

# COMPUTER PATENT ANNUITIES LIMITED

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### EXTRACT FROM STRATEGIC REPORT

#### – SECTION 172 STATEMENT

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The Directors of Computer Patent Annuities International Limited (“CPA Global”), as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

‘A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its Shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.’

As part of their induction, a Director is briefed on their duties. It is important to recognise that, in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the company. The Board of the company’s ultimate parent company takes full responsibility for governance and compliance across all the subsidiaries within the Group. This Board meets formally on a regular basis to fulfil its responsibilities and is a balanced Board with a good mix of skills and experience to oversee the Groups financial, corporate responsibility, executive remuneration and general Board practices.

The following paragraphs summarise how the Directors’ fulfil their duties:

#### **Our Long-Term Strategy and how decision making has support the implementation**

There are three pillars to our long term strategy. Elevating the IP professional, connecting the IP ecosystem and unifying our people and our business around our customers.

Our strategic priorities deliver our business goals that focus on:

- Winning a larger share of IP transactions by growing our technology-enabled services, including IP renewals, above the background market growth rate
- Winning both a larger share of our customers’ IP software spend and attracting new IP software customers.

All business decisions and plans, including our M&A activity, are aligned with our strategic priorities. In 2019 we completed our merger with the ipan/Delegate group which strengthened our presence in the DACH region, enabled us to grow our share of IP transactions, particularly with EP validations and IP renewals and increased our IP management software customer base.

## Risk Management

CPA Global considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the company's strategic and operational objectives.

Sound risk Management principles and practices are an integral part of our working processes and procedures for all departments within CPA Global.

Risk is the responsibility of every employee in so far as is reasonably practicable within their area of activity, and the company and all business units will maintain a risk register.

CPA Global is aware that some risks can never be eliminated fully, and it has in place a strategy to regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Company.

## Our People and Our Values

CPA Global is the world's leading IP management company with more than 3000 employees spread across 29 offices in 12 countries globally, the majority of which are highly qualified employees with IP industry specific skills and experience. As a result, they look to the company to create a fair, challenging, rewarding and supportive work environment where they can achieve their potential. We have policies that ensure a safe and healthy environment for each of our employees; we have a comprehensive and on-going professional development programme; and we're proud to be a signatory to the IP Inclusive Charter, as part of our commitment to equality, diversity and inclusion.

Through all this activity, our our values underpin everything we do and bind us together and guide us on everyday decision making.

### Our Values:

**Always team first** – Act selflessly. We are one global community.

**Have a pioneering spirit** – Foster an environment where curiosity and bravery flourish. We encourage each other and celebrate new ideas.

**Deliver on promises** – Make promises that are clear and deliverable. If we can't meet a promise we communicate quickly and propose an alternative

**Keep it simple** – Follow the simplest path to get us the best results

We're continuously listening, both through formal surveys and informal channels, to ensure we take the actions that all our stakeholders want and need, and that we continue to live our values every day.

## Business Relationships

CPA Global is committed to upholding the highest levels of ethics and personal integrity in all its business dealings anywhere in the world. CPA Global has a zero-tolerance policy toward bribery and corruption in any form. In addition, any person or organisation (third party) working with or on behalf of CPA Global must abide by CPA Global's anti-bribery policy, which is designed to prevent, detect, and address bribery, as well as meet the requirements of the ISO -37001 -Anti -Bribery Management Systems standards.

We have a robust due diligence program for assessing customers and third parties and as such we are recognised and trusted by our customers and suppliers.

As a trusted partner our customers are loyal. We maintain strong relationships by proactively and continuously engaging with customers through our dedicated customer support management teams. Our customers range from large, medium and small corporations to independent inventors as well as IP law firms and agents worldwide.

All our suppliers are fundamental to our business success and have specialist IP Supplier Management relationship managers who have dialogue on all aspects of our relationship. To ensure we manage our suppliers effectively, we share innovation where possible and continually liaise with them to reduce and mitigate risk and manage the relationship.

We expect all our suppliers to comply with our standards, such as those relating to Anti Bribery and corruption, environmental responsibility, modern slavery, data protection, human rights and ethics.

### **Community and Environment**

At CPA Global, sustainability is at the heart of how we do business and an important pillar in support of our belief that ideas change the world. It ensures we manage risks and create opportunities, it helps us attract and retain the best people, and it guides how we work so we ensure our impact is as positive as possible. We are delighted to have been awarded a Silver Medal by EcoVadis as recognition of our efforts.

We are working hard across our operations to encourage recycling in our offices, to increase the extended-life use of our IT equipment, and to reduce waste, energy consumption and air travel where we can. We are also helping customers increase efficiencies, reduce costs, and support their own sustainability objectives. For example, we have introduced a series of products and initiatives to move customers to digital rather than hard-copy documents, as part of our drive to digitalise as much of the IP industry that we can.

We recognize that we play an important role in the lives of the local communities where we operate, and we support these communities through local events, sponsorship and volunteering. Our employees have undertaken projects around the world that have included: running 100 miles across frozen lakes in Mongolia to raise money for The Durrell Wildlife Conservation Trust; beach cleaning in Jersey; partnering with students at University of Pennsylvania's law school to help cash-poor innovators bring sustainable inventions more effectively to market; and volunteering to support the Saksham School for Children with Blindness in Noida, India.

### **Governance and Regulatory Compliance**

We are a global organisation representing customers' interests in 200 jurisdictions around the world. Reputation and trust are critically important to us. The trust of our customers, business partners, suppliers, as well as the authorities and communities in countries where we operate.

We have a dedicated, independent compliance team made up of Compliance Director, Data Privacy Officer, Risk Manager, ISO Standard and Compliance Manager managing Europe, North America, and Asia Pacific territories. In line with best practices in corporate governance, the compliance team is independent of business operations to ensure more effective checks and balances.

The team also has oversight of our Regulatory Trade Compliance policy and program which is designed to ensure compliance with bribery and corruption laws, export control, economic sanctions, boycott laws/regulations, data privacy protection, and Company policy anywhere in the world. Proactive measures include restricted-party screening, expense monitoring, IP agent anti-bribery training, and third party due diligence activities.

### **Shareholders**

The company's immediate parent company is CPA Global Group Holdings Limited, a company registered in Jersey, Channel Islands and the ultimate parent company is Capri Acquisitions Topco Limited, a company registered in Jersey, Channel Islands. The directors consider Leonard Green & Partners to be the ultimate controlling party of Capri Acquisitions Topco Limited as they manage and advise a number of funds which collectively hold a majority of voting rights in the Capri Acquisitions Topco Limited.

The Board is committed to openly engaging with our controlling party. We recognise the importance of a continuing effective dialogue to enable a common strategy and objective. Continual two-way communication is vital to a clear delivery of all aspects required under section 172 of the Companies Act 2006 and this will continue to be encouraged and enhance.