ENGAGE XR

HOLDINGS PLC

This report provides stakeholders with a guide to the way in which ENGAGE XR Holdings PLC and subsidiaries ("ENGAGE XR") deals with the three core tenets of ESG, namely:

Environmental

Social

Governance

1.   ESG – The Environmental Dimension

The Group has one physical office based in Waterford City, Ireland.

The Waterford office is managed in accordance with the landlord. It has a secure bicycle store and staff are encouraged to cycle to work through the promotion of the Company's Bike to Work Scheme.

The Company commenced a paper free initiative in 2021. Where paper may be needed, it is minimal and printer paper ordering is modest.

In 2023, the Company donated a significant quantity of retired US based devices, including PC's, Virtual Reality devices and LCD Monitors to a college within the US, negating the need for retrieval of US based devices back to Europe.

Responsible Procurement

The environmental impact of the Company's supply chain is a consideration for all new vendors. Since 2021, all new vendors are required to complete a Vendor Risk Management Assessment to ensure that their environmental and sustainability goals align with that of the Company. These vendors are then added to our Approved Supplier list and are audited and reviewed periodically throughout the year.

Giving back to the community

In considering societal impact, the Group wishes to give employees the opportunity to get involved and support is provided to employees in their endeavours. A number of charitable donations have been made by the Company to select charities.

2.   ESG – The Social Dimension

Engaging with our stakeholders helps the continued success of our business; stakeholders provide different perspectives and expertise that can drive innovation and support our strategic direction and financial performance. We engage regularly with our stakeholders, through both direct communications and our reporting, which we ensure accurately reflect the performance of the business. We also appreciate that each stakeholder group has different interests and concerns, and we therefore tailor our method of engagement with each appropriately.

2.1 Employees

We are passionate on making ENGAGE XR a rewarding place to work and to foster attraction and retention of employees by developing our recruitment practices and offering more opportunities for growth and progression) to ensure we are accessing the broadest pools of talent.

Initiatives by the Company include:

- The Company has a referral program which allows employees (below the level of executive) to financially benefit from direct employee introductions and hence avoid paying recruitment fees externally.
- Training and Development Programme
- Flexible working
- Mental health support
- Financial health support
- Healthcare schemes

Employee Communication

The Company has a strong ethos of employee communication with internal company meetings being held monthly with a presentation from the CEO via the use of our internal communications platform.

EDI

Ensuring that equality, diversity and inclusion considerations are embedded within all facets of our business is a key priority.

The table below provides as summary of the number of staff within the Group based on reporting period end dates:

EMPLOYEES	30th June 2023	31st Dec 2022	31st Dec 2021
Employees by employment type			
- Number of full-time employees	67	89	59
- Number of part-time employees	-	-	-
- Number of temporary employees	-	-	-
Diversity and inclusion			
- Number of women at Board level	1	1	1
- Number of women in workforce	11	15	8
- Percentage of women in workforce (%)	16%	22%	12%
- Number of people from ethnic minorities at Board level	1	1	1
- Number of people from ethnic minorities in workforce	not compulsory to complete	not compulsory to complete	not compulsory to complete
Employees paid a national living wage (%)	100%	100%	100%

2.2 Customers

The Company prides itself on providing a high level of customer service.

At the heart of this is our initial on ongoing engagement with our customers. Our customers enable us to understand their requirements and maintain clear and transparent communication with them. To this end, we have adopted the following approach.

- Created one centralised customer identity system (Pipedrive)
- Logging of dissatisfaction to drive improvements
- Responding to customer feedback and implementing quick fixes where appropriate
- Two channels for customer service
- Ongoing training for staff

The integration of our online training platform, Meta Compliance, increases accessibility to the staff training modules and enables us to monitor rates of completion and send reminders to employees when necessary.

2.3 Suppliers

The key issues for us with suppliers are:

- Their integrity
- Their reliability
- Their governance and business ethics

For all new significant suppliers, we ask them to complete a due-diligence questionnaire and periodically review the supplier. Many of our suppliers have been with us for a number of years and we have built up a good understanding of them and their values.

2.4 Shareholders and the Analyst Community

Shares in ENGAGE XR are publicly traded on London's AIM (Ticker: EXR). Under AIM rules we are obliged to have a Nominated Advisor ("NOMAD") and broker with whom we work closely on all AIM and MAR (Market Abuse Regulations) matters.

The broker is the prime interface with our shareholders.

In 2022, in addition to the Annual and Interim results, ENGAGE XR released three trading updates. At the final and interim results, the Executive directors present the results to investors and handle regular analyst calls. Our investor presentations and audio-casts are included in our Investor Relations website, the link to which is here; Presentations - ENGAGE | The Professional Metaverse & Spatial Computing Platform for Enterprise & Education (engagevr.io)

3. ESG – The Governance Dimension

To execute our strategy we maintain strong governance practices. Our Corporate Governance Statement can be viewed here: Corporate Governance - ENGAGE | The Professional Metaverse & Spatial Computing Platform for Enterprise & Education (engagevr.io)

3.1 IT and data security

The Company recognises that security is critical to our customers. We aim to continually improve our cybersecurity procedures and have focussed on increasing security awareness among our colleagues.

In 2021 the Company achieved ISO27001 certification. This certification reflects the emphasis we place on ensuring the highest standards of security and safety. Verification of ISO27001 certification can be viewed here https://www.british-assessment.co.uk/verify-certification/ using certificate number 233790.

Central to cybersecurity for the business is having robust oversight and effective governance. The importance of IT and data security is driven from the very top of the business with CEO and COO recognition, the latter having direct involvement in cybersecurity matters.

There are strong lines of communication between the Executive Team and the Technical Architects and Security Performance Engineers within the Company. There is ever present Executive and Senior Management participation in all technical and risk assessment meetings. To support the secure operation of our systems, there are a comprehensive series of security policies and procedures in place, and external penetration tests performed yearly.

There are two main committees that meet weekly/monthly. Information Security Forum (ISF) and Change Advisory Board (CAB).

INFORMATION SECURITY FORUM (ISF)	CHANGE ADVISORY BOARD (CAB)
Chair: Chief Operating Officer	Chair: Chief Operating Officer
Purpose: o Evaluate security threats to the Company, o Sign off new technical decisions or system changes which flow through CAB, o Sign off new third party integrations which flow through CAB, o Ensure compliance with relevant regulations,	Purpose: o Whitelisting of approved software o Verify that changes to projects align with Company goals, o To review change requests and the impact of proposed changes, o To review the risks associated with change requests and decide whether to approve or reject.

o Maintain certifications as required o Organise and evaluate penetration testing, o Maintain BCP plans, o Write appropriate policies on security.	

We conduct an annual audit of our existing technology suppliers to ensure that they are still meeting the required standards.

3.2 Continuous improvement

In 2021, we achieved ISO 27001 certification. The Chief Operating Officer (COO) is the Executive Sponsor of the initiative, and it is being driven by executive and middle management.

As internal employee actions can pose the greatest risk to IT and data security, the overarching objective is to raise awareness for cybersecurity across the Company. We run targeted phishing campaigns on our own staff to improve awareness and reduce the risk of employees clicking through on suspicious emails.

Data security and IT practices are constantly improved, as we react to developments and implement adjustments to existing systems and procedures.

All employees must complete continuous security awareness, general cyber and data security and GDPR training. With the integration of our online training platform, Meta Compliance, we can monitor levels of training completion, and push out reminders via email and our internal communications platform. We have introduced security awareness training as part of our onboarding process for new employees.

3.3 Privacy of customer data

Our data privacy practices are of extreme importance, and we approach all data security scenarios from the perspective that no employee is necessarily secure. We have two-factor authentication for all systems that contain customer data. Where an employee must use a personal device for work, we require all employees to adhere to the Bring Your Own Device (BYOD) Policy.

Under the Data Protection Act 2018 and the General Data Protection Regulation (EU 2016/679), Information Subjects have rights with regards to the Personal Information where ENGAGE XR is the Controller. To ensure that all employees are aware of their obligations we have implemented a Handling of Personal Information Processing Request Procedure which is available to all employees within the Company's Information Security Management System (ISMS) and is part of the compulsory onboarding process for all new employees.

3.4 Risk management

We increased the capabilities within the risk management side of the business. We have a Security and Performance Engineer who assesses any perceived security risks to the business by monitoring anti-virus health, patch compliance and other IT security controls. We have a Risk Assessment and Treatment Process in place along with, Threat and Vulnerability Management Policy and Security Incident Management Procedures.

3.5 Governance and business ethics

We continue to strengthen our internal governance and ensure we are conducting business correctly. We have created a conduct policy, rolled-out in 2022. Using our online training platform, Meta Compliance, we are also able to deliver compliance and ethics training easily.

As a result of our continued harmonisation efforts, we are now better placed as a business for innovation and improvement of the customer experience.

OUR GOVERNANCE	2023	2022	2021
Number of data breaches	0	0	0
Employees completed Meta Compliance Security Awareness training (%)	98.25%	96.67%	95.01%

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