

The Board has elected to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the changes under the new AIM rule 26 requiring all AIM listed companies to adopt and comply with a recognised corporate governance code.

The Quoted Companies Alliance (QCA) Corporate Governance Code resolves around ten principles and this report sets out how the Company currently complies with this code.

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

The Company's strategy is to create a sustainable, growing restaurant business through our focus on increasing customer awareness of the attractive nature of our offering, continued selective investment in new sites, addressing underperforming existing sites and identifying low risk routes to extend the presence of our brands within the UK.

It is Board's role to ensure that the Company is managed for the long term benefit of its shareholders. Corporate governance is an important part of this, reducing risk and adding value to the business.

The Group's latest Annual Report and Interim Results provide further detail on the Group's strategy and business model, as well as the key challenges faced by the Company in achieving its goals.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company listens and communicates openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Given the makeup of our shareholder base, currently this is undertaken on an informal basis rather than through investors road shows or institutional presentations.

The Company engages with shareholders in the following ways:

- There is a regular dialogue with key investors.
- Feedback from key investors is provided to the Board on a regular basis and, where appropriate, the Board seeks to take steps to address their concerns and recommendations.
- In addition to announcements that the Company periodically makes to the market, the Board uses the annual general meeting to communicate with shareholders and welcomes their participation.

Corporate information (including all Company announcements) is available to shareholders, investors and public on the Company's corporate website, <https://www.richoux.co.uk/announcements>.

The Company's Chief Executive Officer, Jonathan Kaye, is primarily responsible for shareholder liaison. He can be contacted by email at jk@richouxgroup.co.uk.

If shareholders wish to discuss any matters with the Company's Chairman, Simon Morgan, he can be contacted by email at Simon.Morgan@cms-cmno.com.

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

The Company recognises that long-term success relies upon good relations with its stakeholder groups, both internal (workforce) and external (suppliers, customers, regulators and others). As part of the Company's annual planning process, the Company identifies its stakeholders and their respective needs, interests and expectations.

We are committed to a culture of respect and a positive, productive working environment, which is free from any form of discrimination. We are an equal opportunities employer and are committed to treating all current and potential new recruit equally.

The Company values feedback from its stakeholders and the mechanisms in place include:

- Direct feedback from customers which the site teams report back centrally to senior management on a daily basis to act upon where appropriate.
- The Company also operates a formal external ‘Mystery diner’ scheme with every site visited each month with a formal structured feedback mechanism to ensure the customer experience attains high level of standards, quality and service expectations.

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

The Company operates a risk assessment process, which is embedded in normal management and governance processes. As part of the annual planning and budgeting process, the Company’s management document the significant risks identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks. The Group’s latest Annual Report and Interim Results provide further detail on the key risks faced by the business.

The Company’s directors are responsible for the Company’s system of internal control and for reviewing its effectiveness, whilst the role of management is to implement policies on risk management and control. The Company’s system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company’s business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Company operates a series of controls to meet its needs. These controls include, but are not limited to, the annual strategic planning and budgeting process, a clearly defined organisational structure with authorisation limits, reviews by senior management of monthly financial and operating information including comparisons with budgets, and cash flow reports and forecasts to the Board.

The Company’s audit committee (“AC”) is responsible for reviewing the effectiveness of internal controls. The AC will receive reports from management and observations from the external auditors concerning the system of internal control and any material control weaknesses. Significant risk issues, if any, will be referred to the full Board for consideration.

The Board does not believe it is currently appropriate to establish a separate, independent internal audit function, given the size of the Company.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair

The Board sets the Company’s overall strategic direction, reviews management performance and ensures that the Company has the necessary financial and human resources in place to meet its objectives. The Board is satisfied, given the size of the Company’s current operations that the necessary controls and resources exist within the Company to enable these responsibilities to be met.

The Chairman is responsible for running the business of the Board and for ensuring strategic focus and direction. The Chief Executive Officer proposes the strategic focus to the Board, implementing it once approved and overseeing the management of the Company through the executive team.

The Board comprises the non-executive Chairman, two executive directors and two non-executive Directors. The Board and Committee responsibilities are set out below:

	Non-Executive / Executive Director	Board	Audit Committee	Remuneration Committee
Simon Morgan	Non-Executive	Chairman	Member	Member
Salvatore Diliberto	Non-Executive	Member	Member	Member
The Hon. Robert A. Rayne	Non-Executive	Member	Member	Member
Jonathan Kaye	Executive	Member		

Medhi Gashi	Executive	Member		
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Currently, the Board considers Simon Morgan to be an independent Non-executive Director. The Board does not consider Salvatore Diliberto or The Hon. Robert Rayne to be independent.

The composition of the Board is reviewed regularly. Appropriate training, briefings, and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

The Directors' employment and service contracts are summarised below:

- Jonathan Kaye has an employment agreement which provides for the payment of six months' base salary if the agreement is terminated by the Company without cause.
- Mehdi Gashi has an employment agreement which provides for the payment of six months' base salary if the agreement is terminated by the Company without cause.
- The non-executive Directors' letters of appointment are for an initial 12-month term and provide that their appointment may then be terminated by either party giving to the other not less than three months' notice.

Non-executive Directors, per their letters of appointment, have a time commitment to the Company which including attendance as required at monthly Board meetings and at the Company's annual general meeting. In addition, non-executive Directors are expected to devote appropriate preparation time ahead of each meeting.

One third of all Directors are subject to annual reappointment by shareholders as well as any Director appointed by the Board in the period since the Company's last annual general meeting.

The Board currently meets every two month with additional meetings or conference calls held as required. Each Director is provided with sufficient information to enable him to consider matters in good time for meetings to enable them to discharge their duties properly.

All Directors have access to the advice and services of the Company Secretary. In addition, any Director may take independent professional advice if necessary, at the Company's expense.

The Board receives weekly briefings on the Company's performance and receive periodic commentary and analysis on key issues and risks affecting the Company's business.

The Board also ensures that the principal goal of the Company is to create shareholder value, while having regard to other stakeholder interests and takes responsibility for setting the Company's values and standards.

There is a documented schedule of matters reserved for the Board, the most significant of which are:

- responsibility for the overall strategy and management of the Company;
- approval of strategic plans and budgets and any material changes to them;
- approval of the acquisition or disposal of subsidiaries and major investments, projects and contracts;
- oversight of the Company's operations ensuring competent and prudent management, sound planning and management of adequate accounting and other records;
- changes relating to the Company's capital structure;
- final approval of the annual and interim financial statements and accounting policies;
- approval of the dividend policy;
- ensuring an appropriate system of internal control and risk management is in place;
- approval of changes to the structure, size and composition of the Board;
- review of the management structure and senior management responsibilities;
- with the assistance of the Remuneration Committee, approval of remuneration policies;
- delegation of the Board's powers and authorities;

- consideration of the independence of the Non-Executive Directors; and
- receiving reports on the views of the Company's shareholders.

The Company maintains liability insurance for its Directors and Officers.

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

The Board has a strong mix of operational, commercial and financial skills and experience, with certain members of the Board having extensive experience across the multi-site restaurant sector.

- Governance experience is provided by Simon Morgan who is a corporate law partner at CMS Cameron McKenna Nabarro Olswang LLP
- Strategic operational, commercial and creative experience is provided by Jonathan Kaye (CEO) and Mehdi Gashi (Operation Director), both of whom previously occupied similar roles at Prezzo plc.
- Real estate experience is provided by Robert Rayne who is a director of Derwent London plc and LMS Capital plc.
- Salvatore Diliberto has a lifetime of experience in the catering industry. He joined City Centre Restaurants in 1984 as a director of The Black Angus Steak Houses Limited. He was managing director of ASK Restaurants Limited from 1994 to 2004.

The Board considers and reviews the requirement for continued professional development. The Board undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates. The Nomad and external advisers also support this development, by providing guidance and updates as required.

Anwer Piracha FCCA performs the function of Company Secretary as outlined in the Code. The role includes preparing for and running effective Board, including the timely dissemination of appropriate information. In addition, the Company Secretary is responsible for assisting the Directors in ensuring that the group entities are managed, controlled and administered within the parameters of their governing documents and are compliant with regulatory requirements and filing obligations.

Anwer has established direct lines of communication with each of the Directors and provides information, advice and guidance as required, and plays an active and central role in ensuring good governance and provides an additional point of contact between the Company and its advisers on matters of governance and investor relations.

The Company also receives advice from its external advisors, specifically UHY Hacker Young LLP (Technical Accounting and Taxation Services) and Cenkos Securities Plc (Nominated Adviser and Broker).

Simon Morgan

Non-executive Chairman

Age: 55

Appointed: 01st March 2018

Simon is currently a corporate law partner at CMS Cameron McKenna Nabarro Olswang LLP. He specialises in corporate transactions in the media, real estate, and leisure sectors.

Simon keeps his skills up to date through exposure to multiple businesses where he acts legal advisor and attending appropriate training courses and seminars, and by reading widely.

Simon is considered independent given his modest equity interest in Richoux (0.09% at 27th September 2018).

Salvatore Diliberto

Non-Executive Director

Age: 78

Appointed: 10th August 2007

Salvatore has a lifetime of experience in the catering industry. He was operations manager for City Hotels from 1972 to 1984 with responsibility for thirty restaurants. Salvatore joined City Centre Restaurants in 1984 as a Director of The Black Angus Steak Houses Limited. He ran an independent restaurant from 1988 to 1993 as well as various franchises for the City Centre Group. He was managing director of ASK Restaurants Limited from 1994 to 2004.

Given his equity interest in Richoux (approximately 17.1% at 27th September 2018), Salvatore is not to be considered independent.

The Hon. Robert A Rayne

Non-Executive Director

Age: 69

Appointed: 04th October 2010

The Hon. Robert A. Rayne is chairman of Derwent London plc and a director of LMS Capital plc, an international investment company listed on the Main Market of the London Stock Exchange. He has expertise in a wide range of sectors, including real estate, media, consumer, technology, and energy. He has been on the Boards of a number of public companies both in the USA and the UK, including First Leisure Corporation and Crown Sports. He is also a director of Weatherford International Ltd and Chyron Corporation, as well as a number of unlisted companies.

Given his equity interest in Richoux (approximately 14.0% at 27th September 2018), he is not to be considered independent.

Jonathan Kaye

Chief Executive Officer

Age: 40

Appointed: 15th November 2016

Jonathan was the founder and Chief Executive Officer of the Prezzo restaurant group. Prezzo was floated on AIM in 2002, with a market cap of £9.1 million. Jonathan grew Prezzo over a 13 year period to over 245 restaurants operating under the Prezzo (207 units) and Chimichanga (39 units) brands. Prezzo was sold in 2015 for £304 million to TPG Capital. Jonathan has a range of other business interests in property and leisure companies, and served as a non-executive on the Board of the Comptoir Group Plc.

Mehdi Gashi

Operation Director

Age: 40

Appointed: 24th November 2016

Mehdi started working in restaurants in 2001 when he joined Prezzo plc. While at Prezzo he played a key role in operations and delivering the roll out of the Prezzo restaurant brand across the UK. Mehdi was appointed as an executive director of Prezzo plc in 2012. Mehdi left Prezzo in March 2016 following its sale to TPG Capital for £304 million.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board provides leadership in the development, implementation and promotion of the Company's Strategy. The Board ensures that the Company's culture and values are aligned with this strategy.

The Board meet regularly, to review;

- business performance
- property matters including potential new sites opportunities
- strategic considerations
- progress of previously agreed actions

The Company proposes to establish a Board effectiveness review to enable the Board to stand back and assess its strengths and areas of development. This review will be conducted internally and will be performed annually.

- Richoux has adopted a Board Effectiveness Questionnaire (“Questionnaire”) designed to focus on the QCA Corporate Governance Code’s 9 principles of corporate governance.
- The Questionnaire will be completed annually following the financial year end.
- All members of the Board will be required to complete the Questionnaire.
- The results of the Questionnaires will be collated by the Company Secretary and the Board will at the following Board meeting review: (i) the average score in each of the 10 sections, (ii) the top 5 scores, and (iii) the lowest 5 scores, in order to identify areas of strength and areas for development.
- The Board will consider those questions where there is a significant range of responses, especially where executive Board members and independent non-executive Directors have divergent views, and explore the reasons for then.
- Following the Questionnaire review, the Board will prepare an action plan, with an implementation timetable.

The effectiveness of the Board will also be measured on the achievements of the Company’s annual budget and strategic plan.

Given the Company’s size and level of maturity, the Company does not have internal succession candidates for the executive Directors. The Company’s approach would therefore in the event an executive Director replacement is required, seek to recruit through a recruitment search process. The Board is satisfied that the Company’s middle management will ensure the Company’s business is not adversely impacted in the period between an executive Director leaving and a replacement being recruited.

Given the size of the Company, there is no Nominations Committee. The full Board reviews and determine appropriate candidates for appointment as new directors to the Board. Senior management appointments are required to be approved by the Board.

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

Successful companies have a strong culture and deeply rooted shared values. In common with most restaurant operators, at Richoux, we know that the skills, experiences and passion of our employees are genuinely what enable our customers to experience the highest level of quality, standards and service.

With a growing business, the level of team diversity and multi-site operations, we have recognised the importance of our culture and values. Our culture and values are underpinned by the ultimate strategy which promotes all day dining that is accessible to everyone in terms of affordability and atmosphere.

It is crucial that people feel as though they are walking into a family environment every time they enter a Richoux. Our teams are chosen carefully, we want people who share the same passion and drive that we have for our customers.

We have a code of conduct which all team members sign up to when they begin their employment with Richoux. This includes subjects covering conflicts of interest, fraud, bribery and corruption. We take a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all business dealings and relationships.

We operate an internal 'care card' process whereby the Operations Team (including individual restaurant managers) make unannounced visits to sites and carry out a comprehensive review culminating with the completion of a detailed report which includes evaluation that all team members are working to the highest ethical standards.

The Board undertakes informal enquiries of employees to ensure these values are upheld and promoted to ensure a healthy corporate culture.

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

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer ("CEO"). The Chairman acts as the communicator for Board decisions where appropriate.

The Company has adopted the QCA Corporate Governance Code.

The Company recognises its responsibility to provide entrepreneurial and responsible leadership to the Group within a framework of prudent and effective controls (described below) allowing assessment and management of the key issues and risks impacting the business.

The Board sets the Company's overall strategic direction, reviews management performance and ensures that the Company has the necessary financial and human resources in place to meet its objectives. The Board is satisfied that the necessary controls and resources exist within the Company to enable these responsibilities to be met.

Board Committees

The Company has an Audit Committee and a Remuneration Committee, details of which are set out below.

Audit Committee ("AC")

The AC members comprise Simon Morgan, who is the Committee Chairman, Salvatore Diliberto and The Hon. Robert A Rayne meeting at least twice a year. The Company's Accountant and the Company's external auditors attend the meetings.

The AC's activities during the year, based on its terms of reference, are set out below:

- Review the scope and results of the external audit, its cost effectiveness and the objectivity of the auditors.
- Review prior to publication, the interim financial statements, preliminary results announcement, the annual financial statements and the other information included in the Annual Report.
- Consider the regulatory, technical and operational risks of the Company and ensure these risks are properly assessed, monitored and reported on and the appropriate policies and procedures are in place

Remuneration Committee ("RC") Report

The RC comprises Simon Morgan, who is the Committee Chairman, Salvatore Diliberto and The Hon. Robert A Rayne. The RC meets at least twice a year.

The RC's reviews the performance of the Executive Directors and set the remuneration of the Executive Directors. In addition, the RC determines the payment of bonuses to Executive Directors and approves the Company's bonus and incentive arrangements for employees.

The remuneration of the Chairman and Non-Executive Directors is decided upon by the Board of Directors.

The RC is also responsible for ensuring the Company's share option schemes are operated properly and approves the share option grants to Executive Directors and employees.

The matters reserved for the Board are set out above in relation to principle 5.

Evolution of the Company's governance framework

The Board will, as the Company's business develops and grows, review the appropriateness of the governance framework on an ongoing basis, including the composition of the Board and the requirement for an internal audit function, to ensure the Company delivers on its strategy and goals whilst maintaining appropriate governance structures. In addition, the Board will review annually and update this report with respect to compliance with the QCA Corporate Governance Code. The first such review is expected to occur no later than 30 June 2019.

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

The Company communicates with shareholders through the Annual Report (which includes the Independent Auditor's Report and further detail on key management compensation and remuneration of Directors), Interim and annual announcements, the annual general meeting and meetings with individual existing or potential new investors.

Corporate information (including all Company announcements and Regulatory News, historical annual reports and notices of general meeting) is available to all shareholders, investors and members of the public on the Richoux Group's corporate website, www.richoux.co.uk/announcements

The Board receives regular updates on the views of the shareholders through briefings and reports from the Chief Executive Officer, The Chairman and the Company's external brokers.

The Company maintains an informal open communication policy with its employees and every quarter representatives from the management teams of each restaurant and all field and central support employees meet regularly to review performance and to ensure they are aware of the go forward Company focus.

The Company operates a formal customer experience Net Promoter Score ('NPS') scheme with each restaurant receiving a visit each month from an external 'mystery customer'. The feedback is communicated through a report distributed to the Operations Team providing a total score for the visit and detailed narrative to support all findings. The score are incorporated into the site management bonus scheme.