Approval of 2018 Executive Compensation on an Advisory Basis

The advisory “say-on-pay” vote to approve our 2018 executive compensation must be approved by affirmative votes constituting a majority of the votes entitled to be cast and present in person or represented by proxy at the Annual Meeting. Abstentions will count as votes against this proposal, because shares with respect to which the stockholder abstains will be deemed present and entitled to vote. Broker non-votes will have no effect on the outcome of this proposal, because broker non-votes are not counted as “votes cast.”

Approval of Frequency of Future Advisory “Say-on-Pay” Votes on an Advisory Basis

The advisory “say-on-frequency” vote on the frequency of future advisory “say-in-pay” votes on executive compensation must be approved by affirmative votes constituting a majority of the votes entitled to be voted and present in person or represented by proxy at the Annual Meeting. As a result, any votes not cast, whether by abstention, broker non-votes or otherwise, will not affect the outcome of this proposal, except to the extent that the failure to vote for a particular frequency period may result in another frequency period receiving a larger proportion of the votes cast.

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Proposal— Election of Directors

At the Annual Meeting, stockholders will elect the entire board of directors to serve for the ensuing year and until their successors are elected and qualified. The board has designated as nominees for election the five persons named below, each of whom currently serves as a director.

Shares of common stock that are voted as recommended by the board will be voted in favor of the election as directors of the nominees named below. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election, which we do not anticipate, the shares represented by a duly completed proxy may be voted in favor of such other person as may be determined by the Proxy Committee.

Director Qualifications

The board of directors has determined that, as a whole, it must have the right mix of characteristics, skills and diversity to provide effective oversight of our company. In selecting directors, the board seeks to achieve a mix of directors that enhances the diversity of background, skills and experience on the board, including with respect to age, gender, international background, ethnicity and specialized experience. Directors should have relevant expertise and experience and be able to offer advice and guidance to our chief executive officer based on that expertise and experience. Also, a majority of directors should be independent under applicable Nasdaq listing standards, board and committee guidelines, and applicable laws and regulations. Each director is also expected to have:

- a high standard of personal and professional ethics, integrity and values;
- the training, experience and ability to make and oversee policy in business, government and/or education sectors;
- the willingness and ability to keep an open mind when considering matters affecting our interests and the interests of its constituents;
- the willingness and ability to devote the required time and effort to effectively fulfill the duties and responsibilities related to board and committee membership;
- the willingness and ability to serve on the board for multiple terms, if nominated and elected, to enable development of a deeper understanding of our business affairs;
- the willingness not to engage in activities or interests that may create a conflict of interest with a director's responsibilities and duties to us and our constituents; and
- the willingness to act in the best interests of our company and our constituents, and objectively assess board, committee and management performance.

Identifying and Evaluating Nominees for Directors

When the board of directors or its nominating and corporate governance committee identifies a need to add a new director with specific qualifications or to fill a vacancy on the board, the chair of the nominating and corporate governance committee will initiate a search, seeking input from other directors and senior management, review any candidates that the nominating and corporate governance committee has previously identified, and, if necessary, hire a search firm. The nominating and corporate governance committee then will identify the initial list of candidates who satisfy the specific criteria and otherwise qualify for membership on the board. Based on a satisfactory outcome of those interviews, the nominating and corporate governance committee will make its recommendation on the candidate to the board.

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Information Concerning Nominees for Election as Directors

The information appearing in the following table sets forth, for each nominee for election as a director:

- the nominee's professional experience for at least the past five years;
- the year in which the nominee first became one of our directors;
- each standing committee of the board of directors on which the nominee currently serves;
- the nominee's age as of the record date for the Annual Meeting;
- the relevant skills the nominee possesses that qualify him or her for nomination to the board; and
- directorships held by each nominee presently and at any time during the past five years at any public company or registered investment company.

Katherine L. Davis

Chembio Board Service:

- Tenure: 12 years
- Chair of the Board
- Committees:
 - Audit
 - Nominating and Corporate Governance

Age: 62

INDEPENDENT

Professional Experience

- Chair of the Board since March 2014, and a director since 2007
- Owner of Davis Design Group LLC, a provider of analytical and visual tools for public policy design, since 2007
- Chief Executive Officer of Global Access Point, a start-up company with products for data transport, data processing, and data storage network and hub facilities, from 2005 to 2006
- Lieutenant Governor of the State of Indiana from 2003 to 2005
- Controller of the City of Indianapolis from 2000 to 2003
- Financial Advisor to the Mayor of Indianapolis since January 2016

Gail S. Page

Chembio Board Service

- Tenure: 2 years
- Committees:
 - Audit
 - Compensation (Chair)
 - Nominating and Corporate Governance

Age: 63

INDEPENDENT

Professional Experience

- Director since July 2017
- Venture Partner at Turret Capital Management, L.P., an international healthcare-focused investment management fund, since September 2018
- Managing Partner and founder of Vineyard Investment Advisors, LLC, a firm assisting with new product and services development, from 2014 to November 2018
-

Co-founder and director of Consortia Health Holdings LLC, a rehabilitation services provider focused on pelvic disorders, from 2013 to June 2018

President, Chief Executive Officer and director of Vermillion, Inc., a developer and manufacturer of novel diagnostic blood tests, from 2006 to 2012

Executive Vice President and Chief Operating Officer of Luminex Corporation, a developer of testing solutions for life science applications, from 2000 to 2003

Senior Vice President of Roche Biomedical Laboratories, Inc. / Laboratory Corporation of America, a healthcare diagnostic company, from 1988 to 2000

Education

Masters in Business Administration degree from Harvard Business School

Bachelor of Science degree in mechanical engineering from the Massachusetts Institute of Technology

Education

Bachelor of Science degree in Medical Technology from the University of Florida

Completed executive management program at the Kellogg School in Chicago

Relevant Skills

Leadership

Governance

Policy / Government

Relevant Skills

Industry

Leadership

Finance

Contents

Mary Lake Polan

Chembio Board Service:

- Tenure: 7 months
- Committees:
 - Compensation
 - Nominating and Corporate Governance (Chair)

Age: 75

INDEPENDENT

John G. Potthoff

Chembio Board Service

- Tenure: 10 months
- Committees:
 - Audit (Chair)
 - Compensation

Age: 51

INDEPENDENT

Professional Experience

• Director since August 2018

• Clinical Professor in the Department of Clinical Obstetrics, Gynecology and Reproductive Sciences at Yale University School of Medicine since 2014

• Adjunct Professor in Obstetrics and Gynecology department at Columbia University School of Medicine from 2007 to 2014

• Visiting Professor in Obstetrics and Gynecology department at Columbia University School of Medicine from 2005 to 2007

• Chair of Department of Obstetrics and Gynecology at Stanford University School of Medicine from 1990 to 2005

• Chair of Scientific Advisory Board in Women's Health for the Procter and Gamble Company since 1997

• Managing Director of Golden Seeds, an angel investing group investing in women-led companies, since 2007

• Author of more than 130 books, articles and chapters in her areas of research

Professional Experience

- Director since May 2018

• Chief Executive Officer, co-founder and director of Elligo Health Research, a clinical research company, since March 2016

• President and Chief Executive Officer of Theorem Clinical Research Inc., a global contract research organization providing comprehensive clinical services, from 2011 until its acquisition by Chiltern International in September 2015

• Chief Operating Officer of INC Research Holdings, Inc. from its acquisition of Tanistry, Inc. in 2001 until its acquisition by private equity investors in 2010

•

Chief Executive Officer and founder of Tanistry, Inc., a contract research organization focused on the central nervous system, from 2000 to 2001

Education

- Master of Public Health (Maternal and Child Health Program) degree from the University of California, Berkeley
- Medical Doctor degree from Yale University School of Medicine
- Doctor of Philosophy degree in Molecular Biophysics and Biochemistry from Yale University School of Medicine
- Bachelor of Arts degree from Connecticut College

Education

- Bachelor of Arts degree in Psychology from the University of Texas-Austin
- Master of Arts degree in Psychology from the University of Texas-Austin
- Doctor of Philosophy degree in Psychology from the University of Texas-Austin

Relevant Skills

- Industry
- Leadership
- Governance

Relevant Skills

- Finance
- Industry
- Leadership

Other Public Company Board Service

- Motif Bio plc (AIM/NASDAQ:MTFB), a clinical-stage biopharmaceutical company specializing in developing novel antibiotics, since 2004
- Quidel Corporation (NASDAQ:QDEL), a developer of point-of-care diagnostic solutions, since 1993

Contents

John J. Sperzel III

Chembio Board Service:

- Tenure: 5 years

Age: 55

Professional Experience

• Chief Executive Officer, President and Director since March 2014

• Chief Executive Officer and President of International Technidyne Corporation, a developer of point-of-care cardiovascular diagnostic testing solutions, from 2011 to 2013

• President of Axis-Shield Diagnostics Ltd. (subsequently acquired by Abbott Laboratories), a developer of point-of-care immunoassay testing solutions, from 2004 to 2011

• Vice President of Worldwide Marketing and Business Development of Bayer Diagnostics (subsequently acquired by Siemens), a developer of point-of-care diagnostic testing solutions, from 2000 to 2004.

• Vice President of Instrumentation Laboratory, a developer of laboratory hemostasis and critical care diagnostic testing solutions, from 1997 to 2000

• Vice President and numerous commercial roles at Boehringer Mannheim Corp. (subsequently acquired by Roche), a developer of point-of care diagnostic testing solutions, from 1987 to 1997.

Education

• Bachelor of Science degree in Business Administration/Management from Plymouth State College

Relevant Skills

• Industry

• Leadership

• Innovation

The board of directors recommends a vote
FOR

each of the five nominees for election as directors.

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Proposal— Approval of 2019 Omnibus Incentive Plan

Background

On April 29, 2019, the board of directors approved, subject to stockholder approval, the Chembio Diagnostics, Inc. 2019 Omnibus Incentive Plan, or the 2019 Plan. If the 2019 Plan is approved by our stockholders, it will authorize the issuance of up to 2,400,000 shares of common stock. The 2019 Plan will supersede and replace our 2014 Stock Incentive Plan, or the Prior Plan, and no new awards will be granted under the Prior Plan. Any awards outstanding under the Prior Plan on the date of stockholder approval of the 2019 Plan will remain subject to and be paid under the Prior Plan, and any shares subject to outstanding awards under the Prior Plan that subsequently expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the 2019 Plan.

The board recommends that stockholders approve the 2019 Plan. The purposes of the 2019 Plan are to enhance our ability to attract and retain highly qualified officers, non-employee directors, key employees and consultants, and to motivate those service providers to serve Chembio and to expend maximum effort to improve our business results and earnings of the company, by providing to those service providers an opportunity to acquire or increase a direct proprietary interest in our operations and future success. The 2019 Plan also will allow us to promote greater ownership in our company by the service providers in order to align the service providers' interests more closely with the interests of our stockholders. Stockholder approval of the 2019 Plan will also enable us to grant awards under the 2019 Plan that are designed to qualify for special tax treatment under Section 422 of the Internal Revenue Code of 1986, or the Code.

As described under "Executive Compensation—Outstanding Equity Awards at 2018 Fiscal Year-End," on November 11, 2018, the compensation committee, based in part on advice from its independent compensation consultant, approved the grant to John Sperzel, our Chief Executive Officer and President, of a restricted stock award for 375,000 shares of common stock that would be subject to time vesting in full on November 11, 2022. Because fewer than 375,000 shares of common stock were then available under the Prior Plan, this proposed grant to Mr. Sperzel was made subject to stockholders' approval of an increase in the shares reserved under the Prior Plan or of a new equity incentive plan under which the restricted shares could be issued. If the 2019 Plan is approved at the Annual Meeting, the restricted shares will be granted to Mr. Sperzel from the shares that will become available under the 2019 Plan, without further action by the compensation committee or the board of directors.

Key Features

The following features of the 2019 Plan will protect the interests of our stockholders:

• **Limitation on terms of stock options and stock appreciation rights.** The maximum term of each stock option and stock appreciation right, or SAR, is ten years.

• **No repricing or grant of discounted stock options.** The 2019 Plan does not permit the repricing of options or SARs either by amending an existing award or by substituting a new award at a lower price. The 2019 Plan prohibits the granting of stock options or SARs with an exercise price less than the fair market value of the common stock on the date of grant.

• **No liberal share recycling.** Shares used to pay the exercise price or withholding taxes related to an outstanding award and unissued shares resulting from the net settlement of outstanding options and SARs do not become available for issuance as future awards under the plan.

• **Minimum vesting requirements.** The 2019 Plan includes minimum vesting requirements. Equity-based awards generally cannot vest earlier than one year after grant. Certain limited exceptions are permitted.

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• No single-trigger acceleration. Under the 2019 Plan we do not automatically accelerate vesting of awards in connection with a change in control on the company.

• Dividends. We do not pay dividends or dividend equivalents on stock options, SARs or other unearned awards, whether time- or performance-vesting.

Summary of the 2019 Plan

The principal features of the 2019 Plan are summarized below. The following summary of the 2019 Plan does not purport to be a complete description of all of the provisions of the 2019 Plan. It is qualified in its entirety by reference to the complete text of the 2019 Plan, which is attached to this Proxy Statement as Annex A.

Eligibility

Awards may be granted under the 2019 Plan to officers, employees and consultants of our company and our subsidiaries and to our non-employee directors. Incentive stock options may be granted only to employees of our company or one of our subsidiaries. As of April 26, 2019, approximately 250 individuals were eligible to receive awards under the 2019 Plan, including 5 executive officers and 4 non-employee directors.

Administration

The 2019 Plan will be administered by the compensation committee of the board of directors. The compensation committee, in its discretion, selects the individuals to whom awards may be granted, the time or times at which such awards are granted, and the terms of such awards. The compensation committee may delegate its authority to the extent permitted by applicable law.

Number of Authorized Shares

A total of 2,400,000 shares of common stock are authorized for issuance under the 2019 Plan, which represents 13.4% of the fully diluted common shares outstanding as of April 26, 2019. In addition, as of the date of stockholder approval of the 2019 Plan, any awards then outstanding under the Prior Plan will remain subject to and be paid under the Prior Plan and any shares then subject to outstanding awards under the Prior Plan that subsequently expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the 2019 Plan. Up to 2,400,000 shares may be granted under the 2019 Plan as incentive stock options under Section 422 of the Code. The shares of common stock issuable under the 2019 Plan will consist of authorized and unissued shares, treasury shares, and shares purchased on the open market or otherwise.

If any award is canceled, terminates, expires or lapses for any reason prior to the issuance of shares or if shares are issued under the 2019 Plan and thereafter are forfeited to us, the shares subject to such awards and the forfeited shares will again be available for grant under the 2019 Plan. In addition, the following items will not count against the aggregate number of shares of common stock available for grant under the 2019 Plan:

• the payment in cash of dividends or dividend equivalents under any outstanding award;

• any award that is settled in cash rather than by issuance of shares of common stock; and

• any awards granted in assumption of or in substitution for awards previously granted by an acquired company.

Shares tendered or withheld to pay the option exercise price or tax withholding for any award (including restricted stock and restricted stock units) will continue to count against the aggregate number of shares of common stock available for grant under the 2019 Plan. In addition, the total number of shares covering stock-settled SARs or net-settled options will be counted against the pool of available shares, not just the net shares issued upon exercise. Any shares of common stock repurchased by us with cash proceeds from the exercise of options will not be added back to the pool of shares available for grant under the 2019 Plan.

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Adjustments

If certain changes in the common stock occur by reason of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in stock, or other increase or decrease in the common stock without our receipt of consideration, or if there occurs any spin-off, split-up, extraordinary cash dividend or other distribution of assets by us, we will equitably adjust the number and kind of securities for which stock options and other stock-based awards may be made under the 2019 Plan. In addition, if there occurs any spin-off, split-up, extraordinary cash dividend or other distribution of assets by us, we will equitably adjust the number and kind of securities subject to any outstanding awards and the exercise price of any outstanding stock options or SARs.

Types of Awards

The 2019 Plan permits the granting of any or all of the following types of awards:

Stock Options. Stock options entitle the holder to purchase a specified number of shares of common stock at a specified price (the exercise price), subject to the terms and conditions of the stock option grant. The compensation committee may grant either incentive stock options, which must comply with Section 422 of the Code, or nonqualified stock options. The compensation committee sets exercise prices and terms, except that stock options must be granted with an exercise price not less than 100% of the fair market value of the common stock on the date of grant (excluding stock options granted in connection with assuming or substituting stock options in acquisition transactions). Unless the compensation committee determines otherwise, fair market value means, as of a given date, the closing price of the common stock. (The fair market value of a share of common stock as of April 26, 2019, the record date, was \$7.43.) At the time of grant, the compensation committee determines the terms and conditions of stock options, including the quantity, exercise price, vesting periods, term (which cannot exceed ten years) and other conditions on exercise.

Stock Appreciation Rights. The compensation committee may grant SARs as a right in tandem with the number of shares underlying stock options granted under the 2019 Plan or as a freestanding award. Upon exercise, SARs entitle the holder to receive payment per share in stock or cash, or in a combination of stock and cash, equal to the excess of the share's fair market value on the date of exercise over the grant price of the SAR. The grant price of a tandem SAR is equal to the exercise price of the related stock option and the grant price for a freestanding SAR is determined by the compensation committee in accordance with the procedures described above for stock options. Exercise of a SAR issued in tandem with a stock option will reduce the number of shares underlying the related stock option to the extent of the SAR exercised. The term of a freestanding SAR cannot exceed ten years, and the term of a tandem SAR cannot exceed the term of the related stock option.

Restricted Stock, Restricted Stock Units and Other Stock-Based Awards. The compensation committee may grant awards of restricted stock, which are shares of common stock subject to specified restrictions, and restricted stock units, which represent the right to receive shares of the common stock in the future. These awards may be made subject to repurchase, forfeiture or vesting restrictions at the compensation committee's discretion. The restrictions may be based on continuous service with the company or the attainment of specified performance goals, as determined by the compensation committee. Stock units may be paid in stock or cash or a combination of stock and cash, as determined by the compensation committee. The compensation committee may also grant other types of equity or equity-based awards subject to the terms of the 2019 Plan and any other terms and conditions determined by the compensation committee.

Performance Awards. The compensation committee may condition the grant, exercise, vesting, or settlement of any award on such performance conditions as it may specify. We refer to these awards as "performance awards." The compensation committee may select such business criteria or other performance measures as it may deem appropriate in establishing any performance conditions.

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Minimum Vesting Requirements

Equity-based awards granted under the 2019 Plan will have a one-year minimum vesting requirement. This requirement does not apply to (1) substitute awards resulting from acquisitions, (2) shares delivered in lieu of fully vested cash awards, or (3) awards to non-employee directors that vest on the earlier of the one year anniversary of the date of grant or the next annual meeting of stockholders (but not sooner than 50 weeks after the grant date). Also, the compensation committee may grant equity-based awards without regard to the minimum vesting requirement with respect to a maximum of five percent of the available share reserve authorized for issuance under the 2019 Plan. In addition, the minimum vesting requirement does not apply to the compensation committee's discretion to provide for accelerated exercisability or vesting of any award, including in cases of retirement, death, disability or a change in control, in the terms of the award or otherwise.

No Repricing

Without stockholder approval, the compensation committee is not authorized to:

- lower the exercise or grant price of a stock option or SAR after it is granted, except in connection with certain adjustments to our corporate or capital structure permitted by the 2019 Plan, such as stock splits;
- take any other action that is treated as a repricing under generally accepted accounting principles or
- cancel a stock option or SAR at a time when its exercise or grant price exceeds the fair market value of the underlying stock, in exchange for cash, another stock option or SAR, restricted stock, restricted stock units or other equity award, unless the cancellation and exchange occur in connection with a change in capitalization or other similar change.

Clawback

All cash and equity awards granted under the 2019 Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with the terms of any company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time.

Transferability

Awards are not transferable other than by will or the laws of descent and distribution, except that in certain instances transfers may be made to or for the benefit of designated family members of the participant for no value.

Change in Control

In the event of a change in control of the Company, the compensation committee may accelerate the time period relating to the exercise of any award. In addition, the compensation committee may take other action, including (a) providing for the purchase of any award for an amount of cash or other property that could have been received upon the exercise of such award had the award been currently exercisable, (b) adjusting the terms of the award in a manner determined by the compensation committee to reflect the change in control, or (c) causing an award to be assumed, or new rights substituted therefor, by another entity with appropriate adjustments to be made regarding the number and kind of shares and exercise prices of the award. "Change in control" is defined under the 2019 Plan and requires consummation of the applicable transaction.

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Term, Termination and Amendment of the 2019 Plan

Unless earlier terminated by the board of directors, the 2019 Plan will terminate, and no further awards may be granted, ten years after the date on which it is approved by stockholders. The board may amend, suspend or terminate the 2019 Plan at any time, except that, if required by applicable law, regulation or stock exchange rule, stockholder approval will be required for any amendment. The amendment, suspension or termination of the 2019 Plan or the amendment of an outstanding award generally may not, without a participant's consent, materially impair the participant's rights under an outstanding award.

New Plan Benefits

A new plan benefits table for the 2019 Plan and the benefits or amounts that would have been received by or allocated to participants under the 2019 Plan for the year ended December 31, 2018 if the 2019 Plan were then in effect, as described in the federal proxy rules, are not provided, because, except as noted below, all awards made under the 2019 Plan will be made at the compensation committee's discretion, subject to the terms of the 2019 Plan. Therefore, the benefits and amounts that will be received or allocated under the 2019 Plan generally are not determinable at this time. The equity grant program for our non-employee directors is described under "Director Compensation" in this Proxy Statement.

On November 11, 2018, the compensation committee, based in part on advice from its independent compensation consultant, approved the grant to John Sperzel, our Chief Executive Officer and President, of a restricted stock award for 375,000 shares of common stock that would be subject to time vesting in full on November 11, 2022. Because fewer than 375,000 shares of common stock were then available under the Prior Plan at that time, this proposed grant is to be made under the 2019 Plan, without further action by the compensation committee or the board of director, if the 2019 Plan is approved at the Annual Meeting. See "Proposal 2—Approval of 2019 Omnibus Incentive Plan—Background".

Federal Income Tax Information

The following is a brief summary of the U.S. federal income tax consequences of the 2019 Plan generally applicable to us and to participants in the 2019 Plan who are subject to U.S. federal taxes. The summary is based on the Code, applicable Treasury Regulations, and administrative and judicial interpretations thereof, each as in effect on the date of this Proxy Statement, and is, therefore, subject to future changes in the law, possibly with retroactive effect. The summary is general in nature and does not purport to be legal or tax advice. Furthermore, the summary does not address issues relating to any U.S. gift or estate tax consequences or the consequences of any state, local or foreign tax laws.

Nonqualified Stock Options. A participant generally will not recognize taxable income upon the grant or vesting of a nonqualified stock option with an exercise price at least equal to the fair market value of the common stock on the date of grant and no additional deferral feature. Upon the exercise of a nonqualified stock option, a participant generally will recognize compensation taxable as ordinary income in an amount equal to the difference between the fair market value of the shares underlying the stock option on the date of exercise and the exercise price of the stock option. When a participant sells the shares, the participant will have short-term or long-term capital gain or loss, as the case may be, equal to the difference between the amount the participant received from the sale and the tax basis of the shares sold. The tax basis of the shares generally will be equal to the greater of the fair market value of the shares on the exercise date or the exercise price of the stock option.

Incentive Stock Options. A participant generally will not recognize taxable income upon the grant of an incentive stock option. If a participant exercises an incentive stock option during employment or within three months after employment ends (one year in the case of permanent and total disability), the participant will not recognize taxable income at the time of exercise for regular U.S. federal income tax purposes (although the participant generally will have taxable income for alternative minimum tax purposes at that time as if the stock option were a nonqualified stock option). If a participant sells or otherwise disposes of the shares acquired upon exercise of an incentive stock option after the later of (a) one year from the date the participant exercised the option and (b) two years from the grant date of the stock option, the participant generally will recognize long-term capital gain or loss equal to the difference between the amount the participant received in the disposition and the exercise price of the stock option. If a participant sells or otherwise disposes of shares acquired upon exercise of an incentive stock option before these holding period requirements are satisfied, the disposition will constitute a "disqualifying disposition," and the participant generally will

recognize taxable ordinary income in the year of disposition equal to the excess of the fair market value of the shares on the date of exercise over the exercise price of the stock option (or, if less, the excess of the amount realized on the disposition of the shares over the exercise price of the stock option). The balance of the participant's gain on a disqualifying disposition, if any, will be taxed as short-term or long-term capital gain, as the case may be.

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With respect to both nonqualified stock options and incentive stock options, special rules apply if a participant uses shares of common stock already held by the participant to pay the exercise price or if the shares received upon exercise of the stock option are subject to a substantial risk of forfeiture by the participant.

Stock Appreciation Rights. A participant generally will not recognize taxable income upon the grant or vesting of a SAR with a grant price at least equal to the fair market value of common stock on the date of grant and no additional deferral feature. Upon the exercise of a SAR, a participant generally will recognize compensation taxable as ordinary income in an amount equal to the difference between the fair market value of the shares underlying the SAR on the date of exercise and the grant price of the SAR.

Restricted Stock Awards, Restricted Stock Units, and Performance Awards. A participant generally will not have taxable income upon the grant of restricted stock, restricted stock units or performance awards. Instead, the participant will recognize ordinary income at the time of vesting or payout equal to the fair market value (on the vesting or payout date) of the shares or cash received minus any amount paid. For restricted stock only, a participant may instead elect to be taxed at the time of grant.

Other Stock or Cash-Based Awards. The U.S. federal income tax consequences of other stock or cash-based awards will depend upon the specific terms of each award.

Tax Consequences to Us. In the foregoing cases, we generally will be entitled to a deduction at the same time, and in the same amount, as a participant recognizes ordinary income, subject to limitations imposed under the Code.

Section 409A. We intend that awards granted under the 2019 Plan comply with, or otherwise be exempt from, Section 409A of the Code, but make no representation or warranty to that effect.

Tax Withholding. We are authorized to deduct or withhold from any award granted or payment due under the 2019 Plan, or require a participant to remit to us, the amount of any withholding taxes due in respect of the award or payment and to take such other action as may be necessary to satisfy all obligations for the payment of applicable withholding taxes. We are not required to issue any shares of common stock or otherwise settle an award under the 2019 Plan until all tax withholding obligations are satisfied.

The board of directors recommends a vote
FOR
the approval of the 2019 Plan.

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Proposal— Ratification of Appointment of Independent Auditor for 2019

The audit committee annually evaluates the performance of our independent auditor, BDO USA, LLP, or BDO, including the senior audit engagement team, and determines whether to reengage the current independent auditor or consider other audit firms. Factors considered by the audit committee in deciding whether to retain include:

• BDO's global capabilities

• BDO's technical expertise and knowledge of the Company's global operations and industry

• BDO's independence

• BDO's objectivity and professional skepticism

• the appropriateness of BDO's fees, BDO's tenure as independent auditor, including the benefits of a longer tenure, and the controls and processes in place that help ensure BDO's independence.

BDO has served as our independent auditor since 2011. The benefits of a longer tenure are:

• Enhanced audit quality – BDO's institutional knowledge of the Company's global business, accounting policies and practices, and internal control over financial reporting enhance audit quality.

• Competitive fees – Because of BDO's familiarity with us, audit and other fees are competitive with peer companies.

• Avoid costs associated with new auditor – Bringing on a new independent auditor would be costly and require a significant time commitment, which could lead to management distractions.

Based on the above evaluation, the audit committee has approved the retention of BDO as our independent auditor to examine and report on our consolidated financial statements and the effectiveness of our internal control over financial reporting for the fiscal year ending December 31, 2019. Even if the proposal is approved, the audit committee may, in its discretion, appoint a different independent registered public accounting firm to serve as independent auditor at any time during the year.

Representatives of BDO will be present at the Annual Meeting. The BDO representatives will have the opportunity to make a statement if they desire to do so, and we expect that they will be available to respond to appropriate questions.

The board of directors recommends a vote

FOR

the ratification of the appointment of BDO as our independent auditor for 2019.

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Proposal— Advisory Vote on 2018 Executive Compensation

Our stockholders have the opportunity at the Annual Meeting to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers in 2018 as disclosed in this Proxy Statement.

Our compensation program is intended to provide appropriate and balanced incentives toward achieving our annual and long-term strategic objectives and to create an alignment of interests between our executives and stockholders. This approach is intended to motivate our existing executives and to attract new executives with the skills and attributes that we need. Please refer to “Executive Compensation” for an overview of the compensation of our named executive officers.

We are asking for stockholder approval of the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules, which disclosures include the disclosures in the compensation tables and narrative disclosures included under “Executive Compensation.” This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this Proxy Statement.

Accordingly, stockholders are being asked to vote on the following resolution:

That the stockholders approve the compensation paid to the “named executive officers” of Chembio Diagnostics, Inc. with respect to the fiscal year ended December 31, 2018, as disclosed, pursuant to Item

Resolved: 402 of Regulation S-K promulgated by the Securities and Exchange Commission, in the Proxy Statement for the 2019 Annual Meeting of Stockholders, including the compensation tables and narrative discussion set forth under “Executive Compensation” therein.

This vote is advisory and not binding on the board of directors or the compensation committee. The board and the compensation committee value the opinions of our stockholders, however, and to the extent there is any significant vote against the named executive officer compensation disclosed in this Proxy Statement, we will consider our stockholders concerns and the compensation committee will evaluate whether any actions are necessary or appropriate to address those concerns.

The board of directors recommends a vote

FOR

the approval of the compensation paid to our named executive officers with respect to 2018, as disclosed in the compensation tables and narrative discussion set forth under “Executive Compensation” and elsewhere in this Proxy Statement.

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Proposal— Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation

In accordance with Section 14A of the Securities Exchange Act, we are requesting our stockholders vote, on a non-binding, advisory basis, on how frequently they would like to cast an advisory vote on the compensation of our named executive officers. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation annually, every two years or every three years.

We currently present an advisory vote on executive compensation each year, and the board of directors believes that continuing to conduct an advisory “say on pay” vote annually is the most appropriate for us. This frequency will continue to enable stockholders to annually express their views on our executive compensation program in a timely manner, based on the most recent information presented in our proxy statements. An annual advisory vote on executive compensation helps ensure ongoing stockholder communication with the compensation committee and the board of directors on executive compensation and corporate governance matters. Further, the annual advisory vote on executive compensation is consistent with our practice of electing all directors annually and providing stockholders the opportunity to ratify the audit committee’s selection of independent auditors annually.

Accordingly, the stockholders are being asked to vote on the following resolution:

Resolved: That the stockholders wish Chembio Diagnostics, Inc. to present an advisory vote on the compensation of named executive officers pursuant to Section 14A of the Securities Exchange Act on an annual basis.

This vote is advisory and not binding on the board or the compensation committee. The board and the compensation committee value the opinions of our stockholders, however, and will carefully consider the outcome of the advisory vote when making future decisions regarding the frequency of advisory votes on executive compensation.

The board of directors recommends a vote for the approval of an

ANNUAL

advisory vote on the compensation of named executive officers pursuant to Section 14A of the Securities Exchange Act.

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Corporate Governance

Board of Directors Overview

Under our Bylaws and the Nevada Revised Statutes, our business and affairs are managed by or under the direction of the board of directors, which selectively delegates responsibilities to its standing committees.

We expect nominees for election at each annual meeting of stockholders to participate in the Annual Meeting. The board generally expects to hold four regular meetings per year and to meet on other occasions when circumstances require. Directors spend additional time preparing for board and committee meetings, and we may call upon directors for advice between meetings. We encourage our directors to attend director education programs.

The board maintains an audit committee, a compensation committee, and a nominating and corporate governance committee. The board has adopted charters for each of the committees, and those charters are to be reviewed annually by the committees and the board. Our website provides access to:

the audit committee charter at:

chembiodiagnosticsinc.gcs-web.com/static-files/9834f839-d259-45c5-8b25-f6fce52b724a;

the compensation committee charter at:

chembiodiagnosticsinc.gcs-web.com/static-files/bd718df4-ee68-4a84-affa-c24f79ceec81; and

the nominating and corporate governance committee charter at:

chembiodiagnosticsinc.gcs-web.com/static-files/264bc05a-d241-4fc8-88d6-9aded84378fb.

The committees have the functions and responsibilities described in the sections below.

Independence of Directors

The board of directors must consist of a majority of independent directors under the requirements of Nasdaq.

Under Nasdaq rules, independent directors must comprise a majority of a listed company's board within twelve months from the date of listing. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent within twelve months from the date of listing. Audit committee members must also satisfy additional independence criteria, including those set forth in Rule 10A-3 under the Securities Exchange Act, and compensation committee members must also satisfy additional independence criteria, including those set forth in Rule 10C-1 of the Securities Exchange Act. Under Nasdaq rules, a director will qualify as an "independent director" only if, in the opinion of that company's board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3 under the Securities Exchange Act, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board or any other board committee: (a) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries, other than compensation for board service; or (b) be an affiliated person of the listed company or any of its subsidiaries.

In order to be considered independent for purposes of Rule 10C-1 under the Securities Exchange Act, each member of the compensation committee must be a member of the board of the listed company and must otherwise be independent. In determining independence requirements for members of compensation committees, the national securities exchanges and national securities associations are to consider relevant factors, including: (a) the source of compensation of a member of the board of a listed company, including any consulting, advisory or other compensatory fee paid by the listed company to such member; and (b) whether a member of the board of a listed company is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

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The board annually reviews the independence of all non-employee directors. The board determined that each of Katherine L. Davis, Gail S. Page, John G. Potthoff and Mary Lake Polan qualify as independent directors in accordance with the rules of Nasdaq and Rules 10C-1 and 10A-3 under the Securities Exchange Act. The independent members of the board hold separate regularly scheduled executive session meetings at which only independent directors are present.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics, or the Conduct Code, applicable to all directors, officers and employees of Chembio and its subsidiaries. We have posted the Conduct Code on our website at www.chembiodiagnosticsinc.gcs-web.com/static-files/bca4f259-b35e-4280-a17f-2509fb6ff007. We will post any amendments to the Conduct Code on our website. In accordance with the requirements of the SEC and Nasdaq, we will also post waivers applicable to any of our officers or directors from provisions of the Conduct Code on our website. We have not granted any such waivers to date.

We have implemented whistleblower procedures, which establish format protocols for receiving and handling complaints from employees. Any concerns regarding accounting or auditing matters reported under these procedures are to be communicated to the audit committee or our Chief Executive Officer and President.

Board Oversight of Risk

The board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable the board to understand our risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The audit committee reviews information regarding liquidity and operations, and oversees our management of financial risks. Periodically, the audit committee reviews our policies with respect to risk assessment, risk management, loss prevention and regulatory compliance. Oversight by the audit committee includes the Chief Financial Officer reporting directly to the audit committee at least quarterly to provide an update on management's efforts to manage risk.

Matters of significant strategic risk, including cybersecurity risks, are considered by the board as a whole.

Board Diversity

The board of directors recognizes the importance of diversity in business experience, education, and professional skills in selecting nominees for director. It has not, however, adopted a formal policy concerning the consideration of diversity.

Board Leadership Structure

The board of directors recognizes that it is important to determine an optimal board leadership structure to ensure the independent oversight of management as we continue to grow. The board has determined that separating the positions of Chief Executive Officer and Chair of the Board is the best structure to fit Chembio's current needs. This structure is preferable because it provides a greater role for the independent directors in the oversight of Chembio and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the board. We do not, however, have a policy on whether the offices of Chair of the Board and Chief Executive Officer should be separate. While the board has concluded that our current leadership structure is appropriate at this time, it will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

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Audit Committee

The principal responsibilities of the audit committee are:

- appointing, approving the compensation of, and assessing the independence of our independent auditor;
- approving all audit and non-audit services of the independent auditor;
- evaluating our independent auditor's qualifications, performance and independence;
- reviewing our financial statements and financial disclosure;
- conducting periodic assessments of our accounting practices and policies;
- furnishing the audit committee report required by SEC rules;
- reviewing and approving of all related-party transactions;
- setting hiring policies for the hiring of employees and former employees of our independent auditor and ensuring that those policies comply with all applicable regulations;
- developing and monitoring compliance with a code of ethics for senior financial officers and a code of conduct for all Chembio employees, officers and directors;
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
- establishing procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- overseeing the work of our independent auditor, including resolution of disagreements between management and the independent auditor; and
- reviewing and discussing our annual and quarterly financial statements and related disclosures with management and the independent auditor.

Our independent auditor is ultimately accountable to the audit committee. The audit committee has the ultimate authority and responsibility to select, evaluate, approve terms of retention and compensation of, and, where appropriate, replace the independent auditor.

The current members of the audit committee are John G. Potthoff, who serves as chair, Katherine L. Davis and Gail S. Page. All three members are standing for re-election at the Annual Meeting. The board has determined that each of the audit committee members is financially literate and is a "non-employee director" as defined in Rule 16b-3 promulgated under the Securities Exchange Act. The board also determined that each of Dr. Potthoff, Ms. Davis and Ms. Page is independent, as defined in the listing standards of Nasdaq, and is an "outside director" as that term is defined in Code Section 162(m). The board has also determined that each of Dr. Potthoff, Ms. Davis and Ms. Page is an audit committee financial expert in accordance with the standards of the SEC.

During 2018, the audit committee met privately with representatives of BDO USA, LLP, our independent auditor, on four occasions, met privately with our management on four occasions, and held four executive sessions with only non-employee directors in attendance. Each of the then-serving members participated in all of the meetings of the audit committee during 2018.

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Nominating and Corporate Governance Committee

The principal responsibilities of the nominating and corporate governance committee are:

- reviewing, approving and recommending director candidates to the board of directors;
- preparing proxy statement disclosure for the process used to identify and evaluate nominees for the board of directors, including an explanation of the director nomination process and shareholder communications to the board;
- periodically reviewing appropriateness of board size and restrictions on board service;
- recommending to the board standards regarding our definition of independence as it relates to directors;
- establishing, coordinating and reviewing with the Chair of the Board the criteria and method for evaluating the effectiveness of the board;
- developing and recommending to the board procedures for selection of the Chair of the Board and for board review of and for communications of such review to, the Chair of the Board;
- monitoring the process and scope of director access to management and employees and communications between directors and management and employees;
- coordinating the board's oversight of our internal control over financial reporting, including disclosure controls;
- developing board meeting procedures;
 - recommending to the board the number, type, functions, structure and independence of committees;
- annually recommending to the board membership on board committees and advising board and committees with regard to the selection of chairs of committees;
- determining criteria and procedures for selection of committee members and chairs and establishing and coordinating with the applicable committee chair criteria and method for evaluating the effectiveness of the committees;
- periodically reviewing and revisions of the director orientation program and monitoring, planning and supporting director continuing education activities;
- developing, reviewing and recommending corporate governance policies and monitoring compliance with such policies; and
- providing minutes of committee meetings to the board and reporting significant matters arising from committees' work.

The current members of the nominating and corporate governance committee are Mary Lake Polan, who serves as chair, Katherine L. Davis and Gail S. Page. All three members are standing for re-election at the Annual Meeting. The board has determined that each of Dr. Polan, Ms. Davis and Ms. Page is independent, as defined in the listing standards of Nasdaq.

The nominating and corporate governance committee has the sole authority to retain, oversee and terminate any consulting or search firm to be used to identify director candidates or assist in evaluating director compensation and to approve any such firm's fees and retention terms. The nominating and corporate governance committee held two meetings in 2018. During 2018 the nominating and corporate governance committee held two executive sessions with only non-employee directors in attendance. Each of the then-serving members participated in all of the meetings of the nominating and corporate governance committee during 2018.

There have been no changes in the past year to the procedures by which stockholders may recommend nominees for director to the board. For a stockholder recommendation for a director to be considered for nomination by the board at the next annual meeting of stockholders, the recommendations must be made by a stockholder of record entitled to vote. Stockholder nominations must be made by notice in writing, delivered or mailed by first-class U.S. mail, postage prepaid, to our Secretary at our principal business address, not less than 60 days nor more than 90 days prior to any meeting of the stockholders at which directors are to be elected. Each notice of nomination of directors by a stockholder shall set forth the nominee's name, age, business address, if known, residence address of each nominee proposed in that notice, the principal occupation or employment of each nominee for the five years preceding the date of the notice, the number of shares of common stock beneficially owned by each nominee, and any arrangement, affiliation, association, agreement or other relationship of the nominee with any Chembio stockholder.

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Compensation Committee

The principal responsibilities of the compensation committee are to assist the board of directors in fulfilling its responsibilities relating to:

- developing an executive compensation philosophy and establishing and annually reviewing and approving executive compensation programs and policies;
- reviewing and approving corporate goals and objectives for chief executive officer compensation, evaluating chief executive officer performanc