

# Corporate Governance

## THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognize the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Directors anticipate that whilst the Company will continue to comply with the QCA Code, given the Group's size and plans for the future, it will also endeavor to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature. To see how the Company addresses the key governance principles defined in the QCA Code please refer to the below table. Further information on compliance with the QCA Code will be provided in our next annual report.

Denham Eke, Non-executive Chairman

*This disclosure was last reviewed and updated on 8 January 2019.*

## THE PRINCIPLES OF THE QUOTED COMPANY ALLIANCE (QCA) CODE

### DELIVER GROWTH

QCA Code Principle	What we do and why
<p><b>1. Establish a strategy and business model which promote long-term value for shareholders</b></p>	<p>The strategy and business operations of the Group are set out in the Chairman's Statement included in the latest audited Financial Statements at:</p> <p><a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a></p> <p>The Group's strategy and business model and amendments thereto, are developed by the Managing Director and his senior management team, and approved by the Board. The management team, led by the Managing Director, is responsible for implementing the strategy and managing the business at an operational level.</p> <p>The Group's overall strategic objective is to develop a profitable, sustainable advance deposit wagering ("ADW") platform that benefits from a wide and diverse client base, both business and retail. The Group operates through two principal operating subsidiaries: WatchandWager.com Ltd and WatchandWager.com LLC.</p> <p>WatchandWager.com Ltd is regulated in the Isle of Man and operates a totalisator wagering hub through its United States Tote supplier, which enables it to conduct its ADW business by passing wagers directly into global racetrack betting pools in real time.</p> <p>WatchandWager.com LLC has its operational base in Lexington, Kentucky, with its head office in Larkspur, California, and provides pari-mutuel, or pool-betting, wagering services through a number of distribution channels to a global client base. The company holds United States pari-mutuel licences for its ADW business in the US, issued by North Dakota, California, Maryland and Colorado. The business provides wagering opportunities predominantly on horse and greyhound racing and has contracted with a significant number of prestigious racetrack partners within the United States, Hong Kong, France, Canada, United Kingdom, Ireland, and Australia amongst others. It provides wagering facilities to customers through its website, <i>watchandwager.com</i>, as well as offering a business-to-business wagering product and a telephone call centre.</p> <p>WatchandWager.com LLC also operates Cal Expo Harness Racetrack in Sacramento, California, under a licence issued by the California Horse Racing Board. This 'bricks and mortar' presence in the largest state economy in the US continues to provide leverage for our related global pari-mutuel operations.</p> <p>The Group also plans to develop an attractive US-based sportsbook offering following the recent Supreme Court ruling which paves the way to legalizing wagering on sports in the United States, subject to individual State legislation. Whilst the ruling will not have an immediate impact on revenue levels until individual State legislation is in place, the Group considers this market to be a significant growth area for our US operations. Significantly, California's draft Sports Betting Bill specifies that only land-based racetracks and casinos will be eligible for license applications. In the United States, WatchandWager.com LLC holds ADW licenses not only for California, but also for North Dakota (providing regulated access to</p>

QCA Code Principle	What we do and why
	<p>a total of 28 states), together with individual State licenses for New York, Kentucky, Colorado, Minnesota and Washington.</p> <p>The Group operates in an inherently high risk and heavily regulated sector and this is reflected in the principal risks and uncertainties.</p> <p>In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties, and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.</p>
<p><b>2. Seek to understand and meet shareholder needs and expectations</b></p>	<p>The Group via the Managing Director seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.</p> <p>Beyond the Annual General Meeting, the Managing Director and, where appropriate, other members of the senior management team or Board will meet with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.</p> <p>The Group's investor relations activities encompass dialogue with both institutional and private investors. From time to time, the Company attends private investor events, providing an opportunity for those investors to meet with representatives from the Group in a more informal setting.</p>
<p><b>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</b></p>	<p>The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's employees, clients, partners, suppliers, regulatory authorities and horseracing colleagues involved in the Group's track facility at Cal Expo. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.</p> <p>The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities.</p>
<p><b>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</b></p>	<p>The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Group Audit, Risk and Compliance Committee, the effectiveness of these internal controls is reviewed annually.</p> <p>A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a monthly basis.</p> <p>The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.</p> <p>The senior management team meets at least monthly to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Group Audit, Risk and Compliance Committee as appropriate.</p>

**MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK**

QCA Code Principle	What we do and why
<p><b>5. Maintain the board as a well- functioning, balanced team led by the chair</b></p>	<p>The Group’s Board currently comprises three Non-executive Directors and one Executive Director.</p> <p>All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.</p> <p>Directors’ biographies are set out here: <a href="http://www.webisholdingsplc.com/board-members/">http://www.webisholdingsplc.com/board-members/</a></p> <p>The Board is responsible to the shareholders for the proper management of the Group and meets at least four times a year to set the overall direction and strategy of the Group, to review operational and financial performance and to advise on management appointments. All key operational decisions are subject to Board approval.</p> <p>Sir James Mellon, one of the Non-executive Directors is considered to be independent, although the Board intends to appoint at least one further independent Director at an appropriate time. The other two Non-executive Directors are not considered independent given their connection to the Company’s controlling shareholder. The QCA Code suggests that a board should have at least two independent Non-executive Directors. The Board considers that the current composition and structure of the Board of Directors have been appropriate to maintain effective oversight of the Group’s activities to date. However, the Board is aware that further oversight through independent Non-executive Directors could be beneficial to the governance environment. This process is under review and is pending the further development of the sportsbook opportunity in the US in order to be able to determine the exact need and requirements.</p> <p>Non-executive Directors receive their fees in the form of a basic cash emolument. The Executive Director receives a basic cash salary and also holds options over the Group’s shares. The number and terms are set out in the latest Audited Financial Statements which may be found here; <a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a></p> <p>The option grant concerned is not deemed to be significant for the individual Executive Director. The current remuneration structure for the Board’s Executive and Non-executive Directors is deemed to be proportionate.</p>
<p><b>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p>	<p>The Board considers that all of the Executive and Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in the operational and financial development of gambling and horseracing companies.</p> <p>The Directors’ biographies are set out here: <a href="http://www.webisholdingsplc.com/board-members/">http://www.webisholdingsplc.com/board-members/</a>.</p> <p>The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. Whilst there is no Finance Director on the Board, the overview of the finance function is the responsibility of Nigel Caine, aided by a non-Board Financial Controller.</p> <p>The Chairman, in conjunction with the Company Secretary, ensures that the Directors’ knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors’ responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters.</p> <p>Directors’ service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.</p>
<p><b>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	<p>Internal evaluation of the Board, the Committees and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine their effectiveness and performance as well as the Directors' continued independence.</p> <p>The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.</p>

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<p><b>8. Promote a corporate culture that is based on ethical values and behaviours</b></p>	<p>The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Management regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.</p> <p>The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.</p>
<p><b>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</b></p>	<p>The Board has overall responsibility for promoting the success of the Group. The Executive Director has a day-to-day responsibility for the operational management of the Group's activities. The independent Non-executive Director is responsible for bringing independent and objective judgement to Board decisions.</p> <p>There is a clear separation of the roles of Managing Director and Non-executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group. The Managing Director has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.</p> <p>The Board has established a Group Audit, Risk and Compliance Committee, a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities. Sir James Mellon chairs the Group Audit, Risk and Compliance Committee and the Remuneration Committee. The Nominations Committee is chaired by the Chairman of the Board.</p> <p>The Group Audit, Risk and Compliance Committee normally meets twice a year and has responsibility for, amongst other things, planning and reviewing the annual report and accounts and interim statements involving, where appropriate, the external auditors. The Committee also approves external auditors' fees and ensures the auditors' independence as well as focusing on compliance with regulations, legal requirements, corporate governance guidance and accounting standards. It is also responsible for ensuring that an effective system of internal control is maintained. The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board.</p> <p>A summary of the work of the Group Audit, Risk and Compliance Committee undertaken for the year is set out in the latest audited Financial Statements to be found here:</p> <p><a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a>.</p> <p>The Remuneration Committee, which meets as required, but at least once a year, has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for the Executive Director. It also supervises the Group's award of share options granted to senior executives.</p> <p>A summary of the work of the Remuneration Committee undertaken is set out in the latest audited Financial Statements to be found here: <a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a>.</p> <p>The Directors believe that the above disclosures constitute sufficient disclosure to meet the QCA Code's requirement for a Remuneration Committee Report. However, a separate Remuneration Committee Report is also presented in the Group's annual audited Financial Statements.</p> <p>The Nominations Committee, which meets as required, but at least once a year, has responsibility for reviewing the size and composition of the Board, the appointment of replacement or additional Directors and making appropriate recommendations to the Board.</p> <p>A summary of the work of the Nominations Committee undertaken is set out in the latest audited Financial Statements to be found here: <a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a>.</p>

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	<p>The terms of reference of the above Committees are set out in the Company's Corporate Governance Memorandum, which is regularly updated and can be found here: <a href="http://www.webisholdingsplc.com/aim-rule-26-information/">http://www.webisholdingsplc.com/aim-rule-26-information/</a>.</p>

### **BUILD TRUST**

QCA Code Principle	What we do and why
<p><b>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</b></p>	<p>The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate.</p> <p>The Group's financial reports can be found here:  <a href="http://www.webisholdingsplc.com/company-reports/">http://www.webisholdingsplc.com/company-reports/</a>.</p> <p>Notices of General Meetings of the Company can be found here:  <a href="http://www.webisholdingsplc.com/latest-news/">http://www.webisholdingsplc.com/latest-news/</a>.</p> <p>The results of voting on all resolutions in general meetings are posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.</p>