

Statement of Compliance with the QCA Corporate Governance Code

Chairman's Introduction

Restore plc continues to extend its position as an important operator in the UK office services market. It remains focused on activities where it can generate excellent returns with strong visibility. It is a leader in its primary activities and it has an impressive track record of strengthening its market position. The Board ensures that the Group is managed for the long-term benefit of all shareholders with corporate governance being an essential part of this.

Martin Towers
Chairman

Changes to corporate governance regime

The Board adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code in 2018. Our report sets out in broad terms how we comply at this point in time. We will provide annual reviews on our compliance with the Code.

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

We provide inter-related office support services to customers throughout the UK, using our proven acquisition-based model, resources and expertise to create value that is shared with our investors and used to fund continued growth.

We do that through:

- Operating in attractive markets with good margins
- Building market share through: acquisitions and investment and leveraging our group customer base
- Increasing operating margins through building scale and synergies
- Sharing value created with shareholders
- Reinvesting in existing businesses and entering closely related markets

The Group's latest Annual Report provides further details 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 CEO and CFO are the Company's principal contact for investors, fund managers, the press and other interested parties and in addition the Chairman is available, if required. The Company meets regularly with its large investors and institutional shareholders who along with analysts are invited to meetings by the Company after the announcement of the Company's results. The Company conducts bi-annual investor roadshows in the UK. At the Annual General Meeting, all investors are given the opportunity to question the entire Board.

Corporate information (including all Company announcements) is available to shareholders, investors and the public on the Company's website.

Charles Bligh is primarily responsible for shareholder liaison; to request a meeting please contact ir@restoreplc.com

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

Connecting with our stakeholders develops our relationships and allows us to develop the Group. Our shareholders, suppliers, customers and employees are our most important stakeholders.

Our suppliers:

We agree supplier terms of business with all of our authorised suppliers and recognise that they must be able to maintain their businesses for the Group to continue to benefit from their services.

Our customers:

Our market is primarily UK offices where we offer a range of closely related services. These services are operationally complex and mission-critical. High-quality performance is necessary but, if this is delivered, customers benefit from the consistency of the existing supplier.

Our customer base covers a broad range of both private and public sector entities.

Examples of our market sector penetration include:

- 94% of top 100 UK legal practices
- 81% of UK National Health Trusts
- 67% of local authorities in England, Wales and Scotland
- 88% of FTSE 100 companies
- 86% of top 50 UK accountancy companies

We seek to establish longstanding customer relationships across the entire Group and customer relationships are critical to future success. All key relationships with customers are maintained by an account manager to ensure that they are maintained and any issues are addressed in a timely manner.

Our Employees:

We seek to recruit and retain the best employees. Our view is that encouraging diversity amongst our workforce helps us achieve this and ensures we deliver the best service to our customers.

We believe that power and responsibility go hand in hand. Employees know what is expected of them and have the power to make decisions to meet those expectations.

We aim to ensure our workforce is representative of society and each employee feels respected and able to give their best.

We are committed to equality and fairness for all employees, and do not discriminate on the grounds of gender, gender reassignment, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or age.

Under the guidance of our HR teams, employee feedback is reviewed to ensure that all businesses provide suitable communications with employees. The Board acknowledge the importance of communication within the group and staff are encouraged to hold regular meetings with their managers to ensure that their performance is discussed and evaluated.

Specifically over the last year we have:

- Released another positive gender pay gap report
- Rolled out our 2nd year of save as you earn scheme for all employees with more than six months service.

As our Group increases in scale, we are able to offer greater stability, development and career opportunities to our people, but without losing the flexibility to treat people as individuals.

Our community and charity incentives:

We care for the communities in which we work. Group initiatives include our work with the PricewaterhouseCoopers Growing Talent project, helping unemployed participants to find work, and our support for Crisis at Christmas, where we worked together to donate clothing, toiletries, food and transport to help them set up.

As well as providing local employment opportunities, our individual businesses also support charities and community groups in various ways. For example, Restore Harrow Green continued their working relationship with St Joseph's Hospice in London, carrying out the equivalent of two weeks' worth of voluntary work so that hospice staff could focus on their frontline work.

Restore Records Management continues to support the Surrey Care Trust, which provides learning, training, volunteering opportunities and support for people held back through disadvantage and hardship, and the Willow Foundation, which helps people aged 16 to 40 who have been diagnosed with a life-threatening illness.

Restore Datashred have raised money for Share Tanzania this year, and also supports several regional hospices.

In addition to our Group initiatives, we encourage employees to support charities and help in our communities, by sponsoring fundraising efforts and by allowing time away from work to participate in events for a range of approved charities.

Modern Slavery:

Restore plc has a zero-tolerance approach to slavery and is committed to preventing acts of slavery and human trafficking from occurring within both its business and supply chain, and imposes those same high standards on its contractors, suppliers and other business partners. Our policy is available on the plc website: www.restoreplc.com

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

The Company has established a Risk Committee who convene every four months and discuss and continue to assess the Group's most significant risks. These include; people, property, infrastructure and IT, health and safety, financial, environmental and reputational risks. Both of our divisions are represented within the Committee and maintain updated risk registers that are updated at every meeting. The Risk Committee reports directly to our Group Board and our Operations Board. We seek to understand our current and future risks and put a strategic plan in place should a potential area of concern be highlighted.

The Group is led and controlled by the Board comprising two Executive Directors and four Non-Executive Directors. Board meetings are held on a regular basis and no significant decision is made other than by the Director's. All Directors participate in the key areas of decision making.

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Group has clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Company has established an Audit Committee who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

The Group's latest Annual Report provides further detail on the key risks faced by the Group.

Principle 5: Maintain the Board as a well-functioning, balanced team lead by the Chair

The Board is lead by the Non-Executive Chairman and includes two Executive Directors and three Non-Executive Directors. The Board meets on a regular basis and make all of the significant decisions in the Group. The Board is satisfied that there is a suitable balance between Company knowledge and independence in order to discharge its duties and responsibilities effectively. All Non-Executives are considered to be independent, and are able to commit the required time necessary to fulfil their roles.

During 2019 there have been seven Board meetings to date which have been attended by all Board members.

The key activities have included:

- Divisional reviews
- Health and Safety
- GDPR
- Corporate branding
- Group risk register
- Executive remuneration
- Acquisition strategy and detail
- Governance updates

All Board Directors commit the necessary time required to fulfil their roles. Further detail on the Directors is set out on the Company's website and in the Company's latest Annual Report.

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

The Board is satisfied that between the Directors there is an effective balance of skills and experience. All Directors receive regular and timely information on both the Group's operational and financial performance. Information is circulated to the Director's in advance of meetings. The Group reports monthly on its performance against its agreed target and the Board reviews this at each meeting. Contracts for the Directors are available for inspection at the Group's Head Office and at the Annual General Meeting.

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.

All Directors submit themselves for re-election at the Annual General Meeting at regular intervals.

The biographies of each of the directors, including their experience and skills, are available on the Company's website and in the Company's latest Annual Report.

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

Our Chairman continues to ensure that contributions made to the Board are relevant, independent, effective and encourage debate. Over the next 12 months further review of the Board functionality will be undertaken to include assessments of whether Board members attend and actively contribute to meetings as well as thoughts on board composition, external advisers and other relevant matters.

The Nomination Committee was established during 2018 and comprises of the Non-Executive Directors. The Committee is chaired by Martin Towers unless the matter under discussion is their own succession. Other Directors are invited to attend as appropriate. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. It is anticipated that the Committee will usually meet to discuss succession planning for key senior executives.

The Board and Nomination Committee undertake regular assessments of management to ensure that they maintain a successful strategy in order that succession plans are in place. The Board aim to maximise development of internal talent and where appropriate involve external recruitment.

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

We seek to recruit and retain the best employees in order to deliver the best service to our customers. We believe that power and responsibility go hand in hand. We aim to ensure our workforce is representative of society and all employees feel respected and able to give their best. In order to guide our employees, the Group maintains and regularly reviews the Anti-Bribery and Whistleblowing policies.

As our Group increases in scale, we are able to offer our employees greater stability, development and career opportunities. We care for the communities in which we work and have various Group initiatives as outlined in our Annual Report.

Feedback from all stakeholders, as described in relation to Principle 3, allows the Board to monitor its corporate culture and ethical values and behaviours within the business.

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

The Board is responsible for the overall leadership, strategy, development and control of the Group in order to achieve its strategic objectives.

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control, in order to safeguard the assets of the Company and to enable risks to be properly managed.

The Chairman is responsible for running the Board and ensuring that there is appropriate focus and direction. The CEO is responsible for proposing that focus, and once approved, implementing and reviewing it through the senior management team.

The CFO is responsible for the financial reporting and financial management of the Group and all finance, audit and tax matters.

The Board is supported by the Audit, Remuneration and Nominations Committees.

The terms of reference for which (along with matters reserved for the Board) are available on the Company's website: www.restoreplc.com

The Board intends to keep all of the Company's governance arrangements under review over the next 12 months to ensure that they are relevant and evolve as the Group continues to develop.

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 and Accounts, full-year and half-year announcements, the Annual General Meeting and one-to-one meetings with large shareholders. Our corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's website www.restoreplc.com

The Directors' remuneration report and independent Auditor's report form part of the Company's Annual Report, which is available to view on the Company's website, along with all other historical annual reports and notices of meeting.

Updated September 2019