

CHAIR OF THE BOARD'S CORPORATE GOVERNANCE STATEMENT

Overview

As Chair of the Board of Directors of Keywords Studios plc (**Keywords** or the **Company/Group** as the context requires), it is my responsibility to ensure that Keywords has both sound corporate governance and an effective Board. As Chair of Keywords my responsibilities include leading the Board effectively, overseeing the Group's corporate governance model, communicating with stakeholders and ensuring that good information flows freely between the Executive and Non-Executive Directors in a timely manner. Keywords has decided to adopt the Quoted Companies Alliance Corporate Governance Code (**QCA Code**), which requires AIM-quoted companies to adopt a 'comply or explain' approach in respect of the application of guidance contained within. This report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Company complies with the QCA Code in all respects.

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business in which we all believe, including a commitment to open and transparent communications with stakeholders. We believe that good corporate governance improves long-term success and performance. We will provide annual updates on our compliance with the QCA Code.

It is important to note that, following the departure of Andrew Day, the Board acted decisively to implement interim arrangements for the leadership of the Company, whereby Jon Hauck and Sonia Sedler assumed the positions of Interim Joint Chief Executive, to ensure continued execution of the Company's strategic objectives. Further information is provided in section 5 below.

The most significant changes to the Company's corporate governance arrangements over the past year include Andrew Day's decision to bring forward his retirement plans for health reasons and leave his position as Chief Executive Officer on 14 June 2021, the appointment of Bertrand Bodson on 1 December 2021 as the new CEO of the Company, the appointment of Sonia Sedler on 18 January 2021 as Chief Operating Officer and the appointments of Marion Sears and Richard Neil Thompson on 13 August 2021 as Independent Non-Executive Directors. As a result of directorship changes in the year, gender diversity on the Board has now improved to 30% female directors, including a female Executive Director. This is discussed further in section 3 below.

QCA Principles

1. Establish a strategy and business model which promotes long-term value for shareholders

The Board's strategy for the Group, designed to create long-term sustainable value, can be encapsulated in the rubric: to be the "go to" global service delivery platform for the video games industry. To achieve this vision, the Company continues to pursue its proven strategy of growing organically and through acquisitions to extend the Group's range of services, geographic reach and client base to achieve scale, and use its existing expertise, multi-service platform, scale and global reach to generate synergies in the highly fragmented games service industry. The Company sees many opportunities to extend its existing relationships and become a strategic partner to major games companies, through providing additional services to existing customers and through providing dedicated outsourced services.

As the Group evolves, the single mission statement can and will be applied to the wider home entertainment market, including home movies. Thereafter strong consideration will be given to exploring other adjacent markets requiring the localisation and engineering (gamification) skills available within the Group.

The Company has implemented remuneration policies that reinforce this strategy, by rewarding Executive Directors and senior management for delivering shareholder value in the medium to long-term. There is also an externally facilitated annual strategy conference attended by senior management as well as the Board. Keywords' business model is stated on pages 20-21 of our 2020 Annual Report, and our strategy is explained in detail on pages 22-23. The 2020 Annual Report is available to view at: [Keywords-Studios-Annual-Report-2020.pdf \(keywordsstudios.com\)](#).

The Company intends to deliver shareholder returns through both capital appreciation (by increasing earnings per share and the quality of earnings) and distribution via dividends. Challenges to delivering capital appreciation include uncertainty in relation to acquisition performance, although the Board takes steps to mitigate this risk. Other challenges to the execution of the Company's strategy and business model are highlighted in the Risk Management section below and discussed in the 2020 Annual Report.

2. Seek to understand and meet shareholder needs and expectations

The Board seeks to understand and meet the needs and expectations of direct, nominee and institutional shareholders, and manages communications with each of these groups accordingly. The Covid-19 pandemic has continued to restrict our ability to meet in person however the Directors, similarly to the Company's workforce working from home, have been able to continue to engage effectively with other Directors, shareholders and stakeholders using remote, videoconference, communications. Board and committee meetings are chaired with a view to generate healthy discussion and Directors continue to engage with shareholders and other stakeholders.

The Board is committed to maintaining good communication and constructive interaction with all shareholders through our Half Year and Annual Reports, analyst and investor presentations following the release of our trading updates, as well as Regulatory News Service releases. We also use the Company's website, www.keywordsstudios.com, to keep shareholders up to date on financial and general news.

The Chair offers to meet with the largest shareholders during the year without management present. The Executive Directors meet shareholders and other investors/potential investors at regular intervals during the year and host broker and analyst meetings from time to time.

The whole Board attends the AGM, which we regard as an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend and ask questions. The results of the 2021 AGM are published on the Company's website. Shareholders were encouraged to appoint the Chair of the AGM as proxy to enable them to exercise their voting rights and all 2021 AGM resolutions were passed comfortably. Although director and shareholder attendance in person was restricted at the 2021 AGM due to ongoing government restrictions caused by the Covid-19 pandemic, shareholders were given the opportunity to submit questions to the Board in advance via email and a video conferencing facility was made available for shareholders and directors to attend remotely. As a result, engagement between the Board and its shareholders was not impeded by the ongoing outbreak and subsequent changes to AGM arrangements.

In addition, the Company receives reports and updates from proxy voting agencies on corporate governance and general meeting shareholder voting recommendations.

The Company's Nominated Adviser and Broker, Numis Securities Limited, is briefed regularly and updates the Board during the year on shareholder expectations.

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

Following board changes made in the year, I am pleased that our Board composition has been enhanced to now comprise 30% female directors, including a female Executive Director. This is a demonstration of the Company's commitment to improve gender diversity at Keywords and in the industry and a reflection of the changing demographic of our global gaming community.

In 2021, the Board constituted an ESG Committee to oversee the Company's environmental, social and governance activities. The ESG Committee enhances the Board's ability to oversee Group initiatives designed to promote the long-term success of the Company as a sustainable, well governed, responsible employer.

The Board recognises that the long-term success of the Company relies upon good relations with other stakeholders, including employees, contractors, customers, suppliers, regulators and community participants. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. Details of the Company's and the Board's engagement with stakeholders are shared in the 2020 Annual Report.

Keywords seeks to be a socially responsible Group which has a positive impact on the communities in which it operates. By the nature of the business, the Company employs a diverse workforce, with many nationalities. No discrimination is tolerated and the Company endeavours to give all employees the opportunity to express and develop themselves personally and professionally. Everyone within the Group is a valued member of the team and our aim is to help every individual achieve his/her full potential. We offer equal opportunities regardless of race, gender, gender identity or assignment, age, disability, religion and sexual orientation. The Group has implemented a Group-wide policy to conduct employee engagement surveys, which seek to understand any issues within the workforce and effect continuous improvement

The Company prepares strategic plans which include an extensive exercise by the separate businesses to identify their key resources and relationships and how best to manage and develop them. These strategic plans in turn, inform the budgeting process. The businesses take into account a wide range of key resources, including staffing and technology, required during this exercise.

Joint business plans are agreed with businesses joining the Group with contributions from all involved parties, thereby facilitating a two-way communication channel with agreement on goals, targets and aspirations of the Company and its related parties. This provides them with the opportunity to raise issues and provide feedback. These feedback processes help to ensure that the new issues and opportunities that arise can be used to further the success of the Group.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. The Company conducts regular customer feedback surveys, which broadens communication whilst simultaneously embracing influential developers and producers in the games industry and determining Company

perception. In addition, client partners foster close relations with our key customers to achieve an understanding of their needs, interests and expectations in a holistic way spanning all of the Company's service lines.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and, whilst it oversees and regularly reviews the current risk management and internal control mechanisms, it has delegated this responsibility primarily to the Audit Committee and senior management. The 2020 Annual Report identifies the principal risks to the Company on pages 49-52. The status of the key risks is shared regularly with the Board, and the Board thoroughly reviews the Company's risk register on a periodic basis.

The review process involves the identification of risks, both standard industry-related risks and risks against related opportunities, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of what needs to be done to manage them effectively. Risk management is integral to the ability of the Group to deliver on its strategic objectives.

The system of internal control is structured around an assessment of the risks to the business and is designed to address those risks that the Board considers to be material. Its purpose is to safeguard assets against unauthorised use or disposition, as well as to maintain proper accounting records which produce reliable financial and management information. To guarantee the efficacy of its control systems, the Board has established appropriate reporting and control procedures. These continue to evolve as the Group develops and grows.

The risk register sets out and categorises these risks, outlining the controls that are in place and is updated as changes arise in the nature of risks or related controls. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. Details of our principal risks and associated mitigations have been identified and are set out in pages 49-52 of the 2020 Annual Report. Given the continued growth of the Company, the Board recognises the need for an effective internal audit function. The internal auditor reports to the Audit Committee and consequently to the Board on the effectiveness of the Company's internal control processes, governance and risk management processes, as well as supporting the implementation and development of systems and processes. The internal auditor has the ability to raise and respond to any issues raised.

The Company continues to strengthen its internal controls and cyber security policies and processes with maturing internal audit and IT functions and the support of specialist third party advisors.

5. Maintain the board as a well-functioning, balanced team led by the Chair

During 2021, Andrew Day (former CEO) brought forward his retirement plan for health reasons and left the Company. Following that, Jon Hauck (CFO) and Sonia Sedler (COO) acted as Joint Interim CEOs and continued to drive the Group's strategic development, acquisition strategy and operational performance until the appointment of Bertrand Bodson as CEO in December 2021. During that period, the Group continued to perform strongly whilst also continuing to add scale and execute acquisitions. The Chair and Non-Executive Directors also dedicated additional time to the Company to maintain strong engagement with shareholders, investors, senior management, the workforce and customers.

The Board comprises three Executive Directors Bertrand Bodson (CEO), Jon Hauck (CFO) and Sonia Sedler (COO), six Independent Non-Executive Directors, Ross Graham (Chairman), David Reeves (Senior Independent Director), Georges Fornay, Charlotta Ginman, Marion Sears and Neil Thompson, and one Non-Independent Non-Executive Director, Giorgio Guastalla (co-founder of the Company). Biographical details of the Directors can be found here: <https://www.keywordsstudios.com/investors/board-of-directors/>.

The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All the Non-Executive Directors are expected to dedicate at least 30 days per annum to the Company, rising to 40 days if they also chair a Committee, and the Chair is expected to dedicate 60 days per annum. In practice, all the Independent Non-Executive Directors spend more than the minimum number of days on Company business and additional time has been dedicated by all Non-Executive Directors since Andrew Day's departure, to ensure effective oversight of the Company's activities and good communications with key stakeholders during a period of uncertainty and change. The Company has adopted a policy whereby all members of the Board are subject to re-election at each AGM.

Meetings are open and constructive, with every Director participating fully. Senior management are frequently invited to meetings, providing the Board with a thorough overview of the Company. The Board meets a minimum of 8 times in the year and a calendar of meetings and principal matters to be discussed are agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone or video conference. Every effort is made to hold Board meetings at operational locations in the UK and overseas; this practice was naturally curtailed during the Covid lockdowns but will be resumed as government restrictions allow. Board papers are circulated at least one week before meetings, allowing time for full consideration and necessary clarifications before the meetings. During 2021 to date, the Board met on 12 occasions.

As required between Board meetings, Management supplies the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary.

In order to improve the quality of information, the CFO has instigated a programme to improve and expand the range of KPIs to identify key trends within the Group. Following this, precise, accurate and comparable data will be provided to the Board on a regular basis.

The Board has delegated specific powers to the Audit Committee, Remuneration Committee, Nomination Committee ESG Committee and Disclosure Committee. Terms of reference for the each of the Committees are published online at <https://www.keywordsstudios.com/investors/corporate-governance/>. The Committee is composed of members who, as a whole, provide the skills and knowledge necessary to discharge their duties effectively.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board has the mix of skills, experience and capabilities required to fulfil its responsibilities. The Company believes that the current balance of skills in the Board as a whole reflects a broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. Details of the Directors' experience and areas of expertise are outlined on pages 53-54 of the 2020 Annual Report.

The Non-Executive Directors meet without the presence of the Executive Directors and maintain ongoing communications with Executive Directors between formal Board meetings. In addition to their general board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise.

The Company has employed the services of ONE Advisory Limited to act as Company Secretary, responsible for ensuring that Board procedures are followed, as well as helping the Chair maintain excellent standards of corporate governance and providing necessary updates on developments of governance and AIM regulations.

The Directors have access to the Company's nominated adviser, company secretary, lawyers and auditors and are able to obtain external advice, as required. The Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board reviews annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board has implemented a formal annual Board and Committee evaluation process. For the Committee evaluation exercise, objective criteria evaluating behaviour, e.g. quality of interaction and processes, and timely provision of relevant information and decision making, have been established and are assessed using questionnaires. For the Board evaluation exercise, the Company Secretary and Chair have developed bespoke questionnaires for the Board and individual Director review. Responses are received, recorded and circulated in a timely fashion, identifying positive areas and areas for improvement, and the Board utilises this feedback to identify steps to ensure that it is operating at its full potential. The results and recommendations that come out of the appraisals for the Directors identify the key corporate and financial targets that are relevant to each Executive Director and their personal targets in terms of career development and training.

The most recent annual internal Board and Committee evaluation exercise, held in the 2021 financial year, was designed and led by the Company Secretary, working closely with the Chair of the Board, in order to provide objectivity. The areas covered were: structure & skills, operating effectiveness, operating efficiency, quality of information ongoing development, and contributions of each Director. The Nominations Committee, comprised of the CEO and three Independent Non-Executive Directors, regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board, considers succession planning and oversees the process to fill Board vacancies. The Nominations Committee also reviews key positions outside the main board and other personnel considered critical to the business under review. Findings from the Company's annual evaluation exercise and one-on-one reviews are utilised in the Nominations Committee's succession planning discussions.

In addition, the Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short term bonus and long-term incentives (with targets consistent with the corporate strategy). The findings from annual evaluations and the achievement of financial and non-financial targets/goals discussed thereat are taken into account by the Remuneration Committee in relation to recommendations to be made in respect of adjustments to executive remuneration.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

Our culture acts as the glue that binds our staff around the world together – relaxed, professional and humble with a focus on doing the very best we can for each project entrusted to us. Group culture is at the centre of everything we do and ensuring the companies we acquire are aligned with the Keywords culture is a crucial step in our integration process. We have developed a set of guidelines, which we call “The Keywords Rule of Nine”, which sets out our culture:

- We communicate openly
- We focus on projects
- We act as an extension of our clients
- We empower our people
- We are passionate about games
- We love our clients
- We have a “can do” attitude
- We recognise the importance of flexibility
- We learn at every opportunity

During the year, the Board sponsored a new Group programme to develop the leadership skills of the senior management team, thereby enabling an evolution of the Company’s culture to reflect its growing size and increasing complexity.

With each new acquisition, we deploy our Integration Memorandum, a unified communication package delivered by an existing member of the Keywords executive team, in order to ensure a smooth transition into the Keywords family. This is designed to provide a consistency of culture throughout the Group, and also facilitates two-way communications.

Large parts of the Group’s activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Group operates a whistleblowing policy to encourage the reporting by employees of suspected misconduct, illegal acts or failure to act within the Group. The aim of this Policy is to create a safe environment for employees and others who have serious bona fide concerns about any aspect of the Group's work to come forward and voice those concerns without personal risk.

The Group also promotes employee engagement and receives feedback from employees through an annual employee survey, which is available for completion by all employees in the Group. The results

of the survey are fed back for the consideration of the Board. In the survey conducted in 2021, we were delighted that, despite working from home arrangements implemented due to Covid-19, the feedback from our employees was positive overall and an improvement on results of previous years.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board reviews the corporate governance structure and processes regularly and expects these to evolve over time, in line with the Group's growth. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chair being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Company's business and being the primary contact with shareholders.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chair is also responsible for the Company's Corporate Governance framework. The Chair is charged with creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Executive Directors are responsible for the day-to-day running of the business and developing corporate strategy; while the Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. A document outlining the split between the responsibilities of the CEO and the Chair can be found here: <https://www.keywordsstudios.com/investors/corporate-governance/>.

The role of the SID is to serve as a sounding board for the Chair and act as an intermediary for other Directors. The SID is also available to shareholders if they have reason for concern that contact through the normal channels of the Executive Directors has failed. The SID is responsible for holding annual meetings with Non-Executive Directors, without the Chair present, to appraise the Chair's performance.

The Board has adopted appropriate delegations of authority which sets out matters which are reserved to the Board. The schedule of matters reserved for the Board can be found at <https://www.keywordsstudios.com/investors/corporate-governance/>, with matters including:

- Strategy and management
- Approval of major capital expenditure
- Financial reporting, risk management and internal controls
- Contracts, including potential acquisitions
- Corporate governance
- Approval of annual budgets
- Approval of annual reports
- Dividend recommendations and policy

The Board delegates authority to five Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

Audit Committee

The Audit Committee Report is set out on pages 59-61 of the 2020 Annual Report. The Audit Committee has six members, Charlotta Ginman (Chair), Ross Graham, Georges Fornay, David Reeves, Marion Sears and Neil Thompson. The CEO, CFO, external auditors and internal auditor attend

meetings by invitation. The Audit Committee is responsible for assisting the Board in fulfilling its financial and risk responsibilities. The Audit Committee oversees the financial reporting, risk management and internal control procedures. The Audit Committee advises the Board on the appointment and removal of the external auditor and discusses the nature, scope and results of the audit with the auditors. The Audit Committee reviews the extent of non-audit services provided by the auditors and reviews with them their independence and objectivity. In 2021 to date, the Audit Committee met on five occasions.

Remuneration Committee

The Directors' Remuneration Report and Directors' Remuneration Policy Report are set out on pages 62-76 of the 2020 Annual Report. The Remuneration Committee has four members, David Reeves (Chair), Charlotta Ginman, Ross Graham and Marion Sears, all Independent Non-Executive Directors. Other members of the Board may attend the Committee's meetings at the request of the Committee Chair. The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and the senior management of the Group. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short term bonus and long-term incentives. The Remuneration Committee also considers the granting of long-term incentives and share options pursuant to the Company's Long Term Incentive Plan. The Remuneration Committee meets not less than twice a year. In 2021 to date, the Remuneration Committee met on seven occasions.

Nominations Committee

The Nominations Committee has three members, Ross Graham (Chair), Charlotta Ginman and David Reeves. The Nominations Committee regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board, considers succession planning and nominates candidates to fill Board vacancies. The Nominations Committee also keeps key positions outside the Board and other personnel considered critical to the business under review, including that of regional managing directors and Service Line directors. The Nominations Committee meets at least twice per year, and otherwise as necessary to consider proposals for Board appointments and other matters. In 2021 to date, the Nominations Committee met on three occasions.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee was constituted by the Board in 2021 and has six members, Georges Fornay (Chair), Giorgio Guastalla, Jon Hauck, Sonia Sedler, Neil Thompson and Marion Sears. The remit of the Environmental, Social and Governance Committee is to oversee the following areas which have been identified as environmental, social, and governance priorities: (i) people; (ii) diversity and inclusion; (iii) customer/client centricity and innovation; (iv) community; (v) environment; and (vi) corporate governance and business ethics. The Environmental, Social and Governance Committee meets at least four times a year and reports to the Board on all matters within the scope of its duties and responsibilities. In 2021 to date, the ESG Committee met on three occasions.

Disclosure Committee

The Disclosure Committee is made up of the Company's Executive Directors, Jon Hauck and Sonia Sedler, and three Non-Executive Directors, being Ross Graham, David Reeves and Charlotta Ginman. The Disclosure Committee requires a quorum of two, which must include at least one Independent Non-Executive Director. The Disclosure Committee has been established to assist in the design, implementation and evaluation of the Company's disclosure controls and procedures. The Committee determines whether any information is price sensitive or inside information, and periodically reviews the Company's disclosure procedures. The Disclosure Committee meets as and when required.

Terms of Reference for each of the Committees can be found here: <https://www.keywordsstudios.com/investors/corporate-governance/>.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, in order that these evolve over time, in line with the Company's growth and development.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. The Company aspires to have close ongoing relationships with its private shareholders, institutional shareholders and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company receives reports from proxy voting agencies, reviews their findings and meet to discuss shareholder matters. The Board maintains that, if there is a resolution passed at a general meeting with 20% votes cast against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. All corporate documents, including historical annual reports, notices of general meetings and details of the Company's 2021 AGM results, can be found here: <https://www.keywordsstudios.com/investors/reports-and-presentations/>. All 2021 AGM resolutions were passed comfortably. The votes on all resolutions were taken on a poll to ensure that full shareholder representation was reflected.

Investors have access to current information about the Company through the Company's website, www.keywordsstudios.com. The Company uses electronic communications with shareholders in order to maximise efficiency.

Ross Graham
Chair of the Board – 13 December 2021