

## **Osirium Technologies plc (the Company)**

### **Corporate Governance Statement**

**26<sup>th</sup> September 2018**

#### **Chairman's Introduction**

One of my key roles is to ensure the establishment, appropriate monitoring and maintenance and communication of good corporate governance so that shareholders' and other stakeholders' interests are properly managed.

For this purpose the Board has adopted the QCA Corporate Governance Code (2018) and this Corporate Governance Statement sets out and confirms:

- my responsibility as Chairman to ensure that the Company and its subsidiaries (together the Group) has appropriate corporate governance standards in place and that these requirements are followed and applied within the Group as a whole;
- how the QCA Code is applied by Osirium and how we believe its application supports the Group's medium to long-term success
- the areas where Osirium's structures and practices may differ from the expectations set by the Code; and
- any key governance related matters that have occurred during the year, including any significant changes in governance arrangements .

In addition to adoption of the QCA Code, the directors have adopted the Group's Code on Dealings in Securities for dealings in the shares of the Company by directors and other PDMRs (persons discharging managerial responsibilities) and their respective PCAs (persons closely associated) and other restricted persons, amended post-float to reflect the requirements of the Market Abuse Regulation (Regulation (EU) No 596/2014) with effect from 3 July 2016.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to all its stakeholders and that shareholders have the opportunity to express their views and expectations for the Group.

The Board understands that the decisions regarding strategy and risk will impact the corporate culture of the Group and that the tone and culture set by the Board will impact all aspects of the Group as a whole and the way that employees behave.

The importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on all aspects of corporate life and professionalism and seeks to ensure that this is adopted throughout the Group.

The Board is responsible to shareholders for the proper management of the Company.

The Board comprises 5 directors, two of whom are Executive Directors and three of whom are Non-Executive Directors, reflecting a blend of different experience and backgrounds. The Board considers Simon Lee, Steve Purdham and Simon Hember to be independent Non-Executive Directors under the criteria identified in the QCA Code.

The Board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. To enable the Board to discharge its duties, all

directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. The Board has established Audit and Remuneration Committees with formally delegated duties and responsibilities and with written terms of reference. Each of these Committees meets regularly and at least twice a year.

From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

Simon Lee  
*Non-Executive Chairman*

## **The QCA Code**

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles:

### ***Principle One***

#### ***Business Model and Strategy***

*Here we explain the Company's business model and strategy, including key challenges in their execution (and how those will be addressed).*

The Board sets annual KPIs and budgets for the Group, which also sets a plan for the next 2-3 years.

The Board sets budgets and targets which are discussed in detail at every Board meeting and reviewed in light of any new or evolving information or data available to the group on the business and market evolution.

The key challenge to this strategy is the development of the market and the Group's ability to take advantage of the rapidly evolving Cyber market.

### ***Principle Two***

#### ***Understanding Shareholder Needs and Expectations***

*Here we explain the ways in which the Company seeks to engage with shareholders and how successful this has been. This includes information on those responsible for shareholder liaison or specification of the point of contact for such matters*

The Board is committed to maintaining good communication with all stakeholders and having constructive dialogue with its shareholders. The Group has close ongoing relationships with its investors and provides an opportunity at least twice a year for a face to face meeting (more often if requested), and there is an open invitation for all shareholders to visit the Company's Head Office in Theale. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting, when they have a further opportunity to raise matters with members of the Board. Investors also have access to current information on the Group through its website, [www.osirium.com](http://www.osirium.com), and via David Guyatt (CEO) and Rupert Hutton (CFO), who are available to answer investor relations enquiries.

### ***Principle Three***

#### ***Stakeholder Responsibilities***

*Here we:*

- *explain how the business model identifies the key resources and relationships on which the business relies.*
- *explain how the Company obtains feedback from stakeholders and the actions that have generated as a result of this feedback (e.g. changes to inputs or improvements in products).*

The Board understands that the long term success of the Group is dependent upon the work and efforts of the employees of the Group and its distributors, resellers, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is Board oversight and contact with all its key stakeholders. For example, all employees have access to the Executive Directors on a daily basis which ensures that there is an open and confidential dialogue with each person in the Group direct to the Board, to help ensure successful two-way communication. This daily contact helps to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition, the Board ensures that all key relationships with, for example, customers, suppliers, the regulator and the UK Financial Conduct Authority are the responsibility of, or are closely supervised by, the CFO.

**Principle Four**  
**Risk Management**

Here we describe how the Board has embedded effective risk management in order to execute and deliver strategy. This includes a description of what the Board does to identify, assess and manage risk and how it obtains assurance that the risk management and related control systems in place are effective.

Apart from the normal commercial and economic risks facing any UK based business looking to not only become the dominant company in its home market, but also expand into overseas territories, the major risks to the Group are the Loss of a Major Client & Supporter, Loss of a relationship with a Major supplier, the Development of new Technologies that may adversely impact the Group's Proprietary Software

Activity	Risk	Impact	Control(s)
Management	Loss of a Major Client & Supporter  Loss of a relationship with a Major supplier	Loss of Revenue and Cash Flow	Addition of new customers reduces the risk on any one customer / supporter
Innovation / R&D and Development	Development of new Technologies that may adversely impact the Group's Proprietary Software	Loss of Unique selling points for the software and increased competition	Undertakes research and development into various technologies on an ongoing basis
Market development	Competitor risk	The market for Cyber security software is becoming increasingly competitive	Management feel that the years of investment ahead of the maturing Privileged Access Management market and the continued investment in the product will maintain Osirium's leadership position in this market
Management	Recruitment and retention of key staff  The loss of any key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group	The Group's future performance is substantially dependent on the continued services and performance of its Directors and senior management plus its ability to attract and retain suitably skilled and experienced personnel in the future	The company believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group.  The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.
Strategic	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders

	Inadequate disaster recovery procedures  The Group's facilities could be disrupted by events beyond its control such as fire and other issues.	Loss of key operational and financial data	The Group undertakes nightly back-ups in 'the cloud' and prepares recovery plans for the most foreseeable situations so that its business operations would be able to continue.
Financial	Inappropriate controls and accounting policies	Inability to continue as going concern	Appropriate authority and investment levels. Audit Committee

The directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by both the Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

**Principle Five**

**A Well Functioning Board of Directors**

Here we:

- *identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this is explained.*
- *describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).*
- *include the number of meetings of the Board (and any committees) during the year, together*

As at 1 September 2018 the Board comprised: the Non-Executive Chairman, Simon Lee; the Chief Executive Officer, David Guyatt; the Chief Financial Officer, Rupert Hutton; and two non-executive directors, Stephen Purdham and Simon Hember. Simon Lee, Stephen Purdham and Simon Hember are considered by the Board to be independent. Biographical details of the current directors are set out within Principle Six below and on the Company's investor relations section of the Company's web site. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

**Principle Six**

**Appropriate Skills and Experience of the Directors**

Here we:

- *identify each director.*
- *describe the relevant experience, skills and personal qualities and capabilities that each director brings to the Board to demonstrate how the Board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium long-term.*
- *explain how each director keeps his/her skillset up-to-date.*
- *where the Board or any committee has sort external advice on a significant matter, this is described and explained.*
- *where external advisers to the Board or any of its committees have been engaged, we explain their role.*

- *describe any internal advisory responsibilities, such as the roles performed by the Company secretary and the senior independent director, in advising and supporting the Board.*

The Board currently consists of five directors with not only extensive current public market experience, but also many years of up to date industry specific experience provides a good blend and mix of experiences on the board and, in addition, the Group has engaged the outsourced services of:

- Martin Kay, from Blake Morgan LLP, the Company's lawyers to provide Company Secretarial services
- Randall and Payne a firm of Chartered Accountants to provide payroll and bookkeeping services

### **Simon Lee**

Non-Executive Chairman

Simon Lee is an International Advisor to Fairfax Financial where he sits on the Boards of Brit Syndicates Ltd and Advent Underwriting Ltd. He is also on the Global Advisory Board to Afiniti Inc., Non-Executive Director of TIA and Atlas Mara Bank and Chairman of Hospice in the Weald. Until December 2013, Simon was Group Chief Executive of RSA Insurance Group Plc, a FTSE 100 company, operating at the time in 32 countries, employing around 23,000 people, writing c. £9 billion p.a. in premiums with assets of c. £21 billion. Previously, Simon spent 17 years with NatWest Group, working in a variety of roles including Chief Executive NatWest Offshore, Head of US Retail Banking, CEO NatWest Mortgage Corporation (US) and Director of Global Wholesale Markets

### **David Guyatt**

Chief Executive Officer

Co-founder of Osirium, the management team is led by David Guyatt, who has over 25 years' experience in turning next generation IT products into successful technology businesses. He is a recognised pioneer in establishing the content security software market, being a co-founder and CEO of the Content Technologies group, which developed MIMESweeper and became the recognised world leader in content security solutions, with a 40 per cent global market share. Previously, David was Sales & Marketing Director at Integralis from 1990 to 1996, as it established itself as Europe's leading IT security integrator.

### **Rupert Hutton**

Chief Financial Officer

Rupert served for 12 years as Finance Director of AIM quoted Atlantic Global Plc, a cloud-based project portfolio management software company, before being sold in February 2012 to an international, US Private Equity backed, software business based in Bloomington, Minnesota. Previously, Rupert was Group Financial Controller of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise. Rupert spent his early career with Grant Thornton and has an AMBA accredited Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

### **Stephen (Steve) Purdham**

Non-executive Director

Steve has spent his entire career in the technology industry, starting with International Computers Limited in 1978 before moving to JSB Computer Systems Ltd. As co-founder of web and email filtering products Surfcontrol, Steve led JSB's flotation on AIM in 1997 as JSB Software Technologies Plc followed by its flotation on EASDAQ and then FTSE Main Market listing in February 2000. Changing its name to

SurfControl Plc, the Company entered the Techmark index and became a FTSE 250 company for a period of time. Acting as its CEO between 2000 and 2005 and then as a non-executive director until 2007, when

the Company was sold to Websense Inc. for \$400 million. He was also a founder investor in WE7 Limited, acting as the Company's CEO between 2008 and 2013 when it was sold to Tesco Plc for £10.8 million.

Steve is currently Executive Chairman and co-founder of 3rings Care Ltd and since 2002, held a number of other nonexecutive directorships including with the Manchester Technology Fund Limited and Identum Limited.

### **Simon Hember**

Non-executive Director

Simon is Founder and Managing Director of Acumin Consulting. Established in 1998, Acumin is a leading specialist for cybersecurity and information risk management recruitment and executive search operating throughout Europe and the US. Acumin has established relationships with end user organisations, system integrators, consultancies and vendors across the security industry. Simon has expertise consulting around mergers and acquisitions, facilitating European market entry for high growth companies and working closely with industry leaders and venture capital to create new ventures and business development networks globally. Simon is also Co-Founder and Director of RANT Events, the leading community of senior information security professionals who work within end-user organisations and a Director of Red Snapper Recruitment, which merged with Acumin in July 2015.

### **Principle Seven**

#### **Evaluation of Board Performance**

Here we:

- *include a high-level explanation of the Board performance effectiveness process*
- *include a more detailed description of the Board performance evaluation process/cycle adopted by the Company. This includes a summary of:*
  - *The criteria against which Board, committee, and individual effectiveness is considered;*
  - *How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and*
  - *How often Board evaluations take place.*

Simon Lee, as Chairman, continually assesses the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. The manner and scope of such review has not yet been determined.

### **Principle Eight**

#### **Corporate Culture based on ethical values and behaviours**

Here we explain how:

- *the Group's culture is consistent with the Company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement*

*should explain what the Board does to monitor and promote a healthy corporate culture and how the Board assesses the state of the culture at present.*

- *the Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.*

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group, the Board aims to lead by example and do what is in the best interests of the Company.

The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave.

And the board in its processes seeks to adopt full transparency receiving reports from senior management and where appropriate inviting management presentations at board meetings.

### ***Principle Nine***

#### ***Maintenance of Governance Structures and Processes***

*In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement, here we describe:*

- *the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders of other stakeholder groups).*
- *the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the Board for its consideration.*
- *which matters are reserved for the Board.*
- *any plans for evolution of the governance framework in line with the Company's plans for growth.*

#### **Board Structure and Committees**

The Board is responsible to shareholders for the proper management of the Company. Matters reserved by the Board for its consideration are Appended.

#### **AUDIT COMMITTEE**

The duties of the Audit Committee are to consider the appointment, re-appointment and terms of engagement of, and keep under review the relationship with, the Group's auditors, to review the integrity of the Group's financial statements, to keep under review the consistency of the Group's accounting policies and to review the effectiveness and adequacy of the Group's internal financial controls. In addition, it has received and reviewed such reports as it from time to time requests from the Group's management and auditors. The Audit Committee has met at least twice a year and has unrestricted access to the Group's auditors. The Audit Committee comprises Steve Purdham, Simon Lee and Simon Hember and has been chaired by Simon Lee.

The directors acknowledge that relevant corporate governance guidelines, including the QCA Code, state that the Audit Committee should not be chaired by the Chairman of the Company. The directors have considered the membership of the Audit Committee carefully and have concluded that, given the current composition of the Board, Simon is the most appropriate choice to be its Chairman. The Board regularly reviews the effectiveness of the Audit Committee. Once any further appointments have been made to the Board, the Audit Committee will be reviewed to bring its composition into line with corporate governance best practice guidance.

The terms of reference of the Audit Committee is Appended.



## REMUNERATION COMMITTEE

The Remuneration Committee has responsibility for reviewing and determining, within agreed terms of reference, the Group's policy on the remuneration of Senior Executives, Directors and other key employees and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the New Share Option Scheme. It has met not less than twice a year. The remuneration of Non-Executive Directors is a matter for the Board and no Director may be involved in any discussions as to his or her own remuneration. The Remuneration Committee comprises Steve Purdham, Simon Lee and Simon Hember and is chaired by Steve Purdham. Determination of Directors' and Senior Management's Salaries. The Remuneration Committee believes that the interests of the executive directors, other Group Company directors, senior management and staff and those of the shareholders and other stakeholders are best aligned by a remuneration policy that provides a base salary together with awards under the Group's Share Option Scheme and/or the award of bonuses paid for through the issue of shares. The Remuneration Committee reviews and determines annually directors' and senior management's salaries in relation to the tasks and responsibilities involved and the level of comparable salaries in the market place. In particular, the Committee seeks to ensure that salaries are competitive. In its final determination of salaries, the Committee's conclusions are set within what is affordable.

The terms of reference of the Remuneration Committee is Appended.

### Executive Director Service Agreements

Each of the executive directors has a service agreement with the Group. These agreements can be terminated by either party giving the other written notice at any time. Payments on termination are restricted to the value of the salary for the notice period.

### Non-executive Directors

The fees payable to the non-executive directors are first reviewed by the Committee, taking into account market rates, following which it submits recommendations to the Board for approval. The non-executive director has agreed a letter of appointment which sets out his duties, responsibilities and fees.

### **Principle Ten**

#### **Shareholder Communication**

Here we:

- *describe the work of any Board committees undertaken during the year.*
- *the company does not produce audit and remuneration committee reports for publication and accordingly none are reproduced in this statement. All board and committee meetings are duly minuted*
- *Include a remuneration committee report (or equivalent report if such committee is not in place).*
- *if the Company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.*
- *disclose the outcomes of all votes in a clear and transparent manner.*
- *where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.*
- *include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Group has close ongoing relationships with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Group. In addition, all shareholders are encouraged to attend the Group's Annual General Meeting. Investors also have access to current information on the Group through its website, [www.osirium.com](http://www.osirium.com) and via David Guyatt and Rupert are available to answer investor relations enquiries.

The board acknowledges that embedding good corporate governance in to the group processes is an ongoing process and subject to ongoing review and updating. In the case of some of the principles stated above the compliance is subject to further improvement and this corporate governance statement is intended to record current processes as at the date above.

## **Appendices**

Matters reserved to the Board

Audit Committee – Terms of Reference

Remuneration Committee – Terms of Reference