

The Fulham Shore PLC
 Corporate Governance
THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of small company institutional investors as a corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". To see how the Company addresses the key governance principles defined in the QCA Code please refer to the table below.

David Page, Chairman

A copy of the Company's most recently published annual report and accounts can be found [here](#).

This disclosure was last reviewed and updated on 16 December 2019

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

DELIVER GROWTH

QCA Code Principle	Application (as set out by QCA)	What we do and why
<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>Fulham Shore's strategy is explained fully within our Strategic Report section on pages 3 to 5 of our Annual Report for the year ended 31 March 2019.</p> <p>Our strategy is focused around three key components: food quality, price and service.</p> <p>The principal risks and uncertainties affecting the business and how these are mitigated is detailed on pages 9 - 10 of our Annual Report for the year ended 31 March 2019.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.</p> <p>The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>Fulham Shore encourages two-way communication with both its institutional and private investors and aims to respond quickly to all queries received. The Chairman and the other Directors talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the Board.</p> <p>The Board recognises the Annual General Meeting ('AGM') as an important opportunity to meet shareholders. The Directors are available to listen to and discuss the views of shareholders informally immediately following the AGM.</p> <p>Where voting decisions are not in line with the Company's expectations the Board will engage with those shareholders to understand and seek to address any issues.</p> <p>Shareholder enquiries should be directed to info@fulhamshore.com.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<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</p>	<p>Fulham Shore is committed to improving all aspects of our business – for the environment, customers, suppliers and the communities we operate in. This is evidenced and underpinned by our key areas of focus:</p>

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	<p>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>1. Customers – operate attractive restaurants offering good value and delicious food, and thereby grow profitable sales</p> <p>2. Quality – Food quality and operational excellence</p> <p>3. Suppliers – work closely with our suppliers to develop and maintain strong long-term relationships</p> <p>3. Environment/community – run our business responsibly, paying attention to environmental and community issues</p> <p>5. Teamwork – engage, enthuse and retain our people.</p> <p>Fulham Shore has in place established systems for employee consultation, feedback and communication of developments in each of the Franco Manca and The Real Greek businesses, and as a Group.</p> <p>Fulham Shore encourages (and responds to) feedback from our customers through engagement with individual customers in our restaurants and through social media such as Facebook and Instagram. By way of example, we regularly review and update our menus, seeking to innovate and to respond to customers' changing tastes and requirements.</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-customer.</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>The principal risks and uncertainties section on pages 9 – 10 of our Annual Report for the year ended 31 March 2019 details the principal risks to the business and how we seek to mitigate these.</p> <p>The Board considers risks to the business at every Board meeting (at least 8 meetings are held each year) and the risk register is reviewed regularly. The Company formally reviews and documents the principal risks to the business at least annually.</p> <p>Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.</p>

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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<p>5. Maintain the board as a well-functioning, balanced team led by the chairman</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 Company is controlled by the Board of Directors. David Page, the Chairman, is responsible for the running of the Board and Nabil Mankarious, the Managing Director, has executive responsibility for running the Group's business and implementing Group strategy.</p> <p>All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional</p>

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	<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 fulfill their roles.</p>	<p>advice in the furtherance of the duties, if necessary, at the Company's expense.</p> <p>The Board comprises four Executive Directors and two Non-Executive Directors. The Board considers that the Non-Executive Directors bring valuable independent judgement to bear on Board discussions.</p> <p>With the exception of Nicholas Donaldson, the Executive Directors work full time for the Group. So far as concerns Nick Donaldson and the Non-Executive Directors there is no minimum time requirement in their letters of engagement; they make themselves available to the Company as required.</p> <p>A full schedule of the Directors' attendance of board and committee meetings is included in the Company's Annual Report.</p> <p>The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committees.</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>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>	<p>Biographies of the Directors, including their skills and experience, are set out on pages 11 and 12 of the Annual Report of the Company for the year ended 31 March 2019 and on the Company's website.</p> <p>Any Board appointments are dealt with by the Board itself. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Board also considers succession planning.</p> <p>The Board collectively has significant experience of the restaurant and in particular casual dining sector. Any developments in the sector are discussed at board level to ensure that the Directors keep their knowledge up to date. In addition, the Board receives regular updates on the corporate and regulatory environment from its professional advisers.</p> <p>The Company Secretary supports the Chairman, as required, in addressing the training and development needs of Directors.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<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</p>	<p>As noted on page 14 of the Annual Report of the Company for the year ended 31 March 2019, during the financial year the Board carried out an evaluation of its performance as a whole, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. It is the intention of the Board that, in the future, this process will be carried out in each financial year.</p> <p>All Directors undergo a performance evaluation before being proposed for re-election to ensure that:</p> <ol style="list-style-type: none"> 1. their performance is and continues to be effective;

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	<p>member of the board should become indispensable.</p>	<p>2. where appropriate, they maintain their independence; and 3. they are demonstrating continued commitment to the role.</p> <p>Appraisals are carried out each year across the Group's senior management team by Board process, under the leadership of the Company's Chairman, David Page.</p> <p>The Company has no formal succession plan in place but the board is mindful of the long term prospects of the Group and would consider both internal and external appointments to senior roles.</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviour</p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviour 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. 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 Board aims to lead by example and to do what is in the best interests of the Company. For example:</p> <ol style="list-style-type: none"> 1. introducing corporate social responsibility initiatives including, for example, Franco Manca providing food to homeless people during the Christmas period 2018/19. 2. applying HM Government's national living wage to all of our staff, irrespective of age. 3. as part of the Company's acquisition of the Franco Manca business, the Chairman and the Managing Director gave shares in Fulham Shore to all of the employees of Franco Manca. <p>The Company's management structure at restaurant and regional level ensures that the Company has the means to ensure that the Company's ethical values are being recognised and respected throughout the Group.</p>
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<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>Our Corporate Governance section on pages 13 -14 of our Annual Report for the year ended 31 March 2019 details the Company's governance structures and why they are appropriate and suitable for the Company.</p> <p>The Company has established audit and remuneration committees of the Board, with formally delegated duties and responsibilities.</p> <p>The Audit Committee</p> <p>Following the publication of the Company's Annual Report for the year ended 31 March 2019 and the 2019 AGM in August 2019, Nicholas Donaldson and Nicholas Wong, both Executive Directors of the Company, resigned from the Company's Audit Committee to ensure the independence of the Audit Committee.</p> <p>The Audit Committee now comprises Desmond Gunewardena, who acts as chairman of the Audit Committee and Martin Chapman. A quorum shall be two members of the Audit Committee. The Audit Committee</p>

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		<p>meets at least twice a year and at such other times as the chairman of the Audit Committee shall deem necessary. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place.</p> <p>Remuneration Committee</p> <p>Following the publication of the Company's Annual Report for the year ended 31 March 2019 and the 2019 AGM in August 2019, David Page, Executive Chairman, resigned from the Company's Remuneration Committee to ensure the independence of the Remuneration Committee.</p> <p>The Remuneration Committee now comprises of Martin Chapman, who acts as chairman of the Remuneration Committee, and Desmond Gunewardena. A quorum shall be two members of the Remuneration Committee. The Remuneration Committee will meet at such times as the chairman of the Remuneration Committee or the Board deem necessary. The Remuneration Committee shall determine and review the terms and conditions of service of the executive directors and the non-executive directors. The Remuneration Committee also reviews the terms and conditions of any proposed share incentive plans, to be approved by the Board and the Company's shareholders.</p> <p>The Company does not have a Nomination Committee. Any Board appointments are dealt with by the Board itself. Any Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting following their appointment.</p> <p>The Company has a schedule of matters reserved for the Board. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions.</p>

BUILD TRUST

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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> <p>the communication of shareholders' views to the board; and</p> <p>the shareholders' understanding of the unique circumstances and constraints faced by the company.</p> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company encourages two-way communication with both its institutional and private investors and aims to respond quickly to all queries received. The Chairman, and other Directors, talk regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.</p> <p>The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to and discuss the views of shareholders informally immediately following the AGM.</p> <p>The Company also communicates how it is performing, and how it is governed, through regulatory announcements and through its website, which is updated regularly.</p> <p>The report on Directors' remuneration is available on pages 15 to 18 of our Annual Report for the year ended 31 March 2019.</p> <p>The Company's financial reports for the last five years can be found on the Investors page of the Company's website.</p> <p>Notices of General Meetings of the Company for the last five years can be found at the back of our Annual Reports which can be found on the Investors page of the Company's website.</p> <p>The Company will publish the results of all General Meetings in the future and, if there is a significant proportion of dissenting votes, will seek to understand the reason(s) behind such votes.</p>