



Updated on 14 January 2020

As an AIM listed company working within highly regulated markets, our Board recognizes the importance of applying sound and consistent governance principles appropriate to the nature, scale and business of XLMedia Plc. (the “**Company**”) and the need to apply best practices wherever possible to help manage risk within the business of the Company and the Company’s group of Companies (the “**Group**”). Our Board is committed to upholding high standards of corporate governance throughout the Group. Our Board acknowledges its role in setting the culture, values and ethics of the Group and in ensuring good corporate governance principles are maintained for the long-term benefit of the Group.

In line with the London Stock Exchange’s recent change to the AIM Rules requiring all AIM quoted companies to adopt and comply with a recognized corporate governance code and detail how they comply with that code, the Board, in September 2018, formally adopted the QCA Corporate Governance Code (the “**Code**”) and will report on our compliance with the Code and any exceptions.

The Code is constructed around ten key governance principles that the QCA has identified as focusing on the pursuit of medium to long-term value for shareholders. We have set out in the report below how we apply the ten principles of the Code, using the disclosures indicated by the Code.

The Board believes that the Group complies with the principles of the Code as far as possible and has explained below where it does not comply. The Board will continue to monitor how the Code is interpreted in practice to ensure we can continue to comply with the principles of the Code as far as possible.

Category	Principle Number	Principle	Application
Deliver Growth	1	Establish a strategy and business model which promote long-term value for shareholders	<p>Our strategy and business operations are set out in pages 5-13 of the 2018 annual report. That section covers our business model, our strategy and how we aim to drive long-term value for shareholders.</p> <p>The risk sections of the 2018 Annual Report are on pages 26-27 and deal with the major challenges the business faces and how these challenges are addressed and mitigated. For more information about our strategy please see: <a href="https://www.xlmedia.com/what-we-do/">https://www.xlmedia.com/what-we-do/</a>; <a href="https://www.xlmedia.com/about-us/strategy/">https://www.xlmedia.com/about-us/strategy/</a></p>
Deliver Growth	2	Seek to understand and meet shareholders' needs and expectations	<p>We are committed to listening and communicating openly with our shareholders to ensure that our strategy, business model and performance are understood.</p> <p>One or more senior representatives of the Company and the Board are present in the Annual General Meetings of the Company to answer questions of the shareholders who attend the meetings.</p> <p>Additionally, our Chairman of the Board and the Chief Executive Officer meet and talk regularly with shareholders and potential investors directly and through analysts and brokers in order to receive feedback on market expectations or other matters.</p> <p>We nominated our CEO, Mr. Stuart Simms, as the responsible officer for shareholder engagement and set up a mailbox to address shareholders feedback (ir@Xlmedia.com).</p> <p>We also operate a free newsletter tool on our website, which allows subscribers to receive breaking news about the Company and the Group via e-mail. Registration to the newsletter can be made here: <a href="https://www.xlmedia.com/investor-relations/rns-news-alerts/#alerts">https://www.xlmedia.com/investor-relations/rns-news-alerts/#alerts</a>.</p> <p>Additional information about the ways in which the Group is communicating with its shareholders is available on our website: <a href="https://www.xlmedia.com/investor-relations/significant-shareholders/">https://www.xlmedia.com/investor-relations/significant-shareholders/</a> and on <a href="https://www.xlmedia.com/about-us/corporate-governance/">https://www.xlmedia.com/about-us/corporate-governance/</a></p>

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Deliver Growth	3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>We are mindful of our corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups. Our key stakeholders are our shareholders, customers and their end customers, suppliers, employees and regulators.</p> <p>We nominated our CEO, Mr. Stuart Simms, as the responsible officer for stakeholder engagement and set up a mailbox to address stakeholders' feedback (ir@Xlmedia.com). The specific needs of each stakeholder group are considered when the Company reviews and responds to that feedback.</p> <p>We are committed to ensuring a high level of customer service. We frequently correspond with, and seek feedback from, key customers to improve our services. All customer feedback and requests are handled carefully and promptly. Our executives also regularly meet with key customers at professional conventions and other events to improve customer relations and to better understand customers' needs.</p> <p>We are catering our end customers' needs and always endeavor to provide them with highest quality services and products to tailor fit their needs and expectations.</p> <p>We view highly trained and satisfied employees as another essential part of business growth. As such, we strive to train and develop our employees to ensure professionalism, excellence and personal development and progression. We recruit employees who fit our open and dynamic working environment and our employees are encouraged to provide feedback on ongoing matters through informal discussions with managers and executives at all levels and during their annual meetings with their managers. Managers are simultaneously encouraged to act on the feedback received. We have established an anonymous mailbox and telephone line handled by Mr. Richard Rosenberg, chair of the audit committee of the Board, to allow employees to provide feedback to the Board in a discreet manner.</p> <p>We believe that excellent suppliers are key to providing long term excellency in services and are therefore essential for supporting our long-term success. Many of our suppliers rank at the top of their services category. Suppliers are asked by the relevant functions in our Group to provide feedback about their services and expertise. Any feedback is discussed by us and further action, if required, is considered.</p>

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Deliver Growth	4	Embed effective risk management, considering both opportunities and threats, throughout the organization	<p>The Board has embedded an effective risk management framework to identify, evaluate, manage and mitigate risks, in order to ensure the Company is well positioned to execute its strategy and achieve its business objectives. The Company's risk register is compiled by the Group CEO, with input from our executives and other employees.</p> <p>The Risk Committee is responsible for reviewing the risks facing the Company, all compliance issues and regulatory developments based on the risk register and other periodical management presentations designed to highlight any new or developing risks.</p> <p>In addition, we have an internal audit function performed by Ziv Haft (BDO Israel) which conducts audits periodically pursuant to an internal audit plan. We conducted a risk survey with our internal auditors to detect risks facing our business and to set the internal audit long-term working actions based on the risk identified.</p> <p>The specific internal audit plan is established each year based on the issues identified by the Audit Committee and the Board as most relevant to such year.</p> <p>Each report published by the internal auditors is discussed by the Audit Committee and action items identified in such reports are handled by the Company.</p> <p>Further details on the risk management process, the key risks and challenges facing the business and how they are mitigated are set out in pages 26-27 of the 2018 Annual Report.</p>
Maintain a Dynamic Management Framework	5	Maintain the board as a well-functioning, balanced team led by the chair	<p>The Board is charged with the responsibility of directing and governing the Company's affairs, including: the formulation and approval of the Company's long-term objectives, mission and strategy; the approval of budgets; the oversight of the Company's operations and delegation of authority to management; the establishment and monitoring of sound internal controls and risk management systems; and the evaluation of the implementation of the Company's policies and business plan.</p> <p>The Board operates formally through meetings of both the full Board and of its sub-committees, and informally through regular contact between Directors. The Board convenes at least once every quarter</p>

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			<p>to review and monitor the implementation of the Company’s strategy, budgets and progress and more frequently if necessary.</p> <p>Whilst the Board may delegate responsibilities, there are formal matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, the approval of significant capital expenditures, material business contracts and major corporate transactions. A formal schedule of Matters Reserved for the Board was adopted by the Company.</p> <p>The Board comprises six Directors, one of whom are Executive Director and five of whom are Non-executive Directors, including the Chairman. The Board views Christopher Bell, Richard Rosenberg, Amit Ben Yehuda, and Jonas Mårtensson as independent directors. Members of the Board must be re-elected by the shareholders of the Company at the Company’s annual general meeting at least once every three years.</p> <p>The Board has members with an appropriate balance of skills and experience to effectively operate and control the business and, where deemed necessary, the Board also consults with external advisors or with executive officers of the Company. The Board is an independent unit acting for the benefit of the Company and its composition ensures that no individual (or a small group of individuals) can dominate its decision making.</p> <p>The Board has established an Audit Committee, a Remuneration Committee and a Risk Committee, each with formally delegated duties and responsibilities. More information about the composition and the duties and responsibilities of each Board Committee is available in the Company’s website on: <a href="https://www.xlmedia.com/about-us/corporate-governance/">https://www.xlmedia.com/about-us/corporate-governance/</a>.</p> <p>At this stage of the Company’s development the Board does not consider it necessary to establish a Nominations Committee and the Board will take decisions regarding the appointment of new members and senior employees following a thorough assessment of a potential candidate’s skill and suitability for the role.</p>

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			<p>Non-executive directors are expected to devote as much time as is necessary for the proper performance of their duties. Executive directors are full-time employees or services providers and expected to devote as much time as is necessary for the proper performance of their duties.</p> <p>During 2018 the Board held eight (8) meetings, all of which were attended by all Directors other than that Mr. Ben Yehuda and Mr. Rosenberg did not attend one meeting out of the eight (8) and Mr. Mårtensson did not attend two meetings out of the eight (8). The Board also passed sixteen (16) unanimous written resolutions</p>
Maintain a Dynamic Management Framework	6	Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities	<p>The Board considers its current composition to be appropriate and suitable with the adequate and up-to-date experience, skills and capabilities to make informed decisions.</p> <p>Each member of the Board brings a different set of skills, expertise and experience, making the Board a diverse unit equipped with the necessary set of skills required to create maximum value for the Company.</p> <p>The Board is fully committed to ensuring its members have the right skills. Members of the Board must be re-elected by the shareholders of the Company if they have not been re-elected at the previous two annual general meetings in accordance with the Company’s Articles of Association, thereby providing shareholders the ability to decide on the election of the Company’s Board.</p> <p>The Directors biographical details and relevant experience can be found on pages 17-19 of the 2018 Annual Report and on the following URL: <a href="https://www.xlmedia.com/about-us/board-management/#board">https://www.xlmedia.com/about-us/board-management/#board</a></p> <p>Throughout the year, members of the Board receive updates on corporate governance matters from either the General Counsel, the Company Secretary and/or the Company’s Nominated Advisor.</p> <p>During the year the Directors receive an overview of our business from the CEO and CFO and a comprehensive regulatory overview from the General Counsel.</p>

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			<p>More information about the Group’s management and the relevant internal functions can be found here: <a href="https://www.xlmedia.com/about-us/board-management/#management">https://www.xlmedia.com/about-us/board-management/#management</a>.</p> <p>The Board also consults with external advisors and with executives of the Company on various matters as deemed necessary and appropriate by the Board.</p>
Maintain a Dynamic Management Framework	7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>In order to ensure that the Board as a whole and its members collectively function in an efficient and productive manner, a formal, external Board evaluation was carried out during 2018 by Board Eventuation Ltd., a company with vast experience in evaluating boards of UK public companies. Evaluation questionnaires have been circulated to and completed by all Board members and a thorough analysis of members’ responses has been conducted by Board Evaluation.</p> <p>The evaluation took into consideration various criteria such as the effectiveness of the composition of the Board, the Board’s approach to its work, its culture and dynamics, its structure and processes, its accessibility to information, its ongoing training, its success in achieving its goals and the need for succession planning.</p> <p>The Board evaluation characterized discussions at the Board level were as an open boardroom culture, with good level of debate and without conflict of interests and found that the Board and its committees work well. The evaluation found the Board members to be highly qualified, experienced and with the right set of skills to lead the Group, noting that while legal and HR skills were not represented within skills of current members of the Board, the Company does seek advice as needed in relation to such and other areas. Some issues were identified as requiring improvement: such as improving communication and Board information. The learnings from this process will continue to be addressed on a regular basis</p> <p>The method of assessing Board effectiveness and performance will be reviewed on a continuing basis.</p>
Maintain a Dynamic Management Framework	8	Promote a corporate culture that is based on ethical values	<p>We are committed to acting ethically and with integrity. We expect all employees, officers, directors and other persons associated with us to conduct their day-to-day business activities in a fair, honest and ethical manner.</p> <p>For that purpose, we have adopted a Code of Business Conduct (“Code”) which applies to all our workforce personnel. Pursuant to the Code, employees, directors and other relevant stakeholders are</p>

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		and behaviors	<p>required to comply with all laws, rules and regulations applicable to us. These include, without limitation, laws covering anti-bribery, copyrights, trademarks and trade secrets, data privacy, insider trading, illegal political contributions, antitrust prohibitions, rules regarding the offering or receiving of gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. The Code also includes provisions for disclosing, identifying and resolving conflicts of interest of the employees and Board members The Code includes provisions requiring all employees to report any known or suspected violation and ensures that all reports of violations of the Code will be handled sensitively and with discretion. We also recognize the benefits of a diverse workforce and are committed to providing a working environment that is free from discrimination.</p> <p>We have also adopted a share dealing code, regulating trading and confidentiality of inside information by persons discharging managerial responsibility and persons closely associated with them (“PDMRs”).</p> <p>We take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of the Dealing Code.</p>
Maintain a Dynamic Management Framework	9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The Board Committees are comprised of majority of independent Board members to ensure that resolutions adopted are conflicts-free. Further details of the composition and meetings of these committees can be found on pages 22 and 37-44 of the 2018 Annual Report. Each of the Board Committees has the ability to use external advisors as it sees fit in furtherance of its duties.</p> <p>The Company’s CEO is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group’s strategy for Board approval and then executing the approved strategy. The Chairman’s main responsibility is the leadership and management of the Board’s business and its governance and acting as its facilitator. He meets regularly and separately with the Chief Executive and the Directors to discuss matters for the Board.</p> <p>We will continue to review our governance structures with the QCA Code in mind and are committed to the evolution of our corporate governance in line with best practices, to the extent the directors judge it appropriate considering the Company’s size, stage of development and resources.</p>

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Built Trust	10	Communicate how the group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>We are committed to an open communication and dialogue with our stakeholders. Our main stakeholders' groups are our shareholders, our customers, our suppliers and our employees.</p> <p>We communicate with stakeholders inter alia through the Annual Report, the annual general meeting of shareholders, the full-year, half-year and other regulatory market announcements, investor roadshows and through the Group's website.</p> <p>Our website is regularly updated, and users can register to be alerted via email when announcements are posted on the website. Annual reports and notices of annual general meetings from admission can be found on our website.</p> <p>As of 2019 we publish in the Company's website in a clear and transparent manner the outcomes of the general meetings of shareholders, including a breakdown of votes casted.</p>