

CORPORATE GOVERNANCE REPORT
(AIM Rules for Companies September 2018)
Octagonal Plc

Quoted Companies Alliance Code ("QCA Code")	
Principles:	Application:
<p>1) Strategy and business model to promote long-term values for shareholders</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Group and Company. The principal activity of the Group is a Financial Services group through its subsidiary Global Investment Strategy UK Ltd ("GIS") which provides global settlement and safe custody services to investors, hedge funds, institutions, family offices and high net worth individuals, along with other ancillary services. GIS is the trading entity of the Group, authorised and regulated by the Financial Conduct Authority, and is a member of The London Stock Exchange.</p> <p>The board implements this strategy by developing a business model focused on driving profitability and longer-term shareholder value through several key areas:</p> <ul style="list-style-type: none"> (i) growing revenues organically through seeking new clients and identifying and implementing new services to existing and new clients, (ii) improving margins through investing in technology, creating efficiencies and a drive to reduce frictional costs etc. This focus is continuing to bear fruit with revenue improvements and margin gains and expanding GIS's FCA regulatory permissions to enhance group revenues and profitability through developing new business lines.
<p>2) Meeting and understanding shareholders needs and expectations</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Furthermore, the OCT's shareholders and investors can keep themselves updated about the current Company's position by visiting the OCT's website https://octagonalplc.com/.</p>
<p>3) Considering stakeholders and social responsibilities and their implications for long term success</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>OCT's Board recognises that the long term success of the Company is reliant on efforts of its employees, consultants, suppliers, regulators and stakeholders.</p> <p><u>Employees:</u> In order to support employees' growth and enforce social responsibilities OCT's Board has implemented systems to monitor and evaluate employees' performance and to encourage well performing employees to progress further by supporting them to attend courses. Employees' performance is monitored through a process designed to encourage open and confidential communication between the management and the employees on a regular basis.</p> <p><u>Consultants:</u> The Board recognises that it may need industry specific consultants as they bring knowledge and expertise for specific areas, and in some instances, they also provide training for existing staff.</p>

	<p><u>Suppliers:</u> OCT maintains a good working relationship with its suppliers to provide for its growing business and to support its existing needs.</p> <p><u>Regulators:</u> The Board monitors and implements any legal or regulatory changes where possible both domestically and overseas and is fully committed to compliance.</p> <p><u>Stakeholders:</u> OCT encourages its shareholders to actively participate in meetings and shareholders are provided with the opportunity to give feedback on a regular basis.</p>												
<p>4) Risk Management</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>OCT'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>OCT has robust controls and procedures in place to manage internal controls of the Company and these are considered to be appropriate to the size and complexity of the organisation. Additionally, the audit committee has been set up to evaluate and manage significant risks faced by the Company.</p> <p>Control is established mainly through the Company's directors who monitor and support the day to day running of the Company and where possible comply with the Boards' and shareholders concerns and requirements.</p> <p>OCT has identified and implemented the following risks and controls to mitigate risks:</p> <table border="1" data-bbox="491 1296 1386 2011"> <thead> <tr> <th data-bbox="491 1296 687 1352">Activity:</th> <th data-bbox="687 1296 943 1352">Risk</th> <th data-bbox="943 1296 1142 1352">Impact</th> <th data-bbox="1142 1296 1386 1352">Control(s)</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 1352 687 1693">Market risk</td> <td data-bbox="687 1352 943 1693">limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody. However, the Company and its Group does have counterparty risk</td> <td data-bbox="943 1352 1142 1693">Trades not settled by 3rd party banks</td> <td data-bbox="1142 1352 1386 1693">The Board 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.</td> </tr> <tr> <td data-bbox="491 1693 687 2011">Stock market conditions</td> <td data-bbox="687 1693 943 2011">The Group's business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded.</td> <td data-bbox="943 1693 1142 2011">Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability.</td> <td data-bbox="1142 1693 1386 2011">This is a general sector risk and applies all organisations in the industry.</td> </tr> </tbody> </table>	Activity:	Risk	Impact	Control(s)	Market risk	limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody. However, the Company and its Group does have counterparty risk	Trades not settled by 3 rd party banks	The Board 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.	Stock market conditions	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.	This is a general sector risk and applies all organisations in the industry.
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	Management and loss of key personnel / staff	High turnover of staff and other recruitment issues.	Operational and reputational impact.	<p>Recognition and support for well performing existing employees.</p> <p>Implementation of training and development to maintain and enhance skillset to meet operational requirements.</p>
	Regulatory / legal adherence	As one of the Company's Group is a regulated business, it relies heavily on continuing to be authorised under the Financial Conduct Authority ("FCA") to be able to undertake certain roles and operations.	The Group's business is subject to substantial regulation both in the UK, USA and other jurisdictions. Adverse regulatory developments could have a material, adverse effect of the Group's operating results, financial condition and prospects.	<p>Robust policies and procedures to be followed.</p> <p>External FCA compliance auditors involved and updated in all aspects of the business.</p> <p>Operating best practices in the industry and oversight by directors and management.</p> <p>Maintaining effective communication with the Company's Auditors and NOMAD on regular basis.</p>
	Strategic	Failure of systems and controls.	Loss of key data and inability to operate effectively.	<p>Disaster recovery policy to be followed in case of crisis.</p> <p>Maintaining strong IT systems and controls in place.</p>
	Financial	<u>Internal</u> : Inadequate systems and controls of accounting in place and liquidity risk.	<p>Loss of business.</p> <p>Inability to continue</p>	The Board to regularly review operating and strategic risks.

		<p><u>External:</u> Market and credit crisis Short term liquidity freezes Commercialisation Brexit.</p>	trading as a going concern.	<p>The audit committee to provide adequate and sufficient information to the Company's external auditors.</p> <p>Robust capital and liquidity levels in place alongside effective accounting systems and controls.</p>
The above matrix is kept up to date and regularly reviewed as changes arise in order to mitigate risks.				
<p>5) Maintain the board as a well-functioning and balanced team led by the chair</p>	<p>This section does not comply with the requirements of the QCA Code as the board composition does not include a Non-Executive Chairman and two Non-Executive Directors.</p> <p>The Company notes that the recommendation under the QCA code is for the role of the Chairman to hold a Non-Executive position. The Company's current Executive Chairman (John Gunn) is the founder of the main operating subsidiary and is currently driving the strategies for the two new divisions (Synergis and GIS HK). Given the current investment and growth phase of the company, the Company feels that it is appropriate for the Chairman to hold an Executive role. The Chairman is conscious of his role in running the Board as opposed to the Company and regularly consults with the Nomad and Company lawyers to ensure that appropriate Board protocol is maintained. In addition, at the date of this report, the company has one Non-Executive Director and is currently seeking an additional Non-Executive director that has substantial experience in the new divisions.</p> <p>At the date of this publication the Board comprises of the Executive Chairman (John Gunn), the Chief Executive Officer (Samantha Esqulant), the Chief Financial Officer (Nilesh Jagatia) and the independent Non-Executive Director (Anthony Binnie). Further detail about the skills and capabilities of these directors are set out in the principle six below.</p> <p>The letter of appointment of the Company's Directors and Secretary are available for inspection at the Company's registered office and all directors are subject to re-election at intervals no more than three years.</p> <p>The Board is responsible for strategy and performance of major capital projects and the framework of internal controls. All directors have access to seek an independent advice should they feel that their knowledge of the given task is insufficient. There is a clear balance between the executive director and the non-executive director.</p> <p>Furthermore, the directors liaise with the Company Secretary (Nilesh Jagatia), who is responsible for compliance with the Board procedures and that applicable rules and regulations are complied with.</p> <p>The Board meets monthly. The Board established the following committees; Audit Committee and Remuneration Committee. All Directors are encouraged to participate and attend meetings on a regular basis and the attendance is closely monitored.</p>			

	<p>Despite the QCA recommendation of having two independent directors OCT has adopted to have only one non-executive director as they feel that this is appropriate to the current size and complexity of the organisation. At the date of this report, the Company is actively looking to appoint an additional non-executive director to provide a balance of the non-executive directors and executives as per the QCA.</p>
<p>6) Directors experience, skills and capabilities</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Chairman: John Gunn</p> <p>Mr Gunn is currently the Chairman of Octagonal Plc, and Chairman of Global Investment Strategy, having founded the business in 2002. With a career spanning over 30 years in the financial services industry, Mr Gunn began his career in Hoare Govett and has since worked at Carr Sheppards Limited, Assicurazioni Generali and Williams de Broe Plc, where he was a senior investment manager until 2002. From 2004, he has also worked within the renewable energy sector. He is currently the Chairman and CEO of AIM traded Inspirit Energy Holdings Plc. Mr Gunn holds 52.89% of issued share capital and is the majority shareholder of Octagonal PLC.</p> <p>Chief Executive Officer: Samantha Dru Esquant</p> <p>Ms Esquant has been in the financial services industry for over sixteen years and has experience of working in both boutique and large corporate organisations including LCF Rothschilds and Barclays Capital. She was employed at Bank of New York Mellon for over 7 years working on a variety of matters including overseeing the settlements team and implementing controls within the department to decrease risk and exposure. Ms Esquant joined the team at Global Investment Strategy to assist with risk management and embedding control procedures. She is also a director of Global Investment Strategy.</p> <p>Chief Financial Officer: Nilesh Jagatia</p> <p>Mr Jagatia currently serves as Finance Director at OCT and also currently holds Finance Director position with AIM quoted Inspirit Energy Holdings Plc and Limitless Earth Plc (LME). Nilesh has been involved with several IPO's and was previously Group Finance Director of an AIM quoted companies including: Online Media and Publishing Company, Real estate, and Fintech. Nilesh has over 20 years' experience, including senior financial roles in divisions of both Universal Music Group and Sanctuary Group plc. He served as a Finance Director for an independent record label that expanded into the US. Nilesh is a qualified accountant and holds a degree in finance.</p> <p>Non-Executive Director: Anthony Binnie</p> <p>Anthony Binnie has founded and served as a director on several property development companies focused on development opportunities in London and the South East. Having graduated from Bristol University with a degree in Economics, Anthony commenced training as an accountant with Baker Tilly before moving into their Corporate Finance department. Within this department he worked on private and public company corporate finance and due diligence mandates. Having left Baker Tilly, Anthony moved into property development and is currently a Founder and Director of the Brockwell Group Ltd. Anthony will serve on the Company's Audit and Remuneration Committees.</p> <p>In addition to the Board directors above OCT uses Beaumont Cornish Limited as their nominated adviser (NOMAD) and Hill Dickinson LLP to assist with legal and regulatory matters and FTB ITC Services Ltd to support the IT systems.</p>

<p>7) Evaluation of the Board's performance</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>OCT is fully committed to uphold Directors independence and to regularly evaluate their performance.</p> <p>Where appropriate, OCT sets targets which the Directors have to adhere to. Each Director is assigned with an individual target which is linked to the corporate and financial targets of the Company. Career support, development and training may also be provided to the Directors where necessary.</p>
<p>8) Promoting corporate culture, ethical values and behaviours</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>OCT is committed to ethical conduct and to the governance structures that ensure that the Company delivers long term value and earns the trust of its shareholders. The shareholders are encouraged at General Meetings to express their views and expectations in an open and respectful dialogue.</p> <p>The Board is fully aware that their conduct impacts the corporate culture of the Company as a whole and that this will impact the future performance of the Company. The Directors are invited to provide an open comprehensive dialogue and constructive feedback to the employees, and to promote ethical values and behaviours within the Company.</p> <p>OCT also believes that doing business honestly, ethically, with integrity helps to build long-term, trusting relationship with our employees, customers, suppliers and stakeholders. Our Code of business Conduct means that our employees understand that we provide ourselves in high ethical standards. OCT has zero tolerance for bribery and corruption among our employees.</p>
<p>9) Maintenance of governance structures and processes to support good decision making by the board</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Board is responsible for the ultimate decision making, the structures and processes adopted by OCT. The Board is headed by the Chairman. In order to comply with the Companies Act 2006 the Board recognises that it must comply with the following principles set out by the Act:</p> <ul style="list-style-type: none"> - duty to exercise independent judgement; - duty to exercise reasonable care, skill and due diligence; - duty to avoid conflicts of interest; - duty not to accept benefits from third parties; and - duty to declare interest in a proposed transaction or arrangement. <p><u>The Chairman</u> is responsible for leading the Board, sets the agenda and ensures it is an effecting working group at the head of the Company. The Chairman is also responsible for promoting culture of openness and effective communication with shareholders and to ensure that all board members receive accurate, timely and clear information.</p> <p><u>The Executive Directors</u> are responsible for day to day running of the Company and effective communications with the Board and the Shareholders. They represent the Company to ensure quality of information provision, they challenge and monitor performance of the teams, and they set business plans and targets for the Company.</p> <p><u>Non-Executive Director</u> OCT has one Non-Executive Director who is an independent director. This is to reinforce the Company's commitment to a transparent and effective governance structure which encourages and provides ample opportunity for challenge and deliberation. The Non-Executive Director's objective is to scrutinise the</p>

	<p>performance of the Board and senior management as well as to monitor performance, agree goals and objectives. They will satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and fit for purpose. The Non-Executive Director is also closely working with Remuneration Committee as they are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing / removing senior management.</p> <p>The Company established the following committees to help with processes, structures and support good decision making by the Board.</p> <p><u>Audit Committee</u> - The Audit Committee is currently chaired by Anthony Binnie and its other member is Samantha Esqulant . The Committee provides a forum for reporting by the Group’s external auditors. The committee is also responsible for reviewing a wider range of matters, including half-year and annual results before their submission to the board, as well as monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee will advise the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and it will also discuss the nature, scope and results of the audit with the external auditors. The committee will keep under review the cost effectiveness, the independence and objectivity of the external auditors.</p> <p><u>Remuneration Committee</u> - The Remuneration Committee is currently chaired by Anthony Binnie and its other member is Samantha Esqulant. The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company’s framework of executive remuneration and costs. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes and compensation payments. The Board itself determines the remuneration of the non-executive directors.</p> <p>It is recognised that if the Company grows, it may be necessary to review the current structure in order to provide better segregation of the responsibilities and clear lines of reporting, that are consistent with industry standards.</p>
<p>10) Shareholders communication</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Company recognises that its shareholders are imperative for future growth and prosperity of the Company. The Shareholders are treated equally both in relation to participation at meetings and in the exercising of voting rights. OCT’s shareholders are encouraged to attend the annual general meetings and the Company provides regulatory news updates and any other matters the Board feels fit. The Company maintains the following website https://octagonalplc.com/ for investor relations.</p>