

Corporate Governance Code Statement

Chairman's Introduction

The Directors of the Board believe that an engaged Board and an effective committee structure facilitate the good governance of the entire Group, and ensure an appropriate framework for its continued success and growth. In order to sustain that strong corporate culture, the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee; each with formally delegated duties and responsibilities.

The role of the Chairman is to lead the Board and be responsible for its governance, performance and effectiveness. The Chairman sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and efficient.

In recognising the importance of high standards of corporate governance, integrity and business ethics, the Directors of the Board have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code focusses on the pursuit of medium to long-term value for shareholders through the delivery of an efficient, effective and dynamic management framework, accompanied by good communication. A description of how the Group applies the 10 governance principles of the QCA Code is provided below. GRC was listed in March 2018 and we will report further on the effectiveness of our corporate governance arrangements in our next annual report.

Andrew Brode

Chairman

26 September 2018

Principle 1. Establish a strategy and a business model that promote long-term value for shareholders

The business model and strategy of the Group are set out in full on p12 of the Annual Report 2018. The business model and strategy, and any amendments thereto, are developed by the Chief Executive Officer and the executive team; and approved by the Board. The Board oversees the execution of the Group strategy by the executive team.

The Group's proven business model is premised upon delivering integrated cyber compliance products and services into growing market demand.

The Group's strategy is to grow through the cross-sell and up-sell of its high-quality services to existing clients; and selling its services to new clients in new jurisdictions.

The key risks to the Group's business organisation are captured on p16 of the Annual Report 2018. The Group manages risk closely in order to limit any potential adverse effects on the implementation of its strategy, its performance and the interests of its shareholders. It does this by ensuring that there is a framework in place to identify and monitor risks and uncertainties, and deploying the appropriate mitigating actions.

The Board aims to meet 10 times per year and otherwise as necessary. The Group's strategy and performance against that strategy is a recurring item on the meeting agenda.

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

Maintaining a good, consistent engagement with shareholders is given a high priority by the Directors of the Board. The principal methods of communication with shareholders are the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting and the Group's investor website.

The Chief Executive Officer and the Group Finance Director meet regularly with institutional investors, and analysts who publish performance information about the Group, to ensure that its corporate objectives, strategies and operational developments are clear and understood. The Non-Executive Directors are also available to discuss any matters that shareholders wish to raise and discuss. The Company Secretary is the main point of contact for shareholders.

Due, in part, to the AIM admission in March 2018, there has been considerable engagement with shareholders through investor roadshows and ad-hoc meetings. It is expected that, due to the continuing development of the business, this will extend into FY19.

If, and when, voting decisions are not in line with the Company's expectations, the Board will seek to engage with shareholders to understand and address any issues informing those decisions.

Shareholders do have the ability to contact the Company through an email address (servicecentre@grci.group). Where such approaches are received unpublished price sensitive information is not provided through responses to questions sent to the email address, but only through the appropriate regulatory news channels.

Principle 3. Take into account wider stakeholder and social responsibilities, and implications for longer term success

The Board upholds its commitment to being a socially and ethically responsible Company.

The executive team oversees the social and ethical framework, and is responsible for reviewing operational processes for managing social, environmental and ethical risk. In this respect, the executive team reports into the Board of Directors, to ensure that any significant risks to the longer-term success of the business arising from such matters are adequately mitigated and addressed. The Board believes that the risk of impact to the long-term success of the Group is low, and satisfactorily managed, based upon its line of business and geographical footprint.

The Board recognises the need to maintain effective working relationships across a wide range of stakeholders. The business model identifies the different client segments with which the Group operates, which includes public and private companies of all sizes, government authorities and the public sector. Other stakeholder groups include competitors, vendors, industry bodies and regulatory authorities. The Group maintains a strong dialogue with all key stakeholders; the Executive Directors manage those relationships on a day-to-day basis and encourage the exchange of feedback, knowledge and perspectives about the Group. The newest offices in New York, Amsterdam and Brussels were launched in response to client requests for the Group to provide local support in those locations.

The success of the Group's business model is founded upon its high-performing consulting team. The Board and the executive team are committed to providing an open, interactive and collaborative working environment; and there are opportunities throughout the year for employees to submit their feedback about any aspect of the working environment, the business organisation and the corporate goals. Employee feedback helps the Group to understand and focus its attentions on what matters to its employees.

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

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. In this respect, the objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. The Board believes that this approach serves the interests of creating sustainable shareholder value while also protecting the Group's corporate culture.

The operational functions of the Group are carried out within a practical and effective risk management framework. The executive team has responsibility and authority for identifying and managing risk effectively, across the business. Any decisions made by the executive team in this respect are reviewed by the Board.

The identified material operational, financial and industry risks facing the Group are also reported to the Board. A summary of the principal risks and uncertainties, as well as mitigating actions, are provided on p16 of the Annual Report 2018. The Board formally reviews and documents the principal risks to the business at least annually.

The Group's risk factors are also described in detail in the [AIM Admission Document](#) (Part II, p30 - 38).

Processes to embed risk management throughout the Group continue to be reviewed and changes will be implemented as appropriate.

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

The Board comprises six Directors: the Non-Executive Chairman, one Non-Executive Director and four Executive Directors. The QCA code states that a company should have at least two independent Non-Executive Directors. At present the company only has one independent Non-Executive Director, being Ric Piper. The Board considers this appropriate for the size and nature of the Company.

The Non-Executive Directors of the Board have been selected with the objectives of increasing the breadth of skills and experience of the Board, and bringing constructive challenge to the Executive Directors. The Non-Executive Directors are also responsible for the effective running of the Board's committees and ensuring that the committees support the strategic priorities of the Board.

The Group has determined that the composition of the Board and its committees brings a desirable range of skills, personal qualities and experience for delivering the strategy, based upon the size and nature of the business of the Group. All Directors are subject to annual re-election by shareholders at the Annual General Meeting. Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment.

The Group believes that the successful functioning and effectiveness of the Board is premised upon a number of key factors, in addition to Board composition:

- Operations: agenda and frequency of meetings, and monitoring of attendance;
- Access to the appropriate advice and administrative services – via the Company Secretary and external resources as required;
- Thorough induction of new Directors to the Board and its committees;
- Performance assessment of the Board as a unit and of its members individually.

The Chairman and the Board hold these factors in the highest regard and commit to performing an annual evaluation to review and assess their application in practice.

Non-Executive Directors are not contractually committed to a set time commitment, but are contractually committed to devote such time as is necessary for the proper performance of their duties, with an anticipation that this will equate to a minimum of 2 days per month.

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

The Board is satisfied that its members have the appropriate balance of backgrounds, competencies and knowledge in order to deliver on its core objectives, as follows:

Andrew Stephen Brode, *Non-Executive Chairman*

Andrew is a Chartered Accountant and was chief executive of Wolters Kluwer (UK) plc between 1978 and 1990. In 1990 he led the management buyout of Eclipse Group Limited, which was sold to Reed Elsevier plc in 2000. In 1995, he led the management buy-in of RWS Holdings plc, a company whose shares are traded on AIM, which is now Europe's largest technical translation group. Andrew is chairman of RWS Holdings plc, Learning Technologies Group plc and a non-executive director of a number of private equity backed media companies.

Alan Philip Calder, *Chief Executive Officer*

Alan founded IT Governance Limited in 2002, became a director in April 2002 and began working full time for the company in 2007. Prior to this Alan had a number of roles including CEO of Business Link London City Partners from 1995 to 1998 (a government agency focused on helping growing businesses to develop), CEO of Focus Central London from 1998 to 2001 (a training and enterprise council), CEO of Wide Learning from 2001 to 2003 (a supplier of e-learning) and the Outsourced Training Company (2005). Alan was also chairman of CEME (a public private sector skills partnership) from 2006 to 2011. Alan graduated from the University of Witwatersrand in 1978 and then moved to the UK. Alan has written a number of books about IT management including the definitive compliance guide "*IT Governance: An International Guide to Data Security and ISO27001/ISO27002*" (co-written with Steve Watkins), which is in its sixth edition and is the basis for the UK Open University's postgraduate course on information security and "*IT Governance – Guidelines for Directors*".

Christopher John Hartshorne FCCA, *Finance Director*

Christopher qualified as a Chartered Certified Accountant with Deloitte in 2007 and subsequently worked for PwC. In 2015, Chris joined MM (UK) Limited as financial controller before leaving to take up his position with the Group.

Stephen George Watkins, *Executive Director*

Before joining the Group, Stephen previously worked for HM Crown Prosecution Service Inspectorate (2001 to 2006), Focus Central London (1999 to 2001), Business Link London City Partners (1997 to 1999) and OCE from 1994 to 1997. He has at various times worked as a consultant to number of organisations. He is Chairman of the UK ISO/IEC 27001 User Group; an information security management system (& IT service management system) Technical Assessor for UKAS, a role in which he assesses certification bodies offering ISO 27001 (& ISO 20000 1) accredited certification and Forensic Science

Laboratories to the InfoSecurity aspects of the FSR Code; Chair Elect of IST/33, the UK committee that mirrors SC27 and is responsible for UK contributions to ISO 27001, ISO 27002 and related information and cyber security standards; and is a member of other standards committees responsible for privacy and IT Service. He has written a number of books relating to data protection and cyber security, including "ISO 27001, a pocket guide". He is responsible for managing a number of key customers and for technical matters for the Group.

Neil Roger Acworth, *Chief Information Officer*

Before joining the Group, Neil previously worked at Featurespace where he was chief technology officer (2011 to 2012), Cambridge Assessment (2009 to 2011), Sequel Business Solutions Limited (2006 to 2008 and 1999 to 2004) and Close Brothers Treasury Services (2005 to 2006). Neil was appointed as a director of ITG in April 2017 and is responsible for the Group's information technology systems including its websites and Vigilant, the Group's software development subsidiary.

Richard John 'Ric' Piper ACA, *Independent Non-Executive Director*

Richas over 40 years' experience as a Chartered Accountant, including a number of senior finance roles at ICI, Citicorp, Logica and WS Atkins, where he was Group Finance Director from 1993 to 2002. In the last five years he has also been chairman of Frontier Resources plc and Lakehouse plc and a non-executive director of Electron Technology plc and Turbo Power Systems, Inc, Precision Midstream plc, and Waterman Group plc. In July 2018 he stepped down from the boards of Gattaca plc and Turbo Power Systems Ltd after 12 and 9 years respectively. He is a partner at Restoration Partners and is a member of the Financial Reporting Review Panel.

The Nomination Committee is responsible for overseeing the selection of Board members that are equipped with the correct range of experience, knowledge, integrity and ethics. Throughout the year, the Directors have access to the advice and services of the Company Secretary and may, in order to fulfil their duties, take independent professional advice at the expense of the Company.

All of the Directors are active in the industry and continually refine and improve their knowledge of the latest techniques and strategies.

Principle 7. Evaluate Board performance based upon clear objectives and reassess continuously

The Board appraises the individual members of the Board annually, the scope of which includes skills, experience and capabilities. The appraisal takes account of additional responsibilities such as chairing or membership of the Board's committees. The annual appraisal is carried out by the Chairman with reference to the competencies set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs are identified.

The Chairman is also subject to appraisal; this process is managed by a Chairman Appraisal Group comprising the Chief Executive Officer and the Company Secretary.

The objectives of the Board are to review, formulate and approve the Group's strategy, budgets and corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, of its committees and of the individual Directors, including the Chairman, in respect of these objectives.

During FY19, the Board will carry out a full evaluation of its performance. The evaluation criteria include Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and key stakeholders. The evaluation will be based upon the self-assessment of the Chairman and Directors. An external evaluation using an independent adviser may be executed if required. The results of the evaluation process will be analysed and reported back to the Board in order to agree any substantive issues arising and the corresponding action required.

The Nomination Committee may use the results of the evaluation process when reviewing the composition of the Board for selecting any new Board members, and in succession planning for the Directors as well as key executive team members.

Principle 8. Promote a culture that is based on ethical values and behaviours

The Board regards highly the importance of promoting ethical responsibility and good conduct within the Company. The Board is conscious of its role in fostering a culture of inclusion, responsibility and openness. The Group is an equal opportunities employer and encourages diversity at all levels.

These values are embedded in the Group's leadership and throughout the organisation. They are described in further detail on p5 of the Annual Report 2018. Culture and integrity are promoted in the Employee Handbook, which all employees must attest to, and reinforced through the regular activities and initiatives. They are overseen and sponsored by the entire executive team.

The executive team reports into the Board on any changes or risks impacting the Group's values and behaviours. The Board is ultimately responsible for ensuring a corporate culture that is embedded globally and is consistent with the Group's objectives, strategy and business model.

The Company currently puts on a number of staff events (including a summer garden party and a Christmas lunch) to encourage healthy corporate culture and to promote open communication amongst staff.

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

The Group operates an effective, streamlined governance framework. In this framework, the Board supports the executive team, represented by the Executive team, in developing and executing the Group's strategy. Any decisions between and within these governance structures are reached through an open and constructive dialogue.

The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that no individual Director dominates discussion or decision making. The Chairman is also responsible for ensuring that the links between the Board and the executive team, and the Board and the shareholders, are strong and efficient. Meanwhile, the Chief Executive Officer is responsible for the day-to-day management of the Group's global operations and for implementing the strategic goals agreed by the Board.

The Board has an agenda of regular business, financial and operational matters for discussion, as well as a review of each committee's area of work. The Board is ultimately responsible for making any key strategic or business decisions. Members of the executive team may be invited to attend meetings of the Board in order to facilitate those processes; in

other instances, the executive team is represented by the Chief Executive Officer, who communicates all their relevant views and information.

The effectiveness of the corporate governance structures and processes is assessed as part of the annual Board evaluation.

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

To support the Group's objectives, the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee. The responsibilities of these individual committees are provided in the [AIM Admission Document](#) p24. There is also an Audit Committee Report on p24 of the 2018 Annual Report and a Remuneration Committee Report on p27 of the 2018 Annual Report. From time to time, separate committees may be set up by the Board in order to consider and address specific issues, if the need arises.

The Group places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders, which it considers to be integral to longer term growth and success.

The principal methods of communication with shareholders are the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting and the website. The website is updated regularly with information regarding the Group's activities and performance, and users can register to be alerted of new announcements, reports and events, including Annual General Meetings. The Chief Executive Officer and the Finance Director also meet individually with shareholders on a regular basis through investor roadshows, providing opportunities for shareholders to ask questions of the Board. No unpublished price sensitive information is disclosed during these meetings.

The Group's reports and presentations [can be found here](#).

Notices of Annual General Meetings of the Company [can be found here](#).

The results of voting on all resolutions in Annual General Meetings are also [posted to the Group's website](#), including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent shareholders.

The Board receives regular updates on the views of the Group's wider stakeholders from the Executive Directors; in particular, clients and employees. The Executive Directors have a close special knowledge of the interests of these stakeholders, which they receive by maintaining an open dialogue with market participants and undertaking employee feedback both on an anonymous and peer group basis.