

Corporate Governance

Chairman's Introduction

One of the Chairman's key roles is to ensure the set-up, management and improvement of good governance is such that the shareholders and other stakeholders' interests are properly managed. This requires embedding the core understanding and commitment to good governance across the Board, senior management team and all employees.

In the business, we believe we have responsibilities to all stakeholders including employees, customers, suppliers and business partners, as well as shareholders. In addition, we are committed to the provisions and requirements of the General Data Protection Regulations ("GDPR") pertaining to the processing of personal data of private individuals inside the European Union.

Andrew Bentley
Chairman

Corporate Governance Statement (Last updated 6thth June 2019)

The Board recognises that good corporate governance creates shareholder value and ensures strong attention to all stakeholder interests. This good corporate governance is a fundamental part of creating sustainable medium to long-term growth performance whilst minimising the risks that the Company faces. To that end, the Board adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code") as its chosen governance code.

The Board has undertaken a review of its current governance practices with reference to the ten principles of the QCA Code, and having regard to the size, culture and complexity of the Company has disclosed how it complies with the Code. Where the Company departs from certain aspects of the Code an explanation of the reasons for doing so are also disclosed. We will endeavour to evolve our corporate governance arrangements in line with our growth as a Company.

Corporate Governance Report

The QCA Code sets out ten principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles:

QCA Code Principle	Application (Per QCA)	What we do and why?
1. Establish a strategy and business model which promote long-term value for shareholders	The Board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	In addition to having a strategy discussion agenda item for all monthly Board meetings, the Board and Management team meet, on average, twice a year to have a more detailed strategy review. The strategy review meetings combine both challenging the strategic direction of the business and the quality of execution against the strategy. The strategy discussions will also periodically include third party involvement to bring an outsider's perspective to market opportunities, strategy and competitive positioning. The strategy and business model have been communicated to shareholders in the Chairman's Statement, the Chief Executive Review and Strategic Report approved by the Board on 11 March 2019 in the 2018 Annual Report and Accounts.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The Board must manage shareholders' expectations and should seek to	The Board liaises closely with the Company's advisors to ensure compliance with MAR to increase market integrity and protect investors. The Board meet with shareholders post interim and final results and will meet with major shareholders

	<p>understand the motivations behind shareholder voting decisions.</p>	<p>periodically as required. The Board recognises the Annual General Meeting (“AGM”) as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p> <p>Shareholders can communicate with the Company at shareholders@blackbird.video, and prospective Investors can make enquiries via investors@blackbird.video.</p> <p>The Board considers that this approach to shareholder engagement has worked well and was pleased to see a good attendance of shareholders at its last AGM. Additionally, face to face meetings have been arranged quickly following email requests to meet management from prospective investors.</p> <p>The Board are committed to publishing commercial press. The level of news-flow is largely dependent on deal-flow which is expected to gain momentum as the Board executes on its strategy for growth.</p> <p>Subject to MAR, the Company will respond to all shareholder email communications.</p>
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates, or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>The success of the Company's services and products is highly dependent on the relationships the Company has with employees, contractors, partners and resellers, customers and suppliers. Senior management meet weekly to discuss all aspects of the business.</p> <p>Examples of this are the prioritisation and development of Blackbird Edge and the current enhancement of our social media publishing functionality. Both of these were escalated higher in our product development priorities as a result of a combination of discussions between our sales team, customer service team and specific customer feedback.</p> <p>Employees are involved through day to day communications, monthly updates and discussions, and ongoing appropriate involvement in strategy setting. Communication is enhanced through Human Resources and a culture of transparency, collaboration and consultation.</p> <p>Each month all employees and contractors in the UK and North America attend a company update given by management in which each Department is able to give and receive feedback on the issues and successes of the day. This results in a strong inter-departmental bond improving information-flow.</p> <p>When our product development roadmap is updated this is the result of both commercial team input and the in-depth product knowledge of our development team.</p> <p>Customers, partners and resellers are communicated with regularly and involved in related decision making. Active feedback is solicited from them in order to improve our services, minimise risk and effectively manage the business. In the last 18 months we have made a number of changes to our customer support including upgrading service levels to 24/7 across multiple North American time-zones to support editors of live sports events.</p> <p>The Customer Relationship Management system (Salesforce) maintains an audit trail of dialogue and feedback from customers and prospects.</p> <p>Suppliers are also worked with in a collaborative style with involvement and feedback discussions as appropriate. Payments to suppliers are made within agreed credit terms.</p>

<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customers.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>Risk analysis is a standing agenda item for the monthly Board meeting. The executive management is responsible for monitoring and reporting against any changes in risks to the business and for proposing risk mitigation activities.</p> <p>The Audit Committee meets regularly and monitors the adequacy and effectiveness of the system of financial internal controls and risk management systems.</p> <p>Financial risks are identified annually by the independent auditors, who meet the requirements of the Financial Reporting Council's ("FRC") Ethical Standards, which are communicated to the Audit Committee and to Investors through their extended Audit Report. This includes clear, concise and transparent disclosures about risk, scope and materiality, as well as the critical areas where professional judgement and assumptions have been addressed. The independent auditors last reported to the Audit Committee on 11 March 2019.</p> <p>The evolving landscape of technology is a key area that is monitored and evaluated continuously in order to provide significant amounts of time to react to key technology changes that could affect us.</p> <p>The Strategic Report in the December 2018 Annual Report and Accounts approved by the Board on 11th March 2019 discloses the principle risks and uncertainties identified by the Board and discloses how these risks are managed.</p> <p>The Board can report that there have been no events resulting in a third-party claim for breach of contract of supply or service level agreement.</p>
<p>5. Maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>The Board members have a collective responsibility and legal obligation to promote the interests of the Company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.</p> <p>The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a Board judgement.</p> <p>The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board comprises three Executive Directors, and three Non-Executive Directors ("NEDs") including the Chairman, listed below.</p> <p>The Board considers the NEDs to be independent; but recognises that there are some deviations from recommended market practice. Alignment of motivation to drive returns to shareholders and maintain strong governance standards is a vital requirement of this Board. As such, the NEDs, including the Chairman, receive options and are expected to add value to the Executive team's success. Ensuring that there is some deep understanding of the business and its history is seen as an asset to the Board. The Board considers that all NEDs bring complimentary and valued experience to the business as well as bringing independent judgement.</p> <p>The Board meets approximately once a month and additional one-off meetings are held with the NEDs outside of the Board meetings for more detailed assistance in strategy and key executional and operating issues. Board reports are issued at least a full day ahead of any Board meeting.</p> <p>The Board is also supported by separately held Audit Committee and Remuneration Committee meetings. The Chairman makes available a minimum of four days a month with the Company while the two remaining Non-Executive Directors make available a minimum of two days per month.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.</p>	<p>There is a complimentary mix of skills and experience to execute and evolve the Company's strategy. These are shown in the table below.</p> <p>Where new Board appointments are considered, the search for candidates is conducted and appointments are made, with due regard to the benefits of diversity and gender balance.</p>

	<p>The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a Board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and Board composition will need to evolve to reflect this change.</p>	
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for Boards. No member of the Board should become indispensable.</p>	<p>The Board acknowledges that it should regularly review the effectiveness of its performance as a unit and that of its individual Committees and Directors. This has not formally happened since the Directors took on their current respective roles which have been held by them for relatively short periods of time. (See table below.) This will be reviewed in the foreseeable future.</p> <p>The Company is not of a size or maturity to have in place internal succession plans to the Board.</p> <p>Regular use of advisors to provide guidance is taken to ensure the Board is performing appropriately on key issues.</p> <p>The Board does have discussions on the effectiveness of Board meetings and has periodically adjusted its agenda, meeting structures and reporting requirements.</p>
8. Promote a corporate culture that is based on ethical values and behaviours	<p>The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the Board should be visible in the actions and decisions of the Chief Executive and the rest of the management team.</p> <p>Corporate values should guide the objectives and strategy of the Company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Company.</p>	<p>The Company promotes ethical values and behaviours through the publication of its Employee Handbook which contains policies and procedures including equal opportunities, modern-day slavery, health and safety, business ethics, anti-bribery, whistleblowing and use of social media.</p> <p>The Board recognises the need to disclose in its Annual Report and Accounts how the culture is consistent with the Company's objectives, strategy and business model and how the Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.</p>
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</p>	<p>The Board has put in strong governance structures and processes appropriate to the size and complexity of the business, and in relation to its strategy.</p> <p>There are strong disciplines in place with regard to Board meetings with respect to the agendas, preparation and provision of reports in advance of meetings, and adequate time for reviewing and challenging the Company's performance. The NEDs actively challenge and guide the Executive Directors and provide networking opportunities aimed at growing the business and executing on the strategy.</p> <p>The Board has two committees, the Audit Committee and the Remuneration Committee. The Audit Committee comprises David Main (Chairman) and Andrew Bentley. In the period between the last two published Directors' Reports it met four times.</p>

		<p>The Remuneration Committee comprises David Main (Chairman), James Irving and Andrew Bentley. In the period between the last two published Directors' Reports the committee met seven times.</p> <p>The formal terms of reference of the Committees are shown below. The Board will actively review the corporate governance structure of the Company in line with its growth.</p>
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	<p>A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company.</p> <p>In particular, appropriate communication and reporting structure should exist between the Board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> • the communication of shareholders' views to the Board; and • the shareholders' understanding of the unique circumstances and constraints faced by the Company. <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Board discloses in the Annual Report and Accounts the work of the Audit Committee and Remuneration Committee during the year. All historic Annual Report and Accounts, notices of general meetings and regulatory announcements over the last five years can be found on www.blackbird.video.</p> <p>Results of shareholder meetings are announced through the regulatory news service.</p> <p>Current trading statements are published at AGMs, and interim and full year results announcements.</p> <p>The Executive team, often with the Chairman, meets with key shareholders post the issue of the Annual Report and Accounts and the Interim Report. In addition, the Chairman will be involved in any financing discussions with major shareholders. The Chairman is always available for discussions at the request of any key shareholder.</p> <p>The Board also recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of the shareholders informally immediately following the AGM.</p>

BOARD AND COMMITTEE COMPOSITION

Director	Role	Experience and Skills
Andrew Bentley	Non-Executive Chairman (appointed May 2019) and Member of the Audit Committee and Member of the Remuneration Committee. Responsible for the quality of corporate governance.	Relevant sector experience in technology and media, including in the US market. International executive leadership experience. Focus on the quality of corporate governance, company strategy, business development and building partnerships.
Dawn Airey	Non-Executive Director (appointed May 2019)	Relevant sector experience in media. International executive leadership experience including in the US market. Focus on business development.
James Irving	Non-Executive Director (appointed November 2015) and Member of the Remuneration Committee	Relevant sector experience in traditional and digital sports production, commercial leadership experience in selling technology solutions. Focus on sales and product development.
David Main	Non-Executive Director (appointed May 2019), Formerly Chairman (from May 2016 to May 2019), Head of the Audit and Remuneration Committees.	Relevant sector experience in technology, data and media; executive leadership experience across multiple sectors and multiple geographies in both public and private companies. Focus on, strategy and business development, capability building, finance and funding.
Ian McDonough	Chief Executive Officer (appointed September 2017)	Executive leadership experience in media sector, strong knowledge of international media markets, strong entrepreneurial orientation. Focus on driving growth and corporate value through having the right strategy and supporting execution capabilities.
Stephen Streater	R&D Director (appointed May 2016). Formerly Chairman (from October 2015 to May 2016) and Chief Executive Officer (from floating on AIM to October 2015)	Founder, 29 years specializing in the development of video compression and non-linear editing systems, architect of Blackbird Cloud Video Platform; focuses on R&D and product development strategy and execution. Long experience in public markets.
Stephen White	Chief Operating & Financial Officer (appointed April 2019).	Member of ICAEW, extensive experience in the media sector, business partnering, maximising shareholder return, M&A. Focus on financial management, corporate governance and executing the company's strategic vision.

Martin Kay	<p>Company Secretary since February 2000.</p>	<p>Corporate lawyer and Partner of Blake Morgan LLP, the Company's legal advisers. Martin provides both up-to-date legal and regulatory compliance advice in addition to transactional advice and preparation and review of shareholder communications.</p> <p>As an independent external consultant, the Company Secretary attends all shareholders meetings but does not attend meetings of the board and board committees. The Company's FD remains responsible for circulating board and board committee papers and setting meeting agendas in consultation with the board and committee chairs and for induction of officers and staff.</p> <p>Martin reports direct to both Stephen White (Chief Operating & Financial Officer) and Andrew Bentley (Chairman) and provides a link with the Company's Nomad and Broker (Allenby Capital) and Registrars (Link Asset Services).</p>
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AUDIT COMMITTEE MANDATE

- Monitor the integrity of the financial statements of the Group including its annual statutory accounts and monthly management accounts;
- Review the accounting policies, treatment of unusual transactions, estimates and judgements, taking into account the views of the external auditors;
- Review and challenge the clarity and completeness of disclosure in the Group's financial reports (both narrative and financial);
- Monitor the adequacy and effectiveness of the Group's internal controls and risk management systems;
- Appraise the content and disclosure within the annual statutory accounts and make recommendations to the Board;
- Oversee the relationship with the external auditors and review their effectiveness, making recommendations to the Board in relation to their appointment, re-appointment or removal and price; and
- Communicate to shareholders the extent of the Committee's activities.

REMUNERATION COMMITTEE MANDATE

- Manage formal appointment processes for Directors;
- Set salary levels and incentive programs at the senior management level;
- Review and approve material changes to salary levels and incentive programs across the Group; and
- Award Share Options to all Directors and employees.
- The Remuneration Committee has recently engaged external advisors to design and structure a new LTIP for Senior Management.

CHANGES IN GOVERNANCE DURING THE LAST YEAR

- In August 2018, Stephen Streater stepped down from the Remuneration Committee and was replaced by Andrew Bentley.