

Principal Risks And Uncertainties

Risk Management - Identifying and Managing Risk

GBG's approach to identifying and managing risk is key to how we run the business. We consider it to be fundamental to achieving our strategic objectives and it supports us in delivering long-term stakeholder value whilst protecting our business, people, assets, capital and reputation.

We have established an ongoing process to identify, evaluate and manage the significant risks that we face and the effectiveness of the related controls. The Audit & Risk Committee formally reviews this process every six months, then report their findings to the Board. These half-year updates to the Audit Committee members and the Board have been further supplemented by risk updates from the Executive Directors at each Board meeting held during the year.

I am pleased to report that the skillset of GBG's management team has been supplemented during the year by the appointment of a Chief Regulation Officer ("CRO") in August 2020 with specific risk management experience. The CRO will be responsible for implementing the improvements and developments to our risk management processes as identified through our internal audit review by BDO LLP. She has also briefed the Audit & Risk Committee on risk matters on a number of occasions since her appointment.

Coronavirus (Covid-19)

At the start of the pandemic we correctly anticipated that the key risk themes described in our risk profile (see below) would continue to be a focus in 2021. The pace and impact of the pandemic, along with the potential for unexpected financial and operational implications, were also carefully considered and addressed as part of the Group's risk management activities. We consider that this approach has contributed positively to GBG's present financial and operational status, as well as maintaining high levels of engagement and productivity among team members.

Further details of the actions and strategies that GBG undertook in response to the pandemic are set out in our Covid-19 statement on pages 6 to 7. The following summarises the responses and actions that the Committee has overseen during the year.

At an early stage of the pandemic it was agreed by the Audit & Risk Committee and the Board that there was a heightened perception of exposure to all of GBG's material risk areas due to the unknown and dynamic nature of the Covid-19 pandemic and how it would develop. As reported last year, at the start of the crisis we established a sub committee of the Internal Controls Team, chaired by the CEO and supported by members of the Group's Executive Team, to deal specifically with the impact of the Covid-19 pandemic and its impact on the business (known as the "Covid Team"). The Covid Team established a number of risk assessment work streams, each headed by a team leader, to help us coordinate our response to the impact of Covid-19 across our business. These work streams covered: Team Members, Customers, Financial Health, Operations, Governance and Opportunities.

GBG conducted thorough assessments of the potential impact of Covid-19 on the Group's principal risks from a strategic, commercial and operational perspective. This ensured that the business could provide the appropriate response to our team members and customers in order to support our plans regarding GBG's longer-term sustainability and viability for the benefit of all our stakeholders. This approach continues to be the case in response to the ongoing effects of the pandemic.

Specifically, in relation to Covid-19, the risk management process operating before the pandemic allowed the GBG team to respond quickly and with confidence to the challenges and demands raised by Covid-19. The key aspects of the Group's risk management process that were identified at that time and remain so, are:

- The continued operation of the Group's Covid Team
- The health and wellbeing of our team members
- Careful consideration of costs and cash expenditure
- Supporting our customers and continuing to offer excellent, high quality services
- Going concern reviews and regular assessments of debtor, bad debt and cash positions
- Maintaining high quality controls in our global finance functions whilst team members work remotely
- Supplier viability assessments through detailed audit reviews

- High levels of vigilance to potential cyber threats and improvements to our cyber defences
- Continuous improvement of GBG's business continuity planning ("BCP") processes, having greater visibility of key systems and suppliers and updating actions to mitigate challenges

A summary of the focus areas that have been addressed during the year include:

- Prioritising the health and wellbeing of our team members with special consideration to the challenges posed by continued and prolonged periods of remote working
- Robust going concern reviews which consider a range of potential impact scenarios on GBG's operations and investment activities
- Greater awareness and consideration of the potential negative effects on global economies as financial stimuli from national governments for businesses and citizens were implemented and varied
- Monitoring the potential of increased competition from major/niche players who have been able to leverage their position and/or raise additional funding during the pandemic
- Considering actions for access to markets and customers whilst international/local travel restrictions continue
- Maintaining the pace of retiring legacy systems where there were increased commercial challenges due to Covid-19
- Loss of key staff to competitors, or inability to attract new employees, if we become unable to provide appropriate incentives and conditions to retain team members
- Reviewing the Group's portfolio of property leases to consider the potential effects of flexible working arrangements of team members post-pandemic

Before the pandemic, our business model already had a number of features that worked to GBG's ongoing benefit. These included the ability of all of our team members to work remotely and securely; a diverse commercial portfolio that is not overly reliant on, or exposed to, a particular customer, market or geography together with providing market-leading products and services that support organisations during upturns and downturns. These features, combined with taking immediate and appropriate steps to preserve GBG's cash position, has meant that we have been able to respond positively to the challenges presented by the pandemic. The longer-term effects on international economies and therefore on GBG's business, remains uncertain but we continue to be vigilant in monitoring the situation and potential exposures as matters develop. In turn, we have a range of further plans to put into action should this be required.

Framework – Risk and Control Structure

The Board

GBG's Board has overall responsibility for the Group's risk management framework. The framework is not designed to eliminate risk but define, mitigate and manage the type of risk and level of exposure we are prepared to take in pursuit of our strategic objectives to ensure decisions taken align with the Group's risk appetite. The Board reviews the recommendations made to it by the Audit & Risk Committee.

Audit & Risk Committee

The Committee regularly monitors the principal risks and uncertainties identified by our risk assessment processes, along with the strategies developed and the actions we have taken to mitigate them. Our risk identification, assessment and reporting is supported by GBG's Executive Management, through the Executive Team, who continually review the effectiveness of our system of risk management and internal controls.

Internal Controls Team

The Group's Internal Controls Team assesses current risks, reviews and monitors the controls that mitigate those risks and identifies potential new risks to the Group. It reports to the CEO and the Chair of the Audit & Risk Committee on matters of internal control and risk assessment. As stated above, as we navigate through the pandemic the risk assessment and mitigation work of the Internal Controls Team has been included within the scope of work of the GBG Covid Team.

Principal Risks And Uncertainties continued

With the appointment of the CRO, the risk management framework is currently being strengthened to make further enhancements as a result of the recommendations made by BDO LLP, following its review of GBG's risk management and internal controls processes. This includes refinements to ensure that everyone at GBG understands their role in identifying, assessing, managing and monitoring risk; that we have the most effective set of key controls to mitigate our principal risks; and that a thorough assessment of our principal risks is conducted by each line of defence. Quarterly progress reports will be presented to the Audit & Risk Committee until this work is completed in the first quarter of FY23.

The Executive Team

Each member of our Executive Team is responsible for managing the specific risks within their own business unit or function. Collectively the Executive Team will, where necessary, establish crisis response teams to address and manage emerging material risks – seconding key team members from across the Group to support its activities and ensuring the crisis teams have access to the necessary resources, management and advisors to operate effectively and at pace.

Internal and External Auditors

The Group's internal and external auditors have responsibility to review and assess the Group's risk management and internal controls process and to report their findings and recommendations to the Audit & Risk Committee.

BDO LLP were appointed to provide GBG with an outsourced internal audit arrangement. BDO's initial scope of work included conducting a strategic report of the Group's risk management and internal controls process and also the Group's cyber security controls. The work was conducted and completed during the final quarter of FY20 (just as the full effects of the Covid-19 pandemic were being experienced) and the recommendations were incorporated into our ongoing risk review process and cyber strategy. During the current financial year, BDO's work was extended to cover a strategic report of the Group's procurement and financial controls processes.

Key Elements of the Control Framework

The Board is responsible for maintaining and reviewing the effectiveness of our risk management activities from a strategic, financial and operational perspective. These activities are designed to identify, assess, manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy. As part of this process both external and internal risks across the Group's operations are considered in addition to the likelihood, financial impact and reputational impact of identified risk areas.

Risks are owned and managed within the business and reviewed formally by our first and second lines of defence function at least every six months. They review risks and controls, including those relating to information security, regulatory compliance and business continuity. The results of these reviews feed into our reporting cycle. During the pandemic, reviews have been conducted more regularly and are monitored through the regular weekly meeting of the Covid Team.

The key elements of the risk control framework are as follows:

- Internal Controls – our internal controls system facilitates the management of risks that could impact upon our ability to meet our strategic objectives. We acknowledge that the system is a means to mitigate, rather than eliminate risk.
- Risk Management – the Internal Controls Coordinator (the Company Secretary) presents the results of the Group's risk reviews and the risk register to the Audit & Risk Committee. Presently, the Internal Control Coordinator (but in future the Chief Regulation Officer) is responsible for regularly monitoring and assessing our risk management processes and reporting directly to the CEO on all matters of internal control and risk assessment. The Audit & Risk Committee of the Board monitors and provides robust challenge on the reports it receives, the controls which are in force and any perceived gaps in the control environment. The Audit & Risk Committee also considers and determines relevant action in respect of any control issues raised by the Internal Controls Co-ordinator or the External or the Internal Auditor. The Committee also sets the audit programme for the Internal Auditor.

- **Financial Reporting Process** – GBG’s management team and our Finance Team are responsible for ensuring the appropriate maintenance of financial records, controls and processes to ensure that all information is relevant, reliable and compliant with the applicable laws and regulations. They are also responsible for ensuring that the Board and GBG’s advisors receive such information in a timely manner. The financial statements are reviewed by our management team to ensure that the Group’s results and financial position is appropriately reflected. Our Audit & Risk Committee challenges, reviews and approves the release of all financial information published.
- **Strategic and Financial Planning** – we have established a budgeting and strategic planning process, whereby we assess our competitive position and goals, taking account of the strategic risks faced. This strategy is translated into financial plans with clear milestones and performance indicators and these are regularly reviewed and assessed by the Board.
- **Performance Management** – our performance against the strategic plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Executive Directors at monthly Executive Team meetings and at scheduled Board meetings.
- **Capital Investment** – we have in place a clear process for the approval of capital expenditure, which includes a detailed appraisal of the benefits of the proposed investment and any associated key risks. Board approval is required on material capital expenditure matters and the process is detailed in a formal set of matters reserved for the Board approval.
- **Health and Safety** – we have established health and safety standards and benchmarks, our performance against these standards is closely monitored. In light of the evolving requirements flowing from the Covid-19 pandemic, the focus of our activities in this area will be in relation to creating and maintaining a safe working environment for all our team members.

Principal Risks And Uncertainties continued

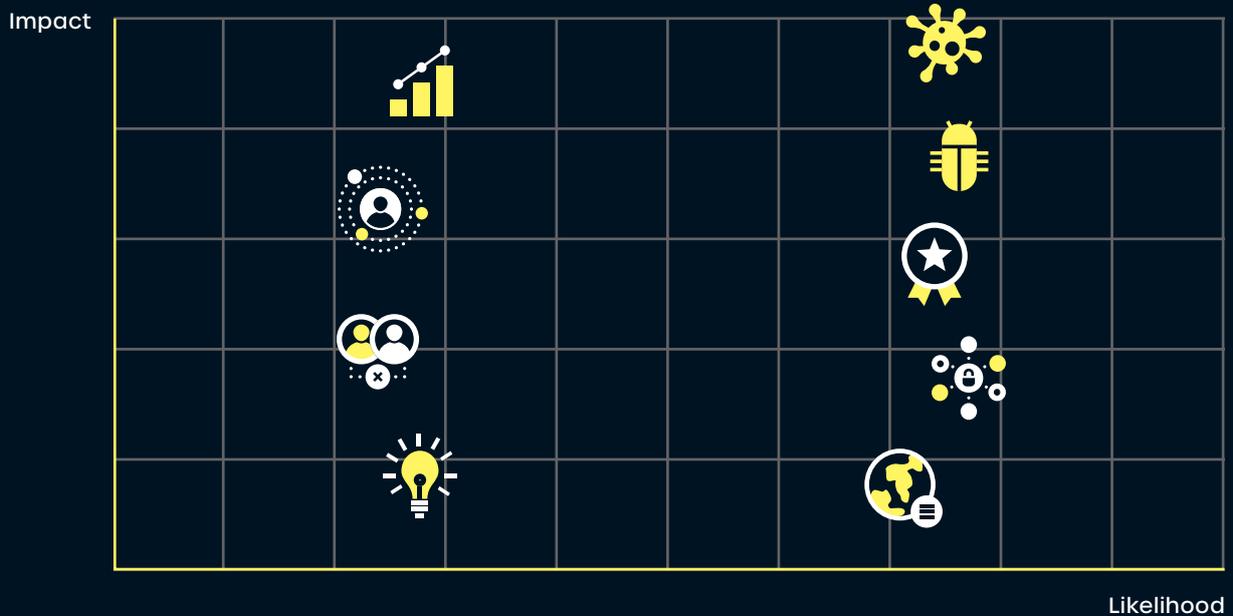
Our Risk Profile

Our risk identification process has two main strands:

- A bottom-up approach at a business unit and central services unit level. This identifies the risks that threaten a unit which the business manages. To give us visibility of issues across the business, we consolidate these risks at the regional and global level and escalate to the Internal Controls Team
- A top-down approach at a Group level. This identifies the principal risks that threaten the delivery of our strategy

The diagram on this page summarises our principal risk profile and threat levels since the last reporting period. Compared to last year, the principal risks remain the same.

Principal Risk Profile



Key

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|---|--|---|--|
|  | Inability to Meet New Product Development and Scalability Challenges |  | Covid-19 |
|  | Ineffective Succession Planning and Skills Retention |  | Increasing Competition and Global Reach |
|  | Failure to Comply with Regulations and Laws and/or Changes in Regulatory Environment & Enforcement |  | Cyber Attack |
|  | Loss of Intellectual Property |  | Loss of Data and Systems through Ineffective Disaster Recovery & Business Continuity Plans |
| | |  | Non-supply by Major Supplier |

Risk Appetite and Principal Risks

The Board is responsible for setting the level of risk and our associated risk appetite to ensure we focus appropriately on the risks we face. We identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, we identify the likelihood and assess the impact using quantitative and qualitative information. As a result of the exceptional circumstances presented by Covid-19 and the unexpected consequences that have affected economies and organisations globally, GBG suspended the periodic scoring of risks. We focussed on the more immediate and dynamic nature of the risks and implementing and monitoring the mitigation actions that were implemented.

The significant risks and uncertainties we face are set out below together with a summary of the control measures and mitigations employed. Notwithstanding these actions, due to the pace and nature at which risks evolve, we remain vigilant in addressing these areas of concern and developing our control measures.

As a public company, reputational damage is an omni-present risk and as such is a key area of concern for the Board. The potential effects on our good name and reputation are not under-estimated by the Board. Whilst the following commentary is not specific in detailing reputational damage, as an identified risk, its impact is a major, over-arching consideration across our risk portfolio.

In addition to updates on GBG's internal audit reviews, during the year the Board has been appraised regularly on a range of risk matters and actions taken. These have included: overall Group strategy; Covid-19 matters; detailed going concern reviews; new product and technology strategy updates; information security matters; people initiatives; relationships with investors; remuneration matters; succession planning; Brexit; governance developments; and regulatory matters.

Risk	Description	Mitigation
Failure to Comply with Regulations and Laws and/or Changes in Regulatory Environment & Enforcement	<p>Regulation continues to increase within the markets we operate. Legislation changes on a regular basis and the interpretation of existing laws can also change, creating ever-tightening standards. This will often require additional human and financial resources and the provision of new assets and systems.</p> <p>We are committed to responding positively to regulatory change to ensure compliance, as this could affect the pricing for, or adversely affect the revenue from, the services the Group offers or cause reputational issues.</p> <p>We also acknowledge that we are required to maintain a number of accreditations and registrations to meet a number of contractual and statutory obligations.</p> <p>We are aware of increasing international regulation for data processing and privacy in the geographies in which we operate.</p>	<p>We have dedicated Legal, Governance, Health and Safety, Privacy & Information Security Teams who are collectively responsible for monitoring changes to legislation and ensuring compliance in each area. We continue to invest and have increased the number and skills levels of the respective teams in the past year. The strength of the management team has been augmented by the appointment, during the year, of a Chief Regulation Officer ("CRO") with risk management experience.</p> <p>We have established procedures which we invoke when presented by material issues and changes (such as Covid-19, Brexit and regulatory challenge), which involves: bringing together a senior team; assessing the issue and scoping a plan of action; assigning activities and monitoring progress and developments. There is also an established process for keeping the Board informed and escalating matters.</p> <p>We have access to an extensive and global range of external professional advisors.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
		<p>We have a Group-wide intranet through which we advise, train and provide ongoing development to all of our team members, globally, about our policies. This provides us with the means to ensure (and demonstrate) ongoing compliance with regulatory obligations including those required under data protection and privacy legislation. Our monitoring processes allow us to ensure that all team members undertake the necessary training and we can present the evidence to regulators and customers where needed.</p> <p>GBG is committed to continued investment in training team members in relation to data handling and privacy best practices.</p> <p>During this pandemic our priorities have been to protect our team members and to support their health and wellbeing, to look after our customers and to secure our business both financially and operationally.</p> <p>Covid-19 has led to additional legislation in the jurisdictions in which we operate, covering health and safety, finance and governance. There are various work streams within our Covid Team which consider changes in legislation and guidance, in conjunction with our professional advisors. This ensures that we have assimilated information to understand and comply with the requirements. This focus will be maintained as lockdown restrictions are eased globally and governments implement further initiatives to support their citizens and economies.</p> <p>As reported in previous periods, in November 2018 The Information Commissioner's Office, the data industry regulator in the UK, announced that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and continues to engage positively with the Commissioner as part of that review. We will keep the market informed of any material developments.</p> <p>We work closely with our tax advisors to ensure we comply with international regulations that are appropriate for the Group but not to take positions that are open to challenge and/or misinterpretation.</p>

Risk	Description	Mitigation
Increasing Competition	<p>Our markets continue to be increasingly competitive and intensified competition could lead to pricing pressures.</p> <p>A reduction in the rate at which we add, grow and retain customers may decrease the size of our market share if customers choose to receive services from other providers.</p>	<p>Our business development and product functions track the activities of both our long established and market disruptor competitors. This insight is used by management to quickly adapt our go-to-market strategy.</p> <p>We always seek to differentiate ourselves from the competition and have increased our focus on data sourcing, product innovations, product marketing and pricing to support this.</p> <p>We continue to enhance our product portfolio and focus on innovation through a mix of internal development; partnering; acquisition and investment; and strategic recruitment.</p> <p>We maintain a strong focus on our core target markets within Europe, North America and APAC and work with partners to extend our reach in our chosen verticals.</p> <p>Our acquisition strategy has opened up new markets and territories enabling cross selling, as well as leveraging opportunities to increase the size of our customer base within established markets. We remain vigilant to future acquisition opportunities to further develop our strategic aims.</p> <p>We have increased focus on our core strengths of location, identity and fraud and have exited businesses (such as marketing services and employee onboarding) that do not add to these strengths. In our core business we have increased focus on product development, both organically and inorganically, such as with the acquisition of HooYu Investigate in December 2020.</p>
Non-supply by Major Supplier	<p>Some of our data and infrastructure is sourced from third party suppliers and partners. The removal from the market by one or more of these third-party suppliers or interruptions in supply could quickly and adversely affect our operations and result in the loss of revenue and/or additional expenditure.</p>	<p>Our Product, Data and Technology teams work strategically to prevent over reliance on any one key supplier, having multiple suppliers and other such mitigations where required.</p> <p>Suppliers are carefully selected to minimise risk of supplier failure or insolvency.</p> <p>We ensure our team members are aware of supplier requirements or restrictions, to minimise the risk of loss of a supplier, due to a breach of contractual obligations.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
		<p>In support of our work undertaken prior to the pandemic, as part of our Covid-19 business continuity plan (“BCP”) process, we conducted more immediate risk assessments and checks of our key suppliers’ BCPs to assess their preparedness and ability to meet GBG’s ongoing requirements during the pandemic.</p> <p>This list was prioritised to deal with our most critical suppliers initially and work then continued during the period to assess those suppliers further down the priority. This review process now forms part of the onboarding of new suppliers.</p>
<p>Cyber Attack</p>	<p>The nature of our business means the threat of unauthorised or malicious attacks on our IT systems is an ongoing risk. The risk of a cyber-attack (such as denial of service attacks, phishing, data theft and disruptive software campaigns) is constantly evolving and becoming increasingly sophisticated.</p>	<p>Cyber risk continues to be an ever-increasing threat and the Group’s strategy ensures continuing improvements in developing, maturing and testing our defences.</p> <p>Natalie Gammon, GBG’s Non-Executive Director with a specific technology background, meets the Chief Technical Officer and Chief Information Security Officer regularly. In addition, they provide the Board and Audit & Risk Committee with regular updates and progress reports on our information security plans and strategy through written reports in Board packs and in-person updates at Audit & Risk Committee and Board meetings.</p> <p>We have cyber insurance in place and have policies established and monitored by our Chief Information Security Officer to protect the Group against a cyber-attack and any security breaches in this area.</p> <p>The Group’s Information Security (“InfoSec”) capability has been strengthened during the year as part of our ongoing cyber strategy, providing additional support and expertise.</p> <p>We continue to develop our InfoSec awareness programme with all of our team members to raise the knowledge of cyber risk and information security. We use our global intranet training programme to ensure that all team members undergo training and development on cyber threats and good IT business practices.</p> <p>Penetration testing is conducted via an approved third-party specialist.</p>

Risk	Description	Mitigation
<p>Loss of Data and Systems Despite Disaster Recovery & Business Continuity Plans</p>	<p>We have an understandable reliance on our IT systems and people. In the event of an incident affecting business continuity, we would initiate our business continuity plans. However, the loss of key components as a result of the incident could affect the Group's operations and result in additional expenditure.</p>	<p>GBG has been diligent in maintaining the scope of review and monitoring of cyber threats. We are keenly aware of the increase during Covid-19 of phishing and fraud attempts and have dealt with these issues proactively including awareness campaigns to update all of our team members to supplement prior training given.</p> <p>Our global business continuity programme covers policies and procedures for the key components of each of the Group's operating units. During the 2021 financial year, the Group completed a comprehensive review of our business continuity programme to ensure that the programme continues to meet the needs of the Group, as we continue to grow in size, diversity and complexity.</p> <p>Disaster recovery requirements and network security are regularly reviewed, back-ups are maintained in databases and data centres have off-site provisions. These policies and programmes are subject to annual review and audit.</p> <p>We engage and undertake due diligence with our data partners and suppliers to ensure vulnerabilities are identified and mitigated.</p> <p>For risk analysis and mitigation processes relating to products and services that we either provide or consume. We feed these into a risk matrix where we track treatment plans against each risk.</p> <p>As part of our increased monitoring of this risk area, the Covid Team receives weekly reports on usage volumes of all of our services together with network service availability updates. This data has been provided throughout the period to identify trends and to support our activities.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
Inability to Meet New Product Development and Scalability Challenge	<p>We invest significant amounts of resource into our product development in order to maintain a competitive advantage.</p> <p>The development of all new technologies and products involves risk, including the product being more expensive, or taking longer to develop than originally planned. The market for the product may be smaller than originally envisaged or the product may fail to reach the production stage.</p> <p>It is also imperative that our developments have the ability to scale as the business grows both in size and complexity.</p>	<p>We carry out extensive research and market analysis around the viability of a product before the development phase is initiated and have increased the involvement of customers throughout the process.</p> <p>We have increased the investment in our product development teams, ensuring that development meets both tactical and strategic business objectives. We continuously improve our development skills, processes and platforms to ensure that GBG adopts best practice and can address, at pace, potential challenges and opportunities.</p> <p>We have invested in improvements in methods, tools and skills in our product and technology teams to reinforce best practice development approaches.</p> <p>We have increased our focus on product retirement, as part of our Product Lifecycle Management approach, to ensure our development resources are focused on the activities that drive growth.</p> <p>We are investing in modernisation of our customer-facing platforms to enable greater scale and reach. In FY21 these developments included the front-end platforms for location and fraud the back-end platform for identity and plans are in hand to extend this investment in FY22. As well as improving our product platforms, we are investing in business support systems and have established a new team to drive automation and other improvements that help the business scale.</p>
Loss of Intellectual Property	<p>We protect our proprietary application software products and services by licensing rights to use the applications rather than selling or licensing the computer source code.</p> <p>In addition to verifying and auditing our customers' use of GBG's intellectual property, we also rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, there is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented.</p>	<p>All of our contracts include provisions to protect the proprietary rights of the Group. GBG's legal function also ensures that such rights are secured and protected during any negotiation with customers or suppliers.</p> <p>Where appropriate, we register trademarks globally and work closely with external advisors to ensure that our business rights are safeguarded in all the territories in which we operate.</p> <p>GBG has also invested in increasing resources to improve how proactively we conduct audits of customer compliance with licensing obligations and successfully enforce our rights.</p>