

Following the recent consultation by the London Stock Exchange, new [AIM Rules](#) were published in March 2018. One of the key amendments is in respect of AIM Rule 26 (as set out in [AIM Notice 50](#)), which now requires AIM companies to state on their website which recognised corporate governance code they apply and how they have applied that code.

The Board of Directors of MelodyVR Group PLC are committed to developing and applying high standards of corporate governance appropriate to the Company's size and stage of development. The Board of Directors has adopted the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

A revised version of the QCA Code (the "Revised Code") was published in April 2018, based on the 'comply or explain' principle.

The QCA Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail, under 'application') and a set of disclosures. The Code states what is considered to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The table below sets out the principles, the application recommended by the QCA code. It then sets out how MelodyVR Group PLC complies with the requirements and if there are any departures from the code, providing links to appropriate disclosures where applicable. These are based upon the recommended disclosures provided in the QCA code.

These disclosures were last reviewed on the 25 July 2019.

QCA PRINCIPLE	APPLICATION	HOW MELODYVR GROUP COMPLIES	DEPARTURES AND REASONS	LINKS
DELIVER GROWTH				
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>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.</p>	<p>The Board of Directors has clearly set out the vision for MelodyVR Group PLC for the medium to long term communicating this with stakeholders through regulatory announcements as well as interim and annual financial reports.</p> <p>The Board of Directors meet on a regular basis to discuss the strategic direction of the Company and progress in achieving against its aims.</p> <p>MelodyVR Group PLC provides detailed disclosure on the Company’s business model and strategy in the Annual Report and regulatory announcements. Strategic objectives and risks are disclosed here as well.</p>	<p>None</p>	

[Annual Report pg. 3-4](#)

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 understand the motivations behind shareholder voting decisions.

MelodyVR Group PLC has a Board of Directors with experience in understanding the needs and expectations of its shareholder base. It supplements this board by inviting experienced advisors to Board meetings and discussions as well as consulting professional advisers in the form of NOMAD and Broker, and Auditor who provide advice and recommendations in various areas of its communications with shareholders.

MelodyVR Group PLC engages with shareholders in the following way:

- The Company website has been designed as an information hub providing up to date information to shareholders. The website is reviewed on a regular basis to ensure the information is up to date, relevant and contains copies of all Company communications and public documents.

The Company does not currently have a dedicated investor relations role nor corporate PR firm. The Board feels that this is appropriate given the size and stage of development of the Company.

Contact details:
<http://melodyvr.group/contact/>

Copies of the Company's annual report:
[Annual Report](#)

Copies of regulatory announcements:
<http://melodyvr.group/news/>

- The Company provides regular updates to the market via the Regulatory News Service.

- The Company's Annual Report provides the required information with regard to historical performance, strategy and objectives of the Company.

- An Annual General Meeting is held to which all shareholders are invited and may engage with the Board of Directors.

- The Executive management team meet with shareholders regularly to discuss the Company's performance and business model and strategy and feedback from these meetings is reported to the Board.

- Contact details for the Company are provided on the Company website along with public documents.

3. Take into account wider stakeholder and social responsibilities and their

Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers,

Resources and relationships on which the business relies are its customers, shareholders, employees, rights holders and suppliers.

The Company monitors social media channels, shareholder communication channels as well as customer support portals to ensure

<http://melodyvr.group/contact/>

implications for long-term success

customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. 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. 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.

The Company's long term success is reliant on a number of key partnerships that have been secured that encompass music rights, venues rights and technologies. The Board continues to deepen and expand these relationships to develop all opportunities available to the business.

Employees are encouraged to raise any concerns they may have with relevant management and are also provided with independent contact should they not want to engage directly with their managers.

stakeholder feedback is considered and acted upon where appropriate

<https://melodyvr.group/help-faqs/>

<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-customer. 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>MelodyVR Group PLC recognises that risk is inherent in all of its business activities and that these risks can have a financial, operational or reputational impact. The Company's system of risk identification, supported by established governance controls, ensures that it effectively responds to such risks, whilst acting ethically and with integrity for the benefit of all of our stakeholders. Once identified, risks are evaluated to establish root causes, financial and non-financial impacts, and likelihood of occurrence. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified and responsibilities for implementing them assigned.</p> <p>The Company's management is responsible for monitoring the progress of actions to mitigate key risks. The risk management process is continuous; when material are captured in a risk register and key risks are reported to the Audit Committee and to the full Board.</p>	<p>None</p>	<p>Annual Report pg. 6</p>
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MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK				
<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. 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. 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. The board</p>	<p>The Board is responsible for setting the strategic direction and management of the of the Company while ensuring that there are established and adequate policies and procedures in place to safeguard Company assets and resources. It is the directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal controls and risk management.</p> <p>The Board is comprised of five directors, two of whom are non - executives.</p> <p>The non-executive directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence</p>	<p>While it is acknowledged that the role of Chairman and CEO is currently conducted by the same individual, the Board is seeking up to three additional non-executive members and have engaged recruitment specialists to find suitable candidates. While the role of Chairman and CEO is traditionally separated in the United Kingdom (UK), United States of America (US) investors and shareholders will often advise the role to be conducted by the same individual. Considering the balance of MelodyVR Group PLC shareholders that are UK vs. US based, the Board feels that it is appropriate for these roles to be conducted by the same individual - acknowledging that additional non - executive representation</p>	<p>Details and experience of the board: http://melodyvr.group/board-and-committee/</p>

should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.

of each non-executive director is assessed at least annually.

will provide the required balance necessary.

Both non – executive directors have received option/warrant awards and are thus not considered independent. As detailed below, the Board have engaged recruitment specialists with the mandate of finding additional non - executive Board members. The new members (once hired) will receive remuneration in such a way so as not to impair their independence.

The Board of Directors meet at least six times a year as a full board.

The board has appointed a number of subcommittees to assist in its activities.

None

The terms of reference of the board committees are reviewed regularly and are available on the Company's website

melodyvr.group/board-and-committee/

The Remuneration Committee consists of Simon Cole (Committee Chairman) and Grant Dollens. It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration as well as determining any options awards to employees and contractors.

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

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. The board should not be dominated by one

The Audit Committee consists of two non-executive Directors: Andy Botha (Committee Chairman) and Simon Cole. The Audit Committee meets at least twice a year to consider the annual and interim financial statements as well as the audit plan. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the financial statements and internal control systems.

The Board of MelodyVR Group PLC has been assembled to allow each director to contribute the necessary mix of experience, skills and personal qualities to deliver the strategy of the company for the benefit of the shareholders over the medium to long term. Full details of the Board Members and their relevant experience and skills can be found on the Company website: melodyvr.group/board-and-committee/

None

[Director Details](#)

person or a group of people. Strong personal bonds can be important but can also divide a board. 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.

Together the Board of Directors have the relevant music sector experience, the skills associated with running large public companies, technical skills and technical and financial qualifications to assist the Company in achieving its stated aims.

The Directors keep their skillsets up to date through the range of roles they perform, external training (where necessary) and consideration of technical and industry updates.

The Board has sought external advice and assistance from recruitment specialists on engaging additional non - executive directors with relevant experience. In addition to this advice the Board seeks advice in the normal course of business from Board advisors, auditors, lawyers and tax compliance specialists. No other external advisers have been engaged by the Board of Directors, except as noted above.

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

The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. 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. 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.

The role of Company Secretary provided with technical support (where necessary) from the Company's lawyers, this is considered adequate at the Company's current stage of development.

MelodyVR Group PLC internally assesses the effectiveness of the Board at every Board meeting, given its current stage of development as an entity this is considered adequate at the moment. As highlighted above the Board have engaged Recruitment specialists to engage additional non - executive Directors with relevant skill sets.

The Board will consider the need for external performance review and will take appropriate action when it is deemed appropriate.

<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<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. 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. Corporate values should guide the objectives and strategy of the company. 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. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any</p>	<p>The executive team promote the corporate culture and ideals the Board consider provide the greatest competitive advantage, the desired ethical behaviours across all levels of the Company as well as the Corporate values. These are communicated by the executive team across the entire business through daily interaction and senior supervision which is considered adequate given the current scale of the organisation.</p>	<p>None</p>	
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	other statements issued by the company			
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: size and complexity; and capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	<p>The current governance structures are considered adequate for the current stage of the company.</p> <p>The board has appointed a number of subcommittees to assist in its activities. The terms of reference of the board committees are reviewed regularly and are available on the Company's website melodyvr.group/board-and-committee/</p> <p>As referred to above, additional non-executive Board members are currently being sought.</p>	None	
BUILD TRUST				
10. Communicate how the company is governed and is performing by	A healthy dialogue should exist between the board and its stakeholders, including	The Company communicates with its shareholders through its Annual Report and Accounts, annual and interim	None	Annual Report

maintaining a dialogue with shareholders and other relevant stakeholders

shareholders, to enable all interested parties to come to informed decisions about the company. Appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).

announcements, the AGM and individual meetings with shareholders. Copies of all annual reports, notices and governance-related material are available on the company website: www.melodyvr.group

The executive management team meets with the Company's investors through briefings at least twice a year, coinciding with the Company's annual and interim results and at other times during the year.

[Copies of regulatory announcements:
http://melodyvr.group/news/](http://melodyvr.group/news/)

