



Corporate Governance

September 2018

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INTRODUCTION

As an AIM listed company, we recognise the importance of applying sound governance principles in the successful running of the Company. We adopt and adhere to the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) in so far as is practical and appropriate.

We believe that good corporate governance is about having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders over the medium to long-term.

Principle 1 - Establish a strategy and business model which creates long-term value for shareholders

Creating long-term shareholder value is dependent on high quality strategic decisions being made by our board of directors and senior management, including the ability to make wise investments and generate a healthy return on invested capital. It is a result of both growth and operating efficiency.

We build long-term relationships with our customers and working closely with them to develop in-depth knowledge of their innovation needs, business and processes, with a specific focus on delivering measurable returns on investment.

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Company's business model and strategy, including key challenges in their execution (and how those will be addressed)	As set out in the <u>Annual Report</u>
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<p>Re-setting the Companies strategic goals</p>	<p>Annually</p> <p>Objectives:</p> <p>measure the company’s progress towards its established goals; consider if resources allocated meet demand or if there are shortfalls to be addressed; consider if there are major changes in the Company that may impact on established goals; and enable regular communication of the Company’s core values and goals to employees (central to aligning employees with the Company’s priorities).</p>
<p>Strategic goal progress reviews</p>	<p>Quarterly</p> <p>Objectives:</p> <p>ensure the strategic plan is properly utilised, updated and revised when needed; allows us to adapt to a rapidly changing business environment. Strategic goals are considered with major events such as legislation affecting the Company and new technology in mind.</p>

Principle 2 - Seek to understand and meet shareholder needs and expectations

The Board considers effective communication with shareholders to be very important and encourages regular dialogue with both institutional and private investors.

In particular, we strive to understand who the key shareholders are as well as their investment strategies and other interests. This information is key not only in engagement with shareholders, but also in exploring how to better communicate corporate strategies to attract the type of long-term shareholders we want.

Our shareholder liaison contacts with responsibility for understanding and meeting shareholder needs and expectations are:

Position	Name
Chairman of the Board	Nicholas Habgood
Chief Executive Officer	Luke McKeever
Chief Financial Officer	Eric Dodd
Public Relations Advisors	Alma PR

The Company has institutional shareholders and is, where practicable, willing to enter into a dialogue with them. The Chief Executive and the Chief Financial Officer meet regularly with institutional investors within the confines of relevant legislation and guidance. The Company's engagement plan with institutional shareholders is set out below:

Frequency of meetings	At least twice a year
Form of meetings	In-person; telephone conference
Meeting agenda	Investor presentations Assessment of shareholder sentiment Set expectations Communicate the Company's intentions

Communications plan with all shareholders

Frequency	In accordance with AIM requirements
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Method	Regulatory News Service announcements Interim financial results Annual Report Website
Oversight over shareholder communication channels	Chairman of the Board

The Board invites communication from its investors and encourages participation by them at the AGM. All Board members present at the AGM are available to answer questions from shareholders. Notice of the AGM is in excess of 14 clear days and the business of the meeting is conducted with separate resolutions, voted on initially by a show of hands and with the result of the voting being clearly indicated.

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

The Board values good relations with the Company's key stakeholder groups. We have made a considerable effort to understand their needs, interests and expectations, as set out below.

Key Stakeholder	Activity	Objectives
Employees	Engagement surveys "Town hall" meetings "Fedex" days Quarterly business reviews	Provide education sessions; promote strong relationships between employees; encourage sharing of views; improve products, processes and outcomes; creation of a culture that is positive, engaged and energetic

Customers and key suppliers	Net promoter score Customer success teams Customer forums	Foster positive relationships; find innovative solutions; obtain feedback; guide strategic positioning and product offering
Environment and social impact	Creation of internal Corporate Social Responsibility team with representation from all offices	<p>By exercising control over our activities, we strive to ensure the sustainable use of resources and prevent wasteful or damaging practices.</p> <p>We aim to manage our operations in ways that are environmentally sustainable, economically feasible and socially responsible.</p>

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

The Board is responsible for the Company’s system of internal control and for reviewing its effectiveness. Such a system is designed to mitigate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The internal control procedures are delegated to Executive Directors and senior management in the Group, operating within a clearly defined departmental structure. The Board balances performance and compliance by ensuring that management’s actions are consistent with corporate strategy, reflective of the culture of the business, and in-line with the organization’s risk tolerance. This is aided by risk identification processes to identify, consolidate and prioritise the risks facing it, as set out below.

Opportunities and threats	Documented by the executive team monthly and shared with the Board Risks and mitigating factors reported, and high-risk situations immediately acted upon
Operational risks	Discussed daily within the business Executive team meets weekly to consider reports from around the business Organisational structure with clearly defined lines of responsibility and delegation of accountability and authority. Disaster recovery planning and scenario planning scheduled to take place by Q2 2019
Financial risks	Considered at each Board meeting Management accounts, including a comprehensive weekly cash flow forecast to provide effective monitoring of financial performance Detailed budget and working capital projections, which are approved annually by the Board and are maintained and updated regularly throughout the year. Key performance indicators produced that are relevant to the B2B SaaS industry
Internal audit	The Board has concluded that an internal audit function is not justified at this juncture. However, this decision is continually reviewed as the operations of the Company develop.
Liquid resources	The Board considers it appropriate to maintain a minimum cash balance of £1 million to protect against unexpected events, taking into account company size and seeks to adhere to this wherever possible and practicable.

The principle risks and uncertainties facing the Company are set out in the [Annual Report](#).

Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Chair

Frequency of reporting	The Board receives information and reporting from key parts of the business each month.
Quality of information	The information, which is always provided in a timely manner, is of a high quality and comprehensive, ensuring that the Board is well informed and has the tools to

	facilitate proper assessment of matters which require its insight and decision making.
Balance of Executive and Non-Executive Directors	<p>The Board believes that there is an appropriate balance between Executive and Non-Executive Directors (NEDs) on the Board.</p> <p>All Directors are encouraged to foster an attitude of independence of character and judgement.</p>
Non-Executive Directors	<p>Nicolas Habgood (NED, Chairman) Ivor Dunbar (NED) Edward Ewing (NED) Robert Fenner (NED)</p>
Executive Directors	<p>Luke Mckeever (CEO) Eric Dodd (CFO)</p>
Company Secretary	<p>The company secretary is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. Eric Dodd, Chief Financial Officer, also performs the role of company secretary, providing an internal advisory role to the Board.</p> <p>The QCA's guidelines state that the role of Company Secretary should not be held by an Executive Director, and as such we do not comply with this requirement. It is the Board's view that the size and complexity of the business does not necessitate a separate role of Company Secretary. Eric Dodd is supported and guided in this role by the Company's internal and external legal advisors.</p>
Skills of each director	See biography and Annual Report
Chairman's ethos	Nick focuses on delivering long-term shareholder value as the key priority. He achieves this by providing strong and active leadership of the Board team, in shaping strategy

	and providing guidance when difficult decisions are required.
Separation of the Chairman and Chief Executive role	<p>The roles of the Chairman and the Chief Executive are separate, with their roles and responsibilities clearly divided and set out in writing.</p> <p>The Chairman's role is leadership and management of the Board and its governance. He meets regularly and separately with the Chief Executive and the Non-Executive Directors to discuss matters for the Board.</p> <p>The Chief Executive is responsible for the leadership and day-to-day management of the Company. This includes formulating and recommending the Company's strategy for Board approval in addition to executing the approved strategy.</p>
Senior Independent Non-Executive Director	The Board does not believe it is appropriate to have a Senior Independent Non-Executive Director at this time given the size of the Company and the presence of the Non-Executive Deputy Chairman.
Conflicts of interest	The Board may authorise any actual or potential conflicts of interest. The Board considers directors' conflicts of interest at each meeting.

Principle 6 - Ensure that the Directors collectively have all appropriate skills, capabilities and experience

Board composition is at the heart of good corporate governance and high performance. Accordingly, we think strategically about the role board composition plays in meeting our strategic goals.

Board dominance risk	<p>The Chairman being a major shareholder risks individual dominance of the Board; however, the Board's view is that the appointment of independent NED's mitigates this risk.</p> <p>The Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code.</p>
Board diversity	In all new appointments, the Board aims to appoint those who bring new and diverse attributes to its complexion.

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

We recognise that Board evaluations can bring substantial benefits and can contribute significantly to performance improvements on the organisational, Board and individual member level.

We joined AIM in 2014 and have previously evaluated board performance informally. However, as the Company has grown, we have purposefully sought to identify and surmount the barriers impeding our effectiveness. In June 2018, we conducted our first formal review of board performance and intend to formally review board performance annually.

Board assessment frequency	Annually
Reviewer	Chairman led
Date of last assessment	June 2018
Board member training	Available on request, or if Chairman feels it is necessary
Board changes in 2018	<p>Additions(s):</p> <p>Luke McKeever (CEO)</p> <p>Removal(s):</p> <p>Andre Brown</p>
Board rotations	Directors are subject to election by shareholders at the first opportunity after their appointment.
Board size	6
Board size planning	The Board considers it also has a good mix of backgrounds, views and capabilities. However, it is assessing the possibility of additions to accelerate achievement of the Company's strategic goals.
Succession planning	The Company is small, young and growing. Accordingly, the Board anticipates that candidates for Board and Executive succession will be sourced from outside the organisation. It is also anticipated that the composition will change over

	<p>time, as the Company pursues both an organic and in-organic strategy.</p> <p>The importance of growing internal talent is understood by the Board. The Executive team is responsible for identifying high potential employees to be nurtured into leadership positions.</p> <p>In the event of CEO incapacity, the Chairman is familiar with the business (having served as interim CEO recently) and is well placed to take control on a temporary basis should such an exceptional circumstance arise.</p>
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Principle 8 - Promote a corporate culture that is based on ethical values and behaviour

The Board bears ultimate responsibility for promoting ethical behaviour. Doing so boosts employee morale, increase performance beyond bare minimums and retains employees in the long run.

Our corporate ethical values involve all employees with each taking personal responsibility for his or her own performance and results.

<p>Corporate culture</p>	<p>A vision workshop was conducted and delivered to employees in August 2018 to unite employees behind the common goals of:</p> <ul style="list-style-type: none"> working as one joined-up team, empowered to win being relentlessly customer-focused innovating in everything we do taking ownership with brilliant execution
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	<p>We believe this approach will enable us to be integral to the world's best shopping experiences.</p> <p>The Board considers ATTRAQT's culture to be positive, engaging and energetic.</p>
Supporting ethical policies	<p>Anti-facilitation of tax evasion (introduced May 2018)</p> <p>Whistleblowing (refreshed June 2018)</p> <p>Anti-bribery and corruption (refreshed July 2018)</p> <p>Equal opportunities (refreshed September 2018)</p>

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

Governance approach	<p>We recognise that good corporate governance is a key factor in underpinning the integrity and efficiency of a company. In that regard, we apply the core principles of good corporate governance; fairness, accountability, responsibility and transparency.</p> <p>The Board seeks to strike a balance between maintaining adequate governance without imposing structures that slow or weaken decision making and progress. As a result, the Board's structure is fluid, allowing it to adapt where necessary to business challenges.</p>
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	ATTRAQT's executive leadership team is actively encouraged by the Board to convey their wins, opportunities and challenges to help achieve business goals. This keeps the Board well informed.
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Principle 10 - Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Board is responsible to shareholders for the proper management of the Company and meets formally at least nine times a year to set the overall direction and strategy of the Company, to review operating and financial performance and to consider and advise on senior management appointments. The Board also monitors and approves financial policy and budgets, including capital expenditure over an agreed limit. All key operational decisions are subject to Board approval.

BOARD COMMITTEES

The Board has an Audit Committee and a Remuneration Committee to oversee and consider issues of policy outside of main Board meetings. The Board does not consider it necessary to have a separate Nominations Committee and any future recommendations for appointments to the Board will be considered by the Board as a whole.

Audit Committee

The audit committee is chaired by Ivor Dunbar and its other member is Robert Fenner. The Company's chairman can attend committee meetings as an observer. The audit committee meet formally at least two times a year and otherwise as required. It has the responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting

policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

The most recent Audit Committee report may be found [here](#).

Remuneration Committee

The remuneration committee is chaired by Robert Fenner and its other member is Ivor Dunbar, both of whom are non-executive directors. The Company's chairman can attend committee meetings as an observer. The remuneration committee meet not less than once a year and at such other times as required. It has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, chairman, and the executive directors, the company secretary, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee also has responsibility for determining (within the terms of the Company's policy and in consultation with the chairman of the Board and/or the chief executive officer) the total individual remuneration package for each executive director, the company secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards). The remuneration of non-executive directors will be a matter for the chairman and executive directors of the Board. No director or manager is allowed to partake in any discussions as to their own remuneration. In addition, the remuneration committee has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning.

The most recent Remuneration Committee report may be found [here](#).

Board and Committee attendance

Times Board formally met in past 12 months	9 times
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Times committees formally met in past 12 months	Audit committee: 2 times Remuneration committee: 3 times
Protocol where a director is unable to attend a meeting	Comments circulated prior to meeting to the chairman

Board meetings

Board member	Eligible to attend	Attended
Nick Habgood	9	9
Luke McKeever	3	3
Eric Dodd	8	8
Ivor Dunbar	9	8
Robert Fenner	9	9

The Board has not experienced a situation where a significant proportion of votes have been cast against a resolution at any general meeting in the past 12 months. However, if this did occur in the future, the Board will take steps to understand the reasons behind that vote result, and, where appropriate, explain any different action it has taken, or will take, as a result of the vote.