

IPSO Ventures plc

Corporate Governance Statement

The Company is committed to the principles of corporate governance contained in the Code that was issued in 2006 by the Financial Reporting Council for which the Board is accountable to shareholders.

While the Group is not required to report on compliance with the Combined Code of Corporate Governance ('the Code') since its shares are traded on AIM, we make every effort to comply where relevant to a company of our size.

Board effectiveness

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. All Directors take decisions collectively and objectively in the interests of the Company, taking into account their respective roles as Executive and Non-executive Directors. The Board manages these matters at its regular meetings. Reports are delivered to the Board by the Executive Directors covering key aspects of the business, its strategy and financial position. This ensures that all Directors are aware of the overall performance of the Group and are able to scrutinise and monitor it effectively.

Board meetings and decisions

The Board meets regularly and expects to meet at least ten times a year. In 2009 the Board met a total of 15 times, of which 12 were scheduled Board meetings. The Board has a schedule of matters which are reserved for its decision which includes: senior appointments; approval of interim and annual financial statements; business strategy and budgets; substantial investments; commitments and disposals; financing; executive remuneration and litigation.

Each Board member is supplied with a pack of financial and operational information sufficient for the Board to discharge its duties.

Attendance at scheduled Board meetings:

Simon Hunt (11 out of 12)
Nick Rodgers (11 out of 12)
Simon Haworth (9 out of 12)
Peter Knox (12 out of 12)
Michael Baines (12 out of 12)

Directors

The Board consists of three Executive Directors and two Non-executive Directors.

In accordance with the Code, the Company is deemed a 'Smaller Company' and meets the requirement to have at least two Non-executive Directors.

The two principal founders of IPSO are Simon Hunt and Nick Rodgers who are Executive Chairman and Chief Executive respectively. Due to the early stage of the business and the fact that they work very closely together, there is no formal division of responsibilities as would typically be expected to apply to these roles. In addition to being Chief Executive, Nick Rodgers is also responsible for the financial direction of the business and the Group Financial Controller reports to him.

As the business grows and develops it is envisaged that the responsibilities of each will be more closely defined and the Board will keep the matter under careful review to ensure that the management team works effectively and efficiently.

The Board does not believe it appropriate to appoint a Senior Independent Director given the size and development of the Company. The Board will keep this matter under review.

The Non-executive Directors provide a wide range of skills and experience to the Group. They bring independent judgement on matters such as risk, business strategy and performance and contribute both at Board meetings and on an ad hoc basis at other times. The Board considers that the Non-executive Directors are both independent in character and judgement and meet the independence criteria set by the Code.

All Directors may take independent professional advice at the Company's expense. The Directors also have access to the impartial advice of the Company Secretary who is responsible for ensuring that the Board procedures are followed.

Whilst the Board retains overall responsibility for the Company, the day-to-day management of the business is conducted by the Executive Directors. The Board also delegates specific responsibility to certain Committees such as the Audit and Remuneration Committees. Each Committee has its own terms of reference set by the Board.

Performance evaluation

The performance of each Director and of each Committee of the Board is formally evaluated annually. The Non-executive Directors meet to consider the performance of the Executive Directors and the Non-executive Directors' performance is considered by the Executive Directors. This year reviews took place in March 2009.

Committees of the Board

Audit Committee

The Audit Committee, which was established in February 2007, has written terms of reference and met three times during the current financial year. The members of the Audit Committee are Michael Baines and Peter Knox. Michael Baines chairs the Committee and has considerable financial experience gained in a long career in stockbroking, investment banking and investment management. Both members of the Audit Committee attended all meetings of the Committee.

The Audit Committee is required to meet at least twice per year to discuss the interim and preliminary announcements of results. It monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. It reviews the Company's internal financial controls and the internal control and risk management systems. It makes recommendations to the Board in relation to the appointment, re-appointment and

removal of external auditors and approves the remuneration and terms of engagement of the external auditors. The Audit Committee is also responsible for agreeing the level of audit fees and monitoring the provision of non-audit services provided by the external auditors. The Audit Committee assesses the likely impact on the auditors' independence and objectivity before awarding them any material contract for additional services.

The Audit Committee invites the Chief Executive, Group Financial Controller, all Executive Directors and the external auditors to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw.

During the current financial year, the Audit Committee has inter alia:

- agreed the fees to be paid to the external auditors for their audit of the 2009 accounts;
- reviewed and agreed the scope of the audit work to be undertaken by the auditors; and
- reviewed the financial statements in the 2009 report and accounts. As part of this review the Committee received a report from the external auditors on their audit of the financial statements.

Remuneration Committee

The Remuneration Committee was established in February 2007 and meets as and when required. The members of the Committee are Peter Knox and Michael Baines who are both independent, Non-executive Directors. The Committee is chaired by Peter Knox.

No member of the Committee has any personal financial interest other than as shareholders, conflicts of interest arising from cross directorships or day-to-day involvement in running the business. The objective of the Remuneration Committee is to develop remuneration packages for Executive Directors that enable the Group to attract, retain and motivate executives of appropriate calibre without paying more than is necessary. No Director plays a part in any discussion about his or her own remuneration.

Nomination Committee

Due to the size of the Board the Directors do not consider it necessary to have a Nomination Committee. Appointment of Directors is therefore considered by the whole Board.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Executive Directors are actively involved in all aspects of the Group's business and this allows the Board to continually monitor and assess significant business, operational, financial and other risks and to review the effectiveness of internal controls. The Board meets monthly and has reports from the Executive Directors covering, inter alia, financial performance, university partnerships, investments and administration.

The Board annually reviews the effectiveness of all significant aspects of internal control. The review in 2009 did not highlight any matters that require reporting to shareholders.

The Board has procedures in place which incorporate the recommendations on internal control: guidance for Directors on the Combined Code (Turnbull).

Relations with shareholders

The Company is committed to having a constructive and regular dialogue with its shareholders. The Board's primary contact is through the Executive Chairman and the Chief Executive. The Company's website provides detailed information about the Group, including all the information necessary to comply with AIM rules regarding investor relations.

The Annual General Meeting is one of the main opportunities for the Board to communicate with the Company's non-institutional shareholders and the Board welcomes all shareholder participation at that meeting.

Financial risk management objectives and policies

Financial risk management objectives and policies are set out in note 15 to the financial statements.