

## **QCA Corporate Governance Code – Statement of Compliance**

*updated 1 April 2019*

### **Corporate Governance Statement**

After the changes to the AIM Rules which require all AIM-listed companies to adopt and comply with a recognised corporate governance code, the Board of Ingenta plc have adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code).

It is the Board's responsibility to ensure that the Ingenta Group is managed in the long-term interests of all shareholders and stakeholders in the business. The Board believes a strong and effective corporate governance culture is critical in this respect as we endeavour to grow a resilient and sustainable business for the benefit of our shareholders, customers, people and suppliers.

The QCA code is constructed around 10 broad principles and the report below sets out how we comply with the code at this time. Compliance with the code will be reviewed and updated annually.

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

Ingenta seeks to solve the unique problems faced by information providers. We tailor our suite of industry-specific technology products to create robust solutions to manage our customers IP, content and advertising requirements.

Our business model is to deliver profitable services enabling us to invest in the development of software solutions that help our customers manage and monetise their content. We generate revenue via professional service fees for implementing our solutions, providing ongoing licence, hosting and support services plus a range of ancillary consulting services. We then reinvest some of these profits into our products and the development of next generation solutions to ensure we have the required product capabilities to deliver revenue and profit into the future.

Further details on the Company's business model and strategy, as well as the key challenges faced by the business, are set out in the Company's latest annual and half-year results.

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

The Board is committed to maintaining active dialogue with its shareholders to ensure that its strategy, business model and performance are understood.

The AGM is the main forum for dialogue between retail shareholders and the Board. The notice of the AGM is sent at least 21 days before the meeting which is held at the Companies Head Office and all Board members routinely attend. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. During the meeting, the Board members are available to answer any questions raised by shareholders. The results of the AGM are subsequently published on the Company's corporate website.

The Chief Executive Officer and Chief Financial Officer are primarily responsible for shareholder liaison and can be contacted on 01865 397 800. The executive management make presentations to

institutional shareholders and analysts each year following the release of full year and half year results. Conversations, when requested, are also held at other points in the year.

The corporate website also includes details of recent annual and interim results plus a listing of the Companies RNS and RNS reach publications.

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

The Board meets regularly through the year and is updated on wider stakeholder issues as they arise. In addition to our shareholders, the Board considers the employees, customers and suppliers to be critical to the long-term success of the business.

Employees

Staff are invited to regular Company wide meetings where the Executive Team share information and updates on strategy and recent news. At these meetings, there is also a forum where all members of staff can ask questions. The Company also carries out a formal staff survey so senior management and the Board can be kept abreast of major staff concerns. Ingenta also retain an independent HR resource to ensure all HR issues are dealt with in accordance with best practice and all rules and regulations are adhered to.

Customers

The Group have many customers of differing size and complexity with a variety of requirements. To best service them, the business has rolled out a new operating model to standardise its approach to all customers and provide a consistent level of service and support. The business also keeps regular contact with customers via account managers and user groups where demand exists so that our customers can feed back any issues, share experiences and help shape the development of our products. To ensure the business is keeping abreast of wider industry challenges, we actively participate in a variety of annual trade events.

Suppliers

The Group makes every effort to ensure our suppliers are treated fairly and paid on time. Our audited accounts in 2018 showed that on average they are paid within 34 days. Ingenta opposes modern slavery in all its forms and endeavours to make sure any concerns raised are investigated. Where offshore resourcing is used, the business meets the suppliers prior to contract signing to satisfy itself that they are operating in a responsible manner.

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

The Board of Directors acknowledges its responsibility for the Group's system of risk management and internal control, including suitable monitoring procedures. There are inherent limitations in any system of risk management and internal control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The Group's control environment is the responsibility of the Group's Directors and managers at all levels.

The Directors and management have considered the risks facing the business with the key items discussed in the Group strategic report section of the financial statements. These are assessed on an ongoing basis. Other risks which come under the direct control of the Directors include treasury management, capital expenditure, insurance, health and safety and regulatory compliance. Risk assessment includes the review of potential mitigations.

#### Internal controls

The Company has an established framework of internal controls covering the following areas:

- The Board reviews and approves company strategy and the associated annual budgets.
- Monthly management information packs are produced which report performance to the Board and management team. These include income statements, balance sheets and cash flows. Actual results are reported against budget, latest forecast and prior year with an updated forecast for the expected full year outcome.
- Any new business goes through a deal review meeting to determine expected profitability and identify any risks and how they can be mitigated in the contract. New contracts must be signed by a member of the Board and where material they are reviewed by the Companies advisors.
- A Company wide timesheet system is in place to enable management to effectively monitor projects, both internal and external, and report on profitability throughout the duration of the work.
- A clear organisational structure with defined levels of authority and approval.
- Close supervision of the daily operations by the Executive Directors and management team.
- Central control over banking facilities with defined authority limits.
- The Audit Committee reviews the independent audit findings report each year to ensure compliance with financial reporting regulations and that its internal control procedures are being adhered to and remain effective.

The Group continues to review its internal controls and will be including further key performance indicators into the monthly reporting cycle to assist management and the Board in understanding the performance of the business. The Board considered the usefulness of appointing a dedicated legal counsel and internal audit function but decided in view of the size of the Group it was not effective to do so. This will be kept under review.

Further detail on the key risks faced by the business are set out in the Company's latest annual report.

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

Ultimate responsibility for corporate governance lies with the Chairman of the Board. At present the Board comprises the Non-Executive Chairman, four Non-Executive Directors and two Executive directors. During 2018, David Montgomery stepped down from his role as CEO and Executive Director and was replaced by Scott Winner. N W Kirton and B H Holmstrom are deemed to be independent Board members.

The Board is satisfied that it has the right mix of skills covering finance, investor relations, technology and industry experience to enable it to discharge its duties and responsibilities effectively and is supported by an Audit and a Remuneration Committee which meet separately through the year. Any

conflicts of interest at Board level are reviewed regularly through the year and disclosed at the Board meeting as appropriate.

There are normally eleven Board meetings scheduled as standard through the year with further meetings set up as required. In the year to 31 December 2018 there were 10 Board meetings held with attendance records below:

<b>Name</b>	<b>Attendance</b>
D R Montgomery	3 out of 3
G S Winner	8 out of 8
J R Sheffield	10 out of 10
M C Rose	9 out of 10
M A Rowse	9 out of 10
N W Kirton	10 out of 10
M M E Royde	9 out of 10
B H Holmström	10 out of 10

Each month the Board is supplied with a comprehensive management information pack covering financial performance for the month and forecast for the full year. The management team also provide an in-depth commentary on the divisional operations of the business to ensure the Board is kept abreast of the latest developments.

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

Between them, the Board members provide skills in finance and reporting, public markets, investor relations, technology and the publishing industry. These skills are kept up to date via training courses and current on the job experience. The Company's Nomad strengthens the Board's professional development by providing guidance and updates on corporate governance and regulatory matters as required.

The Board composition is under regular review and has widened over recent years to include specialists in public markets and technology where the Board felt there was a need for additional expertise. All Directors can take independent professional advice in order that they can effectively carry out their duties and have access to the services of the Company secretary as required.

Each board member's biography is available on the Company's website and latest financial reports, and detail their skills, experience and capabilities.

The Company secretary is responsible for guiding the Chairman and Board on their responsibilities and how those responsibilities should be discharged. This includes ensuring good information flows within the Board and its committees and also between senior management. Other responsibilities include shareholder relations, administration of the Company's records and ensuring compliance with legal and statutory requirements.

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

The Chairman continually monitors performance of the Board at the regular board meetings. The Executive Director roles of Chief Executive Officer and Chief Financial Officer are clearly defined with performance targets relating to Revenue, EBITDA, Earnings per share and cash balances set each year. The Company's auditors provide an annual finding report which is used as a tool to identify any areas of improvement for the Board, and these are reviewed and acted upon as appropriate. Where further training requirements have been identified, the Company then ensures that these are carried out.

In terms of succession planning, the Board are encouraged to maintain dialogue regarding individual member's future plans to enable the Company to complete an orderly transition. The succession process involves a thorough review of potential internal and external candidates to ensure the best person is selected. While no formal nomination committee has been established, board and other senior management appointments are regularly considered at a board level.

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

The Board and senior management expect everyone in the company to act in a responsible and ethical manner because the reputation of the business is key to our success. The company does not let cost concerns override its ethics and behaviour. For example, we only contract with offshore resourcing entities who commit to fair working practices. The Company is committed to minimising negative environmental impact in terms of energy usage at our offices, digitising our content and using responsible methods to dispose of electrical equipment.

The Company and staff are also active in the local community supporting charities and sponsoring good causes. Feedback from all stakeholders, as described in further detail in relation to principle 3, allow the Board to monitor the Company's culture, as well as the ethical values and behaviours within the business.

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

Under the leadership of the Chairman, the Board have a collective responsibility for the governance structure of the Group to ensure the Company's strategy is delivered effectively.

#### Board function

At the beginning of each financial year, the calendar of Board meetings is set for the coming year to ensure appropriate coverage over the term. Further meetings will be set up as and when required to ensure all matters are covered in enough detail. In advance of each meeting the Board are supplied with an agenda and all the necessary documents for review.

The matters reserved for the Board are:

- Approving Group strategy and budgets
- Dividend policy
- Approval of significant investment plans
- Board appointments and structure
- Approval of all company releases

All decisions are made democratically and minuted during the meeting.

### Roles and responsibilities

The Chairman is responsible for leading the Board and ensuring the Group's corporate governance code is adhered to in the deliverance of Company strategy. The Group maintains a discrete separation of the role of the Chairman from the day to day operations of the business.

The Chief Executive Officer is responsible for implementing the Group's business model to ensure that the strategy objectives are met. This is done by allocating more granular responsibilities to the Executive team which can be monitored and developed over time. The Chief Executive Officer provides the Board with a summary of the progress to date at monthly intervals through the year with further updates as required.

The Executive Team consists of the Chief Executive Officer, Chief Financial Officer and the Group's senior management team. The Executive Team meet regularly through the course of a month to manage the day to day operations of the business ensuring that controls are operating effectively and that the team's objectives are being met in furtherance of the Group's strategy.

The Remuneration Committee is composed of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It is responsible for the terms, conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

The Audit Committee is comprised of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It ensures the integrity of the financial statements and monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the Non-Executive Directors. The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and non-audit related services provided and measures applicable fees with similar auditors.

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

The Company communicates with shareholders via market announcements, Annual Reports, Annual General Meetings, investor briefings and direct communication as it occurs through the year. The Chief Executive Officer and Chief Financial Officer present the Company briefings although all Board members have and can be involved in dialogue with shareholders.

The Executive Team perform regular staff updates throughout the course of the year to provide information and a forum for discussion. In addition, the Executive Team also aim to schedule at least one formal staff survey each year.

The Company also maintain regular contact with customers through senior staff and account managers to ensure feedback on services is obtained. This is achieved by maintaining regular appointments, industry event attendance and, when there is enough demand, via customer product days.

Relations with key suppliers are also maintained with scheduled visits and meetings to ensure future plans and developments are shared allowing both sides to plan and evolve going forward.

The latest Directors' Remuneration Report and Independent auditor's report are available on the Company's website as part of the latest annual report, along with all historical annual reports and notices of meeting.