

## **Changes to corporate governance regime**

The Board have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. Our report sets out in broad terms how we comply at this point in time. We will provide annual updates on our compliance with the code.

### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

The Company develops, publishes and licenses mobile real money and social games. Through its market leading mobile platform and unique IP and brands, Gaming Realms is bringing together media, entertainment and gaming assets in new game formats. Our goal is to try to beat the market by investing in unique content and relationships with partners.

We do that through:

- Investing in unique mobile content and features on our gaming platform
- Investing with discipline, because we are able to test new opportunities before we roll them out
- Using data and technology to continuously improve. We are able to AB test all developments in games and platform and able to deploy only the best.

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows and our regular reporting.

#### *Private shareholders*

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on the Company's corporate website. Private shareholder events are held by the Chairman and CEO on annual basis. To request a meeting please contact: [investor.relations@gamingrealms.com](mailto:investor.relations@gamingrealms.com)

#### *Institutional shareholders*

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed primarily by the CEO and Chief Financial Officer, supported by the Chairman,

as appropriate. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results. The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the CEO. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chairman is available to meet with major shareholders if required to discuss issues of importance to them. To request any meetings please contact: [investor.relations@gamingrealms.com](mailto:investor.relations@gamingrealms.com)

**Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.**

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Company assesses stakeholders as organisations or individuals who have “a reasonable expectation of being significantly affected” by the Group’s activities or products and activities. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making. Aside from our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups and the Board therefore closely monitors and reviews the results of the Company’s Employee Engagement surveys as well as a number of any other feedback it receives to ensure alignment of interests. The Board has direct communication with shareholders throughout the year and takes on board their feedback, to the extent it is practical. The management team meet the suppliers regularly to ensure that the Group maintains good relationships and is utilising the products and services to achieve the highest output for the Groups’ benefit.

*Employees*

Over the past year we have:

- Provided a range of learning support to all employees in relation to their financial, physical and emotional wellbeing
- Completed regular engagement surveys to keep informed of the major issues facing our staff
- Increased our parental leave policies to include enhanced Maternity and Paternity provisions to support our team
- Provided rewards to all employees which have included overseas trips and regular sports and social events

*Responsible gambling*

The Group’s values place the community and the customer at the centre of all endeavours, and is constantly creating new and innovative ways to create a caring, responsible gaming environment.

Gaming Realms aims to provide responsible adults with the best online gaming entertainment experience. However, Gaming Realms acknowledges that within the business there is the potential danger that the games may pose for a small minority of people.

Gaming Realms continuously trains all staff and provide them with the tools necessary to provide a safe gaming experience. The training programme incorporates methods and techniques that assist all employees in recognising and taking appropriate actions when they identify compulsive or under-age gambling.

#### *Modern slavery*

We oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. We promise that we will keep any information provided completely confidential. In the light of the Modern Slavery Act 2015 we annually review internal measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains.

#### **Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

##### *Audit, risk and internal control*

##### *Financial controls*

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls, including the review of results of work performed by the Group controls function.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- The Company has a consistent system of prior appraisal for investments, overseen by the Chief Financial Officer and Chief Executive Officer, with defined financial controls and procedures with which each business area is required to comply in order to be granted investment funds for development.
- Regular post-investment reviews are also carried out to check the delivered Return on Investment

##### *Non-financial controls*

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plan. To continue the improvement in this area we are adding to our existing controls department, expanding the compliance teams to ensure we remain compliant with regulations in all territories we will be working in and continued tight control on investment as we continue to develop the platform and the games content.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board
- Detailed monthly reporting of performance against budget
- Central control over key areas such as capital expenditure authorisation and banking facilities
- A Group Controls Manager to oversee all internal controls policies and processes

The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, and responsible gambling have been assessed. The key elements of those non-financial controls are set out below.

#### *Standards and policies*

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the 'Anti Modern Slavery Policy' and 'Employee Code of Conduct'. Senior managers are responsible for the implementation of these procedures and compliance is monitored.

#### *Approval process*

All material contracts are required to be reviewed and signed by a senior Director of the Company.

#### *Code of Conduct*

Our Code of Conduct includes guidance on anything that could get our employees into trouble, (including business integrity, anti-bribery, gifts, intellectual property and design rights) they are sent to everyone in the Group and are visible in all workplaces.

### **Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair**

The Board comprises the Non-Executive Chairman, two Executive Directors and three Non-Executive Directors. During the first half of 2018, Atul Bali and Chris Bell, both Non Executive Directors, resigned from the Board. Michael Buckley became a Non-Executive Director. After the sale of our B2C brands to River UK Casino, Simon Collins stepped down to become a Non-Executive Director and replaces Atul Bali on the Audit Committee. The Board considers, after careful review, that the Non-Executive Directors bring an independent judgement to bear.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. During the year x Board meetings took place. These were held at the Gaming Realms head office. All Board members attended all meetings they were invited to.

Key Board activities this year included:

- Input into the accelerating growth plan
- Considered our financial and non-financial policies
- Discussed strategic priorities, including disposal during the year
- Discussed the Group's capital structure and financial strategy
- Reviewed the Group risk register, including Compliance
- Reviewed feedback from shareholders post full and half year results

#### *Directors' conflict of interest*

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of international online gambling, international licensing, finance, innovation, and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

#### *Appointment, removal and re-election of Directors*

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. Atul Bali and Chris Bell, both NonExecutive Directors, stepped down from the Board at the conclusion of the 2018 AGM.

#### *Independent advice*

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Chairman will be undertaking a rolling assessment of the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence
- That there is succession planning for Board members

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner. The company is currently not fully compliant with Principle 7. The reason for this is that historically the board has not felt that, given the size and unique nature of the company, a formal board evaluation or succession plan is an efficient use of company resources. However, the Chairman will be undertaking a rolling assessment of the individual contributions of each of the members of the team to ensure that these items are considered.

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

The culture of the Group is to put the customer, supplier, shareholder and people first. We believe in long-term partnerships in all these areas and work to maintain strong relationships. We have a commitment to a low carbon footprint and encourage the team to use the "cycle to work" scheme. We also have various charitable days for employees and make donations to the Remote Gambling Association on an annual basis. We promote a culture within the Group of ethical values and behaviours, we also require all suppliers to undergo a diligence process to ensure they meet these standards. We have internal policies covering a range of ethical behaviours, such as anti-bribery and corruption, money laundering and employee conduct generally both internally and externally. New employees are trained on these policies and the expectations of the Company when it comes to ethical values and behaviours. Senior management take these responsibilities seriously by maintaining a continuing dialogue with key stakeholders both internally and externally.

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

*Board programme*

The Board meets at least six times each year in accordance with its scheduled meeting calendar. The Board sets direction for the Company through a formal schedule of matters reserved for its decision. Prior to the start of each financial year, a schedule of dates for that year's six Board meetings is

compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and its trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required. During the year to 30 June 2018, the Board met for its six scheduled meetings. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

#### *Roles of the Board, Chairman and Chief Executive Officer.*

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level maybe invited to attend Board meetings where appropriate to present business updates. Board meetings throughout the year are held at the Company's Head Office in London.

#### *Executive Team*

The Executive Team consists of Patrick Southon and Mark Segal with input from the vertical directors and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the plc Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

#### *Board committees*

The Board is supported by the Audit and Remuneration committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties.

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The Audit Committee is chaired by Jim Ryan and also comprises Simon Collins and Michael Buckley.

The Remuneration Committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary. In exercising this role, the directors shall have regard to the recommendations put forward in the QCA Guidelines and, where appropriate, the Combined Code guidelines. The Remuneration Committee is chaired by Mark Wilson and comprises Jim Ryan and Michael Buckley.

The Company will continue review the corporate governance framework as the business grows.

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. The results of shareholder votes can be found [here](#).

The Board receives regular updates on the views of shareholders through briefings and reports from the Chief Executive Officer, Chief Financial Officer and the Company's brokers. The Company communicates with institutional investors through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. The Company completes regular employee surveys to maintain an open dialogue with employees.

**September 2018**