

CORPORATE GOVERNANCE REPORT – AIM RULE 26

(AIM Rules for Companies June 2018)

Octagonal PLC

The Company follows the 2016 UK Corporate Governance Code (the “Code”).

Set out below is an assessment of the provisions of the Code and Octagonal compliance therewith.

2016 UK Corporate Governance Code		
Principles:	Application:	
A: LEADERSHIP	A.1 – The Board	<p>The 2016 UK Corporate Governance Code recommends that the Board of a public limited company in England and Wales includes members that are independent in character and judgment and free from relationships or circumstances which are likely to affect their decision making and judgement.</p> <p>The Board of Octagonal Plc (“Octagonal”) is collectively responsible for the long-term success of the Company and its Group. The Directors liaise with the Company Secretary, Nilesh Kumar Jagatia who is responsible for compliance with the Board procedures including applicable rules and regulations are complied with.</p> <p>The Board is responsible for setting up effective and prudent controls, assessing and managing risks as well as reviewing management performance. The Board recognises that the long-term success of the Company is reliant on upholding the Company’s values and standards, and on ensuring that obligations to its shareholders are understood and met. The Board achieves this through close and ongoing relationship with its shareholders. The shareholders are encouraged to attend Company’s meetings including Annual General Meeting (the “AGM”) to provide feedback and to actively engage with the management on a regular basis. Furthermore, the Board implements robust financial reporting and controls alongside stringent policies to ensure that the Company and its Group is effectively managed.</p>

		<p>All directors act in the best interest of the Company and within their statutory duties set out in the Companies Act 2006 under s170 – 177, which could be summarised as follows:</p> <ul style="list-style-type: none"> - act within their powers; - promote success of the Company; - exercise independent judgement; - exercise reasonable care, skill and diligence; - avoid conflict of interest; and - not to accept benefits from third parties. <p>A.1.1 – The Board meets at least once a month and at any other time that may be necessary to discharge their duties and will where possible will be attended by all of the Directors.</p> <p>The agenda is prepared by the Chairman and is circulated by the Company’s Secretary along with a Board pack of relevant documents and monthly management accounts.</p> <p>The agenda and accompanying documents for the board meeting may include the following:</p> <ul style="list-style-type: none"> a) Review of the business, market conditions and new business b) Group management accounts c) Monthly trading activities and the analysis of key performance indicators (KPI) d) Update on regulatory issues effecting the Company e) Employment and personnel matters f) Any other business <p>The annual report includes a statement of how the Octagonal Board operates highlighting the types of decision the Board is to take. The schedule of matters reserved for the Board may include the following:</p> <ul style="list-style-type: none"> a) Strategy and management b) Structure and capital c) Financial reporting and controls d) Internal controls e) Contracts f) Communications
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		<p>g) Board membership and other appointments h) Remuneration i) Delegation of authority j) Corporate governance matters k) Company policies</p> <p>A.1.2 – At the date of this publication the annual report will identify the members of the Board as John Gunn the Chairman, Samantha Esqulant the Chief Executive Director, Nilesch Kumar Jagatia the Chief Financial Officer and Anthony Binnie the Independent Non-Executive Director. The Company is also in the process of appointing a second independent Non-Executive Director which it expects to conclude shortly and will, at all times, seek to maintain a minimum of two independent Non-Executive Directors on the Board.</p> <p>The Independent Non-Executive Director is available to shareholders to help with any concerns they may have where the normal channels of Chairman or the Executive Directors have failed to resolve, or for which contact is inappropriate. No individual or group of individuals dominates the Board’s decision taking.</p> <p>The Company and its Group established the following committees to help wit process, structures and support good decision making by the Board.</p> <p><u>Audit Committee</u> – at the date of this publication the Audit Committee is chaired by Anthony Binnie and its other member is Samantha Esqulant the Chief Executive Director. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls.</p> <p>The Directors have established the Audit Committee to ensure that appropriate financial reporting procedures are properly monitored, controlled and reported on at a minimum by IFRS approved foreign exchange accounting policies, and rules governed by the FCA and AIM employing general accepted account practices.</p>
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	<p>A.2 – Division of responsibilities</p>	<p>A.2.1 – Octagonal and its Group is committed to providing a clear separation of powers between the running of the Board and the executive responsibility for the running of the Company’s business. The roles of the Chairman and Chief Executive are separate, and the Board has agreed their respective responsibilities as set out below:</p> <p><u>The Chairman</u> is responsible for the following:</p> <ul style="list-style-type: none"> - lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibility; - setting out the agenda so that the Board receives timely and accurate information to allow them to effectively promote the success of the Company and its Group; - setting the style and tone of the Board’s discussions to promote effective decision-making and encouraging active performance by all the members of the Board; - promoting effective and open communication between the Executive and Non-Executive Directors; - is to uphold higher standards of corporate governance, ensures clear structure and implementation of the Board’s decisions; - establish a close relationship of trust and confidence with the Executive Directors and is acting as a general advisor providing support and advice; - representing the Company and its Group by acting as a gateway to the shareholders and investors in understanding their views and opinions; and - ensuring that the performance of individuals, of the Board and its committees is evaluated at least once a year.

		<p>The Board has delegated the responsibility for the day-to-day management of the Company and its Group to the Chief Executive Director (Samantha Esqulant) who is responsible for leading the Executive Directors and for making and implementing operational decisions. Samantha Esqulant is CF10a CASS and CF11 for FCA reporting purposes.</p> <p><u>The Executive Directors</u> are responsible for:</p> <ul style="list-style-type: none"> - developing the Company's and its Group's objectives and strategy that is to be approved by the Board having regard to the Company's responsibilities to its shareholders, investors and employees; - providing recommendations about the Company's and its Group annual budget and other financial planning to the Board for approval; - making recommendations on remuneration policy; - helping to identify and execute new business opportunities, manage the Company's and its Group's risks and ensures that the Company has appropriate internal controls in place; - providing means for timely and accurate disclosure of information, including escalation of issues; - approving policies and procedures; - leading the day to day decision making by the Company and its Group and communicating decisions to the Board and ensuring effective implementation of the Board's decisions; - regularly reviewing the operational performance and strategic directions of the Company and its Group including its structure and make changes where appropriate with the approval of the Board; and - representing the Company together with the Chairman to its customers, suppliers, government organisations, shareholders, financial institutions, employees, media and to the public.
	<p>A.3 – The Chairman</p>	<p>A.3.1 – The Chairman is responsible for leadership of the Board and ensuring its effectiveness of the Company and its Group as a whole. The roles of the Chairman and Chief Executive are separate and the Board has agreed their respective responsibilities as set out above under A.2.1.</p>
	<p>A.4 – Non-executive director(s)</p>	<p>A.4.1 – Octagonal's Non-Executive Director is Anthony Binnie. Mr Binnie has been appointed to scrutinise the performance of the management in meeting and agreeing goals and objectives, as well as monitor and reporting of performance.</p>

		<p><u>The Non-Executive Director's main responsibilities are to:</u></p> <ul style="list-style-type: none"> - constructively challenge and help to develop proposals on strategy; - monitor financial reporting and performance to satisfy himself on the integrity of financial information and that financial controls and systems of risk management are robust; - determining appropriate levels of remuneration of the Executive Directors and where appropriate have a prime role in appointing and removing executive directors; and - be the central point for board members for any concerns regarding the Chairman and the Executive Directors. <p>A.4.2 – The Non-Executive Director meets from time to time with the Executive Directors and at least once a year without the Chairman being present. He is also encouraged to seek professional advice (at the Company's expense) in the furtherance of his duties.</p> <p>Octagonal's directors are encouraged to dedicate sufficient time to the Company and its Group to perform their responsibilities effectively. The Non-Executive Director is expected to allocate sufficient time to meet the expectations of his role as set out of his letter of appointment. He is also encouraged to disclose his other significant commitments to the Board indicating the time involved and inform the Board of any subsequent changes. Any other commitments of the Non-Executive Director need to be approved by the Board as this may have an impact on his time devotion as a Non-Executive Director to the Company and its Group.</p> <p>Octagonal's Non-Executive Directors are appointed for the duration of three years and their appointment may be renewed by the Executive Directors, the Board and the members at the AGM. It is usually expected that appointments are renewed for one term of three years only (in line with the UK Corporate Governance Code) however, should there be an extension beyond six consecutive years this will be subject to a particularly rigorous review. The Non-Executive Director is paid a fee for their services to the Company which is periodically reviewed by the Board.</p> <p>A.4.3 – Where the Non-Executive Director has any concerns that cannot be resolved, any such reasons will be recorded in the board minutes and where appropriate, the Non-Executive Director will provide a written statement to the Chairman, for circulation to the Board. Where such concerns cannot be resolved this could result in resignation of the Non-Executive Director.</p>
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<p>B: EFFECTIVENESS</p>	<p>B.1 – The composition of the Board</p>	<p>At the time of this publication the Board comprises of the Chairman (John Gunn), the Chief Financial Officer (Nilesh Kumar Jagatia), the Chief Executive Officer (Samantha Esqulant) and the Non-Executive Director (Anthony Binnie). The Company is also in the process of appointing a second independent Non-Executive Director which it expects to conclude shortly and will, at all times, seek to maintain a minimum of two independent Non-Executive Directors on the Board.</p> <p>The Company feels that the Board and its committees are of sufficient size, balance of skills, experience, independence and knowledge so that the requirements of the business can be met.</p> <p>B1.1 – The Non-Executive Director(s) is to remain independent in character and judgement and this will be determined by the Board. The Board will state its reasons if it determines that a director is independent regardless of the existence of any circumstances which may appear relevant to its determination, including if the Non-Executive Director:</p> <ul style="list-style-type: none"> - has been an employee of the Company within the last five years; - has or has had within the last three years material business relationship with the Company either directly or indirectly' or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company; - has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance related pay scheme, or is a member of the Company's pension scheme; - has close family ties with any of the Company's advisers, directors or any such senior employees of the Company; - holds cross-directorships or has significant links with other directors through other involvement in other companies or bodies; - represents a significant shareholder; or - has served on the Board for more than nine years from the date of their first election. <p>B.1.2 – Octagonal recognises that (in line with the UK Corporate Governance Code) it is usually expected that smaller companies should have at least two independent non-executive directors. As stated above Octagonal expects to meet this requirement and maintains to seek to do so at all times.</p>
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	<p>B.2 – Appointments of the Board</p>	<p>B.2.1 – Octagonal has not adopted a nomination committee. All board appointments are made by the Board collectively and the advisers.</p> <p>B.2.2 – The skill, experience, independence and knowledge of the members of the Board collectively and were appropriate will seek advice from the advisers.</p> <p>B.2.3 – Octagonal appoints its non-executive directors for specified terms for a period of three years and these are subject to re-election and to statutory provisions relating to the removal of a director. Should there be an extension of the appointment on the Non-Executive Director beyond six consecutive years this will be subject to a particularly rigorous review.</p> <p>B.2.4 – Despite currently not adopting a nomination committee Octagonal places great emphasis on the principle of diversity, including equality. This is because it believes that as Octagonal grows it will be in a better position to understand and meet customer’s needs. Octagonal’s policy is to ensure that there is a broad experience and diversity within the workforce of the Company and its Group. Octagonal’s employees come from various cultures, backgrounds, race, gender, sexual orientation, religion, believes as well as culture, personality and work-styles. Octagonal’s Board appointment is based on merit as well as complementing and expanding skills, knowledge and experience of the Board as a whole.</p>
	<p>B.3 – Commitment</p>	<p>B.3.1 – The Chairman is to act independently on appointment and is expected to promote and oversee the highest standards of corporate governance throughout his tenure, as well as to lead the Board and to discuss all proposals put forward by the executive team. He is also responsible for setting out the agenda and to evaluate and oversee the current business and strategic matters of the Company and its Group. He is to ensure that the Board members receive accurate, timely and clear information to enable them to fulfil their duties and to promote the success of the Company and its Group. Should the Chairman have any other significant commitments these have to be disclosed to the Board and included in the annual report.</p> <p>The Chairman should also chair, serve on, or attend any other committees of the Board in order to support effective and balanced team and to encourage active engagement by all members of the Board. The Chairman’s job specification also includes the creating of conditions for overall Board and individual directors’ effectiveness including promotion of an appropriate induction programme for new directors,</p>

		<p>creating the opportunity for maintenance of the relevant skills and knowledge required to fulfil the Directors' role on the Board. The Chairman is also expected to take lead in identifying and meeting development needs of individual directors and to address the development needs of the Board as a whole. Furthermore, the Chairman is to ensure effective communication with the Board members in conjunction with colleagues to work together as a team. He is to be available in the event of crises to support to overall performance of the Board. Lastly the Chairman should allow sufficient time for the discussion of complex or contentious issues and that all members' contributions are encouraged and valued.</p> <p>B.3.2 – The letter of appointment of the Non-Executive Director is available for inspection at the Company's registered office.</p> <p>B.3.3 – Our Non-Executive Director does not at the time of this report hold more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.</p>
	B.4 – Development	<p>All directors of Octagonal are required to familiarise themselves with the Board and should regularly update and refresh their knowledge, to fulfil their role both on the Board and on board committees. Octagonal recognises and encourages its directors where appropriate to receive training and to attend courses to widen their knowledge.</p> <p>B.4.1 – It is the Chairman's responsibility to ensure that any such new directors receive a full, formal and tailored induction on joining the Octagonal's Board, including meeting any major shareholders where relevant.</p> <p>B.4.2 – The Chairman actively and openly communicates with the Directors in order to identify and support their training and development needs where appropriate.</p>
	B.5 – Information & support	<p>The Chairman is responsible for ensuring a timely flow of high-quality information to the Board and its directors.</p>

		<p>B.5.1 – All directors and especially the Non-Executive Director are encouraged to seek independent professional advice (at the Company’s expense) in the furtherance of their duties to the Company and its shareholders.</p> <p>B.5.2 – The requirement for a company secretary of a public company is specified in section 271 of the Companies Act 2006. The Company Secretary is responsible for compliance with the Board procedures and that applicable rules and regulations are complied with by the Company and its Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole, and the remuneration of the Company Secretary is determined by the Remuneration Committee. The Company Secretary also assists with enhancing director’s effectiveness and with reviewing of the Company’s governance processes such as the Board and committee evaluation to be fit for purpose and suggest any improvement that could strengthen the governance of the Company and its Group.</p>
	<p>B.6 – Evaluations</p>	<p>Challenging economic conditions, pressure of globalisation and increased regulatory requirements are putting pressure on the Board to increase the quality of performance. The Board recognises that there is a need for continual assessment of efficiency and performance of their roles against the objectives and the goals of the Company and its Group.</p> <p>B.6.1 – The Board monitors and improves their performance through an annual evaluation process. The Board provides direction, controls and support and advice for the Company and its Group. The Board evaluates these roles and responsibilities and assesses how efficiently these are fulfilled. The effectiveness of the Board depends on a variety of factors which are reviewed and monitored, these are:</p> <ul style="list-style-type: none"> - <u>the Board structure</u>: its constitution, diversity, its committees, competencies of its members and the frequency of meetings; - <u>the Board’s performance</u>: the availability of information, effective and open communication with the executive and non-executive directors and shareholders, efficient board agenda, cohesiveness and the frequency of participation in board meetings; - <u>the Board’s business strategy</u>: evaluation on what role does the Board play in the Company’s strategy; - <u>financial reporting and controls</u>: risk management through robust financial and other controls; - <u>performance monitoring</u>: compliance with regulations, policies and implementations of efficient strategy and systems;

		<ul style="list-style-type: none"> - <u>supporting and advisory role</u>: supporting a good decision making by the Board; and - <u>the Chairman’s role</u>; defined under A.2.1 and B.3. <p>The evaluation of the Board’s performance is effectively an assessment of the above parameters and these have been performed. The evaluation process is tailored to the individual requirements of the Company and its Group. This will include the Company’s life cycle, its corporate structure, its culture and adopted processes. The Board evaluation process could result in minor amendments such as amending the Board’s processes to major changes such as changes in the Board composition and alternations in the Committee structures. Octagonal follows the prescribed and recommended annual evaluation processes however this is not rigidly applied, and evaluation may take effect earlier where necessary. The frequency of the evaluation processes is usually determined by the Board and the performance evaluation will result in an action plan for the Board to adopt and implement. The Company and its Group also recognises that trust and confidence in the process is critical in achieving a successful evaluation.</p> <p>The evaluation process is usually conducted internally due to the size and complexity of the organisation. The Board established that it will be able to derive maximum benefits from the evaluation exercises, only if they collectively believe in the evaluation and its ability to help identify the strengths and weaknesses of the Board. Should the Company grow in size it may consider getting an independent expert to bring more independent and transparent process.</p> <p>B.6.2 – Not applicable as Octagonal’s Board is not within the FTSE 350 companies.</p> <p>B.6.3 – The Independent Non-Executive Director is required to bring an objective view in the evaluation of the Board’s performance (including the Chairman) and the Executive Directors performance. The Non-Executive Director meets from time to time without the Chairman being present. He is also encouraged to seek professional advice (at the Company’s expense) in the furtherance of his duties. The Non-Executive Director’s performance is evaluated by the Board. It is expected that the Board invests considerable time and efforts to perform this evaluation using high level of commitment and leadership skills.</p>
	B.7 – Re-Election	Octagonal’s procedure on appointment, nomination and term of office and succession of new directors to the Board are formal, rigorous and transparent. The candidates are elected based on their merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

		<p>All directors have a written contract or letter of appointment setting out the terms of their appointment to the Board.</p> <p>The Directors are subject to annual re-election at the AGM, unless the Board determines that there may be a conflict of interest between the long-term interest of the Company and its Group and short-term uncertainty of voting and subject to satisfactory performance. The contracts are usually for a three year cycle for serving directors.</p> <p>B.7.1 – The Board will only support re-election of directors with efficient and satisfactory performance. The Board consults annually with the Chairman on the performance of those board members presenting themselves for re-election at the AGM. This process helps the Board to be more accountable to shareholders. Should any Non-Executive Director serve on the Board for more than six years from the date of their first election they will be subject to rigorous review if nominated for re-election.</p> <p>Directors biographical details are published on the Octagonal’s website for the shareholders to take an informed decision on their election.</p> <p>B.7.2 – The Board when electing a non-executive director is mainly looking for real balance of skills and responsibilities to help to bring the Company and its Group further. It is up to the Chairman to confirm to shareholders when proposing re-election that he is satisfied with the performance of the elected Director and that the Director is to remain in his post mainly due to his satisfactory performance and his ongoing commitment to his role and the Company.</p> <p>Octagonal maintains a register of all the Directors as required by section 162 of the Companies Act 2006 and register of all directors’ residential addresses required under s165 of the same Act. A copy of the register of all directors of Octagonal is available at the Companies House.</p>
C: ACCOUNTABILITY	C.1 – Financial & business reporting	<p>The Boards duty among other things is to protect the Company’s assets and oversee its financial affairs. Financial statements are the primary means of communicating information about the Company’s financial position to shareholders. The Board’s aim is to present a fair, balanced and understandable assessment of the Company’s performance.</p>

		<p>You can view Octagonal's Annual Report and Financial Statements on the Companies House or on http://octagonalplc.com/corporate-information/ .</p> <p>C.1.1 – Octagonal's responsibility for its annual financial reporting is shared among the management, the Board and the external auditors.</p> <ul style="list-style-type: none"> - The Directors of Octagonal are responsible for preparing financial reports and developing robust internal financial controls. - The Board is responsible for overseeing management and its financial reporting processes and satisfying itself as to the appropriateness of financial reports for those outside the Company and its Group. - The auditors are responsible for making an independent assessment of the financial statements and giving a professional opinion on whether those statements give a fair and true financial position of the Company. <p>C.1.2 – The Directors focus is on growing the core settlement and safe custody business organically and diversifying into new areas that will improve our customer's experience, but also generate long term value for shareholders, whilst improving effectiveness and driving cost savings through the implementation of fintech functionality.</p> <p>For further information please see the Company's financial statement which goes into more detail about the future plans of the Company and its Group.</p> <p>C.1.3 – The Company's financial statements were adopted by the Company's Directors as they believe that the development of new business lines, cost controls and financial conservatism will bring growth. These factors will enable it to improve margins and seek higher margin revenues, while offering competitive rates to its clients.</p> <p>The Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Company's financial statement.</p>
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	<p>C.2 – Risk management & internal controls</p>	<p>Octagonal’s Board is responsible for determining the nature and the extend of the risks it is willing to take in achieving the Company’s strategic objectives. The Board manages the risks through implementation of internal controls systems.</p> <p>C.2.1 – The Directors identify risks and uncertainties to the Company. The Company and its Group is exposed to a number of business risks. The risk appetite of the Group is determined by the Board.</p> <p>The Group has identified the following as the key risks and their mitigation:</p> <p><u>Market risk:</u> the Company and its Group has limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody, which do not have market risk. Our execution services are minimal and are only carried out under strict criteria. The Company and its Group does have counterparty risk, but we do not see this as significant given the high level of regulation in this industry. Market exposure arising from unsettled trades is closely monitored and managed during each trading day. Market risk also gives rise to variations in asset value and thus management fees, and variations in the value of investments held by the Company.</p> <p><u>Stock market conditions:</u> the Group’s business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded. Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability.</p> <p><u>Currency risk:</u> a large proportion of the Group’s income and expenses are incurred in foreign currency, particularly US Dollars. As a result, fluctuations in currency exchanges rates could have an adverse effect of the financial conditions, results of operation or cash flow of the Group.</p> <p><u>Operational risk:</u> there is a large operational risk to which the Group is exposed, including reputational risks and the Group seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group’s operational risk management framework. The Group’s controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to</p>
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		<p><u>Influence of controlling shareholders:</u> John Gunn has an interest in approximately 52.72 per cent. of the Company's issued share capital. Accordingly he is in a position to exert significant influence over the Company, its strategy, directors and operations. In order to partially mitigate this risk the Company and John Gunn have agreed a Relationship Agreement governing his behaviour as the majority shareholder of the Company.</p> <p>C.2.2. – Using the above identified risks the Directors assessed the future prospects of the Company and its Group and concluded that despite the risks the Company is exposed to, they have reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future, thus the Directors continue to adopt the going concern basis in preparing the financial statements.</p> <p>C.2.3 – The Company and its Group supports the concept of an effective Board leading an controlling the Company and its risks. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and at least annually and has a schedule of matters specifically reserved to it for decision. All directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing directors as necessary.</p> <p>The oversight of risk is also reviewed by the Audit Committee. In addition, business units are required to self-assess any risks which are then reported to the Directors for further assessment. The risk management and internal control processes encompass activity to mitigate financial, operational, compliance and reputational risks. The Company and its Group also have processes in place to ensure appropriate action is taken, where necessary, to rectify any deficiencies identified through the Group's internal controls and risk management process. The Board gives the Audit Committee visibility and understanding of the Group's key risks and risk management capability, oversee the Group's performance, compliance and provides assurance over the quality of the Group's internal controls.</p>
	<p>C.3 – Audit committee & auditors</p>	<p>The Company appointed Welbeck Associates as their group auditors and they are expected to be reappointed at the next AGM. The Board has an Audit Committee to establish an effective corporate governance although the ultimate responsibility for areas addressed by the committee remains with the Board collectively.</p>

		<p>C.3.1 – At the date of this publication the Audit Committee was chaired by Anthony Binnie (the Independent Non-Executive Director) and Samantha Esqulant (the Chief Executive Director) who both possess recent and relevant financial experience. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls. The Audit Committees’ primary responsibility is to assist to the Board in fulfilling its responsibilities for ensuring that proper accounting and financial reporting practices, and sound internal financial controls exist throughout the Company and its Group. The Audit Committee monitors auditing and compliance and thus providing assurance evaluation to the Board. The Audit Committee meets two times a year to discharge their duties.</p> <p>C.3.2 – <u>The main role and responsibilities of the Audit Committee is to:</u></p> <p>review the integrity of the Company’s financial reporting and overseeing the independence of the external auditors. In particular, the audit Committee has the following duties:</p> <p><u>Financial statements</u></p> <ol style="list-style-type: none"> 1. To Review the audited annual and half yearly financial statements and nay reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on: <ul style="list-style-type: none"> • any changes in accounting policies and practices; • major judgemental areas; • significant adjustments, accounting and financial reporting issues resulting from the internal and external audit; • compliance with accounting policies and standards; and • compliance with legal requirements. 2. To review the evaluation by management of factors related to the independence of the Company’s public accountant and to assist them in preservation of such independence. 3. To oversee management’s appointment of the Company’s public accountant.
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<p>D: REMUNERATION</p>	<p>D.1 – The level & components of remuneration</p>	<p>The remuneration, incentives and benefits of the Directors are arranged by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company and its Group which reflects the current market rates. Our aim is to provide executive directors with opportunities strongly aligned to growth, profitability and shareholders’ returns.</p> <p>D.1.1 – The Executive Directors’ remuneration is designed to promote the long-term success of the Company, its Group and the shareholders. The Remuneration Committee shall determine and agree with the Board the framework or board policy for the remuneration of the Company’s Executive Directors and such other members of the executive management as it is designated to consider.</p> <p><u>The Remuneration Committee may in specified circumstances decide to:</u></p> <ul style="list-style-type: none"> - forfeit all or part of a bonus or long-term incentive award before it is vested and paid; and / or - recover sums already paid. <p>The Remuneration Committee makes recommendations to the Board on proposals for the granting of share options and other incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.</p> <p><u>Pensions</u></p> <ul style="list-style-type: none"> - Directors are entitled to the basic state pension. <p>D.1.2 – Our Executive Directors are permitted to work as non-executive directors elsewhere and where applicable, the remuneration report will include a statement as to whether or not the Director will retain such earnings, and if so, what the remuneration is.</p> <p>D.1.3 – The Committee shall determine and agree with the Board the framework or board policy for the remuneration of the Company’s Executive Directors and such other members of the executive management as it is designated to consider. Directors may be included in the Company’s incentives scheme.</p>
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	<p>D.2 - Procedure</p>	<p>No director or manager shall be involved in any decision or recommendations to their own remuneration or participate in any meeting or discussion at which their own remuneration is being discussed.</p> <p>D.2.1 – The Board has established the Remuneration Committee to support the remuneration process. The Committee is responsible for setting the over-arching principles of Remuneration Policy. The Policy is designed to support the delivery of business strategy and to create value for shareholders. The Remuneration Committee comprises of Anthony Binnie the Non-Executive Director and Samantha Esqulant the Chief Executive Director). Terms of reference for the Remuneration Committee as required by the DRT 7.2.7R is available at the Company’s registered address.</p> <p>D.2.2 – The Committee will consider and approve the remuneration and where applicable, incentives and benefits, and makes recommendations to the Board. The Committee will also govern employee share schemes. The Chairman of the Committee will be consulted by the Chief Executive in respect of the Company and its Group director’s performance appraisal, compensation and in respect of any appointments do / departures from the role.</p> <p>D.2.3 – The remuneration of non-executive directors shall be a matter for the executive members of the Board. No director or manager shall be involved in any decisions or recommendations to their own remuneration or participate in any meeting or discussion at which their own remuneration is being discussed.</p> <p>D.2.4 – The Company and its Group complies with the relevant Listing Rules LR 9.4 and any new or significant changes to the long-term incentive schemes must be approved by shareholders, by passing an ordinary resolution in general meeting before it is adopted, save the circumstances permitted by the Listing Rules.</p>

E: RELATIONS WITH SHAREHOLDERS	E.1 – Dialogue with shareholders	<p>The Board believes that under ordinary circumstances, the management speaks for the Company and its Group and the Chairman speaks for the Board. Directors may be also required from time to time to meet or communicate with various members and regulatory authorities that are involved with the Company and its Group. It is expected that directors would only do this with the knowledge of the management and in most instances at the request of management. All directors including the Non-Executive Director are also regularly made aware of their major shareholders’ issues and concerns.</p> <p>E.1.1 – Communication with shareholders are given a high priority by the management. Shareholders can challenge the Company and its Group in several ways. Shareholders may contact the Board by writing to them at Company’s registered address. In addition to the publication of an annual report and an interim report, there is a regular dialogue with shareholders. The AGM is viewed as a forum for communicating with shareholders and particularly private investors. Shareholders are also encouraged to question the Chief Executive Director and other members of the Board at the AGM.</p> <p>E.1.2 – Please visit Octagonal’s annual report to see in more detail how the Company and its Group communicate with its non-executive directors to allow them to understand and for a view of major shareholders of the Company.</p>
	E.2 – Constructive use of General meeting	<p>Octagonal holds an Annual General Meeting (AGM) each year. The main purpose of the AGM is to comply with legal requirements, such as the presentation and approval of the audited accounts, election of directors, and appointment of auditors for the new accounting term. The meeting also covers confirmation of proposed dividend, and any issues raised by the shareholders.</p> <p>E.2.1 – Directors may call General Meetings on a minimum of 14 days’ notice or on a short notice with the written consent of a majority of the members. Shareholders are authorised to vote in general meetings and may authorise a third party to do so on their behalf. A proxy voting service is offered. Proxy votes (including proxy appointment forms) are provided for members who are entitled to vote but unable to attend the meeting. Any ‘vote withheld’ is not vote in law and will not be counted for and against the resolution being passed.</p> <p>E.2.2 – All valid proxy appointments received will be properly recorded and counted. Where a vote has been taken on a show of hands the information given at the meeting will be available as soon as reasonably practicable and the Company will make a public announcement through RNS (Regulatory</p>

		<p>News Service) and where applicable be posted to the shareholders directly and will include the following information:</p> <ul style="list-style-type: none"> • the number of shares in respect of which proxy appointments have been validly made; • the number of votes for the resolution; • the number of votes against the resolution; and • the number of shares in respect of which the vote was directed to be withheld. <p>Where a significant number of votes have been against the resolution being passed the Company will make all reasonable endeavours to understand and explain the reasons behind the voting and what actions it intends to take.</p> <p>E.2.3 – The Chairman is responsible for establishing a close relationship of trust and confidence with the Executive Directors and other members of the committees as a general advisor providing support and advice. The Chairman is also responsible for encouraging active performance by all members of the Board and its committees and is acting as a gateway to the shareholders and investors in understanding their views and opinions and to answer any questions they may have.</p> <p>E.2.4 – The notice of AGM together with any supporting documents will be sent to the shareholders at least 20 working days before the meeting.</p>
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