



## Corporate Governance Statement – reach4entertainment enterprises plc

*(The information contained in this document was last reviewed on 26 September 2018)*

*In this document, unless the context otherwise requires:*

- *references to **r4e** or to the **Company** are to reach4entertainment enterprises plc (and references to **our**, **us** and **we** are to be construed accordingly)*
- *references to the **Group** are to the group of companies of which r4e is the parent company; and*
- *references to the **Board** are to the board of directors of the Company.*

### THE CHAIR'S ROLE AND RESPONSIBILITY FOR CORPORATE GOVERNANCE

#### Background

As the Chair of the Board and the Company, I have overall responsibility for ensuring that good corporate governance is embraced by r4e and the Group as a whole. In doing so, I work with and consider the views of Board members, the Company's executive management team, and its advisers.

In March 2018, the AIM Rules were changed such that all AIM companies are obliged, from 28 September 2018, to apply a recognised corporate governance code, providing details of that code on its website along with details of how the company complies with or departs from that code.

On 22 March 2018 the Board of r4e resolved to adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies, 2018 edition (the "**QCA Code**") with effect from 28 September 2018 or earlier. The Board believes that the QCA Code provides the Group with the right governance framework in view of its size, strategy, resources and stage of development, as it offers a flexible but rigorous outcome-oriented framework in which we can continue to develop our governance model to support our business.

#### Corporate governance statement requirements

As the Chair, I also have overall responsibility for the preparation of a corporate governance statement which:

- Clearly articulates my role and demonstrates my responsibility for corporate governance
- Explains, at a high level, how the QCA Code is applied by the company and how its application supports the company's medium- to long-term success;
- Explains, in a clear and well-reasoned way, any areas in which the company's governance structures and practices differ from the expectations set by the QCA Code; and
- Identifies any key governance related matters that have occurred during the year, including any significant changes in governance arrangements.

#### Approach

I have therefore set out below how the QCA Code is applied by the Company and, where the Company does not comply fully with the expectations of the QCA Code, an explanation of the

reasons for such departure (if applicable). We will review our position regularly and, when preparing our annual report and accounts (“**Annual Report**”), will identify any significant changes in our corporate governance over the previous 12 months. During this process we will also consider our governance framework and whether it should evolve further, in line with the Group’s development.

We have approached the disclosure requirements with the mindset of explaining and demonstrating the company’s good governance to external stakeholders.

The QCA Code is based on ten broad principles and a corresponding set of disclosures, it states what they consider to be appropriate applications for growing companies, and it asks them to provide an explanation as to how they are meeting each principle, through various disclosures.

As at 26 September 2018, the Board considers that it does not depart from any of the principles of the QCA, and our statement of compliance and explanations (‘How We Meet and Apply the Principles, and Why We Take this Approach’) sets out both how we comply and why we comply in the way we do. This will be reviewed annually in line with the requirements of the QCA code, usually each Spring, ahead of the publication of our Annual Report.

Our primary means of communicating the Group’s corporate governance structure is through the Annual Report and various disclosures made on the Company’s website, including this document. Nevertheless, where specific questions are raised by private individual shareholders, institutional investors or other stakeholders, we engage directly with those parties, principally through the Chief Executive Officer or – where appropriate – through certain other members of our executive management team, namely the Chief Financial Officer and the Chief Operating Officer. I have set out further below how the Board is led, its responsibilities, our approach to risk management, our governance structure and how we engage with stakeholders.

## **Culture and values**

Finally, a word about our corporate culture. We seek to communicate our corporate culture through staff inductions and presentations, company-wide gatherings, and other means of engagement. We rely upon our management structure, and our internal reporting structures, to assess whether our core values have been respected, and the current state of our corporate culture; and the leaders of our operating businesses are tasked with ensuring consistency of internal adherence, on an ongoing basis.

We seek to promote the core values of: (i) respect for our people, clients and partners; (ii) performing to the highest standards internally and externally to deliver against our targets; (iii) collaboration through mutual trust, knowledge sharing and teamwork; (iv) transparency by being honest about what we do, how we do it, and the challenges we face; and (v) measured ambition and commitment to personal growth.

r4e is committed to gender diversity – as well as other forms of diversity – and we have a number of women in senior management roles. When recruiting for Board vacancies we fully recognise our responsibility for gender diversity as we seek to ensure that we have an appropriate mix of skills on the Board.

**Lord Michael Grade**  
**Chair**

## **COPORATE GOVERNANCE PRINCIPLES – AND APPLICABILITY TO R4E**

The ten QCA Code corporate governance principles – organised by overall underlying objective – are set out below; and all apply to r4e:

### **DELIVER GROWTH**

- |   |                    |                                                                                                              |
|---|--------------------|--------------------------------------------------------------------------------------------------------------|
| 1 | Long-term strategy | Establish a strategy and business model which promote long-term value for shareholders                       |
| 2 | Shareholder needs  | Seek to understand and meet shareholder needs and expectations                                               |
| 3 | Other stakeholders | Take into account wider stakeholder and social responsibilities and their implications for long-term success |
| 4 | Risk management    | Embed effective risk management, considering both opportunities and threats, throughout the organisation     |

### **MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK**

- |   |                       |                                                                                                                     |
|---|-----------------------|---------------------------------------------------------------------------------------------------------------------|
| 5 | Board balance         | Maintain the board as a well-functioning, balanced team led by the chair                                            |
| 6 | Board fit for purpose | Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities            |
| 7 | Board performance     | Evaluate board performance based on clear and relevant objectives, seeking continuous improvement                   |
| 8 | Ethical culture       | Promote a corporate culture that is based on ethical values and behaviours                                          |
| 9 | Governance structures | Maintain governance structures and processes that are fit for purpose and support good decision-making by the board |

### **BUILD TRUST**

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| 10 | Communication | Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders |
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## HOW WE MEET AND APPLY THE PRINCIPLES, AND WHY WE TAKE THIS APPROACH

### DELIVER GROWTH

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

Application requirement	How we meet and apply the principle	Why this approach
<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 meets formally in person on a regular basis – at least once a quarter – when, amongst other things, it sets and monitors our strategy and business model by way of an open and lively discussion about how best to grow the company for the long-term, under a standing agenda item “Strategy for long-term value”. It also approves the annual budget and forward-looking plans, as well as examining M&amp;A opportunities.</p> <p>The strategy is then encapsulated once a year within our CEO’s Statement in the Annual Report, which is reviewed and approved by all directors. Our strategy is to expand within and beyond our established market; to broaden our service offerings; and to improve efficiency, profitability, and value for our clients through the sharing of best practice, innovation, and the use of technology, whilst continuing to be recognised as a collection of the biggest and brightest theatrical, film and live entertainment advertising, marketing and display agencies in the world.</p> <p>As part of that strategy, most of our key personnel participate in a long-term incentive plan. This grants them share options, the vesting of which are both time- and performance-based.</p> <p>Our 2017 Annual Report talked to a challenging market environment for our New York subsidiary, SpotCo. We identified a turnaround plan that includes: continue servicing our client base to the best of our ability, build on our recent successes for new business wins, maintain a greater discipline in relation to costs, and integrate with the management and skills base across the wider Group.</p>	<p>Having a specific standing agenda item helps to ensure the Board maintain focus on the long-term, and that the strategy is a shared one.</p> <p>Our strategy seeks to grow our market and service offering reach because growth in our traditional London and New York theatre sector is limited by a fixed and relatively small number of available venues.</p> <p>The dual approach to share option vesting helps ensure key personnel stay in the business and focus on growing it.</p>

	Details of the directors' promoting of the Group's success are set out in the Group Finance Director Report on page 15 of the 2017 Annual Report.	
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## 2. Seek to understand and meet shareholder needs and expectations

Application requirement	How we meet and apply the principle	Why this approach
<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>The Board recognises the importance of communications with shareholders. There is regular dialogue with institutional shareholders including presentations after the Company's interim and final announcements of the half-year and full-year results.</p> <p>The Board uses the Annual General Meeting ('AGM') to communicate with private and institutional investors and welcomes their participation. For the 2018 AGM, there was a high level of response to voting, but a low level of attendance in person at the meeting.</p> <p>If voting decisions at AGMs or any General Meetings are not in line with the Company's expectations, the Board will engage with shareholders to understand and address any issues informing those decisions.</p> <p>Our COO, Paul Summers, and our Interim CFO, Ralph Wilson, attended the UK Investor Show, in May 2018, where many potential future shareholders – and some current shareholders – engaged in useful dialogue.</p> <p>Company and Advisers' contact details are included on all such communications, and these are also set out at the foot of this governance statement.</p>	<p>The Board welcomes communication with all shareholders.</p> <p>It anticipates a keen interest from larger shareholders, and it values the opportunity to meet with those and any other interested shareholders on a regular basis, both to ensure all relevant messages have been clearly communicated, and to give shareholders a platform for feedback and constructive challenging.</p> <p>The Board wishes communication with shareholders to be two-directional, regular and varied.</p>

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

Application requirement	How we meet and apply the principle	Why this approach
<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 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>The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole.</p> <p>The Board also understands that it has a responsibility towards employees, partners, customers and suppliers. Our corporate social responsibility approach continues to meet these expectations. The Board also understands that it has a responsibility to consider, where practicable, the social, environmental and economic impact of its approach.</p> <p>We encourage paperless ticketing of live-entertainment events for our clients' customers, wherever practicable. Further, during 2018, we have conducted a recycling push in our offices, designed to minimise waste. And from the perspective of the global environment, we seek to utilise technology instead of travelling, especially long-haul, where needs permit. That said, because we are a transatlantic business, we do incur occasional trips from the UK to the USA, which we deem necessary for the proper performance of our managerial responsibilities.</p> <p>The Board, mainly via the Company's CEO and CFO, receives regular formal and informal feedback from our various stakeholder groups, for example industry regulators, corporate advisers, clients, suppliers and employees.</p> <p>Key resources and relationships arise from our business model primarily in the shape of KPI focus upon clients, employees, and key governance matters.</p> <p>Feedback from our clients has led us to seek more attractive media buying arrangements; our employees have led us to protect the quality of our creative work and relationships despite commercial pressures; and our Nomad and Auditor have ensured we maintain a focus upon compliance and accurate disclosures.</p>	<p>We recognise that a narrow commercial approach that is overly focused upon clients and profits is unlikely to be sustainable long-term.</p> <p>Moreover, as we develop our brand over the years ahead, for the sake of our shareholders, our clients, our employees, and all of our other stakeholders, we know that each of those partners will help create a virtuous circle of excellence.</p> <p>We are in the business of promoting tickets to live events, which ultimately depends on reputations and relationships.</p>

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

Application requirement	How we meet and apply the principle	Why this approach
<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 Board is responsible for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, any system can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has an established Audit Committee, included in whose remit is the approval of significant new contracts, whereby the committee takes into consideration the balance of risk and return, opportunity and threat.</p> <p>The Company receives regular feedback from its external auditors on the state of its internal controls. The Board maintains a risk register – a standing item on its agenda – and it publishes an annual summary of the significant risks and uncertainties in the Annual Report.</p> <p>The Group's operating units are tasked with annual budgets, quarterly forecasting and monthly reporting, and are obliged to comment on material variances from previous expectations. The financial forecasting and reporting also includes schedule highlighting risks of opportunities.</p>	<p>We recognise that risks are both financial and non-financial, and that the best way to manage them is to maintain a regularly reviewed risk register.</p> <p>This allows us to monitor the full range of risks, from client concentration and people management, to liquidity and foreign exchange, to technology and data regulation.</p>

## MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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

Application requirement	How we meet and apply the principle	Why this approach														
<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 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 should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and</p>	<p>Our directors are:</p> <p><u>Executive Directors</u></p> <table data-bbox="689 472 1388 571"> <tr> <td>Marc Boyan</td> <td>CEO</td> </tr> <tr> <td>Linzi Allen</td> <td>CFO (on maternity leave)</td> </tr> <tr> <td>Ralph Wilson</td> <td>Interim CFO</td> </tr> </table> <p><u>Non-Executive Directors</u></p> <table data-bbox="689 651 1326 788"> <tr> <td>Lord Michael Grade</td> <td>Chair</td> </tr> <tr> <td>Sir David Michels</td> <td>Deputy Chair</td> </tr> <tr> <td>Marcus Yeoman</td> <td>Senior Independent</td> </tr> <tr> <td>Charles Lycett</td> <td>Other Independent</td> </tr> </table> <p>Their bios are located at:  <a href="http://www.r4e.com/investor-relations/directors-and-governance/the-board/">http://www.r4e.com/investor-relations/directors-and-governance/the-board/</a></p> <p>The Chair of our Board, Lord Grade, owns the Board’s agenda, the minutes of its meetings, and holds it to account for agreed actions. He attends all Board meetings, and leads by example, turning around requirements swiftly and to a high standard. He ensures that Board papers are always distributed in advance of meetings, enabling all directors to review before getting together to discuss.</p> <p>The Board is collectively responsible for the success of the Company, and entrepreneurial leadership is balanced by the scrutiny and oversight provided by independent Non-Executive Directors. There is a clear division of responsibilities between Board members, and all Directors have access to the advice and services of the Company Secretary.</p>	Marc Boyan	CEO	Linzi Allen	CFO (on maternity leave)	Ralph Wilson	Interim CFO	Lord Michael Grade	Chair	Sir David Michels	Deputy Chair	Marcus Yeoman	Senior Independent	Charles Lycett	Other Independent	<p>The Chair – together with the independent and other non-executive directors – are a vital balance and sounding board for the more operationally focused executive directors.</p> <p>Lord Michael Grade and Sir David Michels are retained on the Board for the sound business reasons as set out on page 18 of the 2017 Annual Report.</p> <p>The numbers of days’ service required of the directors is set so as to provide sufficient time for preparation and attendance at regular Board meetings, together with availability on an on-call basis throughout the year, as required.</p>
Marc Boyan	CEO															
Linzi Allen	CFO (on maternity leave)															
Ralph Wilson	Interim CFO															
Lord Michael Grade	Chair															
Sir David Michels	Deputy Chair															
Marcus Yeoman	Senior Independent															
Charles Lycett	Other Independent															

<p>knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>During the first half of 2018, the mix of directors changed, with the departure of Claire Hungate, the arrival of Sir David Michels, and the divesting of Gate Ventures plc's shareholding – thus making their director on our board, Lord Michael Grade, independent. The Chair and the Senior Independent Director together sought advice from our Nomad, who supported the view that the current mix of the Board is suitably balanced. As at September 2018, our Board consists of two Executive Directors and four Non-Executive Directors, including three Independent Directors – one of whom, Marcus Yeoman, is the designated Senior Independent Director.</p> <p>Expectations are set with each director – through their service agreements – for a minimum number of days required for the fulfilling of their duties, typically around 15 to 20 days, and more in the case of the Chair.</p> <p>The Board maintains separate Audit, Remuneration, and Nomination committees. Their respective terms of reference are located at: <a href="http://www.r4e.com/investor-relations/directors-and-governance/committees/">http://www.r4e.com/investor-relations/directors-and-governance/committees/</a></p> <p>The Board has met 9 times in the twelve months to September 2018, the committees have met a couple of times each, and no director has missed more than one meeting during that time.</p> <p>The Board is supported by various advisers: Auditor, Broker, Company Secretary, Nomad, Legal, PR, &amp; Tax, as required.</p>	
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**6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

Application requirement	How we meet and apply the principle	Why this approach
<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. 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>Each member of our Board has deep and wide experience within the marketing and media sector, with the exception of Sir David Michels who has deep and wide experience in the broader commercial world. A majority of the directors have had previous public markets experience.</p> <p>Following the resignation of Claire Hungate, there still remains a woman on the Board, Linzi Allen. The Chair, the CEO, and the Board as a whole are mindful of gender balance, and – when the need for new director(s) arises – seek individuals who challenge the status quo and who bring fresh ideas, experience, and industry knowledge and contacts.</p> <p>All directors are required to keep up-to-date with latest trends, regulations, and industry awareness. Each director achieves this through a mix of their substantial involvement in our sector, broad reading, and extensive networks.</p> <p>Where a particular topic warrants specific education, the Board will bring in a specialist to talk to the subject. That includes an annual briefing on AIM Rules.</p> <p>The Nominations Committee takes responsibility for overseeing the selection of Board members and for ensuring that they are equipped with the correct range of experience, knowledge, integrity and ethics.</p>	<p>As the Company seeks to grow, it is likely that we will need to increase the representation of directors who bring can open commercial doors as well as remaining independent.</p> <p>The Company is at a stage where its traditional markets and historic geographies are relatively saturated, and therefore everyone, including the Board, needs to be able to leverage commercial contacts, without compromising their primary roles and responsibilities.</p>

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

Application requirement	How we meet and apply the principle	Why this approach
<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 member of the board should become indispensable.</p>	<p>Our Board reviews the effectiveness of its performance as a unit, as well as that of its committees and the individual directors, on an annual basis, usually in Spring each year, ahead of the publication of the Annual Report and the Company’s AGM. Reviews are conducted internally, by the Nomination Committee, taking input from the CEO and our Nomad. Independent professional advice is taken as required.</p> <p>Effectiveness is considered against the criteria of strategic input, independence, integrity, and value creation.</p> <p>Succession planning is considered following the outcome of each year’s performance evaluation, and takes into account any feedback from shareholders and the CEO. Evaluation at the start of 2018 – upon the impending departure of Claire Hungate – concluded that we needed to bolster the commercial breadth, which we did with the hiring of Sir David Michels. We also brought in a new CEO, in October 2017, further to a prolonged period of relatively flat results.</p> <p>Directors are required to resign by rotation at least once every three years, and their reappointment is a matter of recommendation by the Chair and CEO, for consideration and approval by the Nomination Committee.</p>	<p>We recognise that success depends upon continually challenging ourselves and assessing performance impartially and objectively.</p> <p>Whilst our Board is strong in theatre and media, we were aware that it was perhaps light in broader commercial experience – which we consider to be of key importance as we look to grow both revenue and especially profit.</p>

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

Application requirement	How we meet and apply the principle	Why this approach
<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.</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>We seek to communicate our corporate culture through staff inductions and presentations, company-wide gatherings, and other means of engagement. We rely upon our management structure, and our internal reporting structures, to assess whether our core values have been respected, and the current state of our corporate culture; and business unit leaders are tasked with monitoring internal compliance on an ongoing basis.</p> <p>We seek to promote the core values of: (i) respect for our people, clients and partners; (ii) performing to the highest standards internally and externally to deliver against our targets; (iii) collaboration through mutual trust, knowledge sharing and teamwork; (iv) transparency by being honest about what we do, how we do it, and the challenges we face; and (v) measured ambition and commitment to personal growth.</p> <p>r4e is committed to gender diversity – as well as other forms of diversity – and we have a number of women in senior management roles. When recruiting for Board vacancies we fully recognise our responsibility for gender diversity as we seek to ensure that we have an appropriate mix of skills on the Board.</p> <p>We assess the state of the current culture to be a work in progress. Whilst most values are lived and breathed throughout the organisation, we are focused upon continuing to develop collaboration and measured ambition.</p> <p>The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected, primarily through the maintenance of a focus on the same within the Company’s dedicated Human Resources function. The Board specifically reviews corporate culture as an annual agenda item.</p>	<p>We recognise that a corporate culture based on ethical values and behaviours is not only consistent with – but also essential for – succeeding to deliver long-term value.</p> <p>The combination – of ambition, collaboration, excellence, transparency and respect – match our corporate strategy of growth through diversification of services, and cross-fertilisation of ideas and best practice.</p>

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

Application requirement	How we meet and apply the principle	Why this approach
<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"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <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>The Company’s governance structure and processes are set out on our website and within the Corporate Governance Statement on pages 18 to 19 of our Annual Report. Our Board consists of 6 directors, and our Committees comprise 2 to 3 directors each. We delegate significant operational responsibility and authority to our experienced business unit leaders, whilst monitoring progress against forecasts on a regular basis.</p> <p>Lord Michael Grade, as Chair, is responsible for leading an effective Board, fostering a good corporate governance culture and ensuring appropriate strategic focus and direction. He is also responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company’s strategy and its overall implementation. The Chair must ensure that the Board receives accurate, timely and clear information, and that there is good dialogue between the Board and its Committees, as well as between Non-Executive Directors, the Company’s executive management team and the Group’s other senior management. Michael chairs any general meetings of the Company where shareholders have an opportunity to address questions and matters for discussion with attending Board members. He is also available to shareholders as and when required.</p> <p>Marc Boyan, as Chief Executive Officer, leads the Company and the Group, and is responsible for proposing the strategic focus, and for implementing it once approved by the Board. He is also specifically responsible for presenting trading updates in person to the investor community.</p> <p>We will continue to evolve the governance framework in line with the company’s plans for growth, with an annual review each Autumn. We plan to streamline the governance framework disclosure, combining current disclosure elsewhere on the website with that in this document.</p>	<p>We believe the current structure and processes are appropriate for our size and complexity, and our capacity appetite and tolerance for risk, since they balance the requirement for strong corporate governance with the need to be nimble, efficient and effective.</p>

## BUILD TRUST

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

Application requirement	How we meet and apply the principle	Why this approach
<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 structures should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> <li>• the communication of shareholders' views to the board; and</li> <li>• the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company publishes required announcements and other news to the market when it has material updates to share, inviting inbound approaches for information. We published approximately 35 such announcements in the last 12 months.</p> <p>As soon as practicable after any general meeting has concluded, the results of the meeting are released through a regulatory news service, and a copy of the announcement is posted on the investor relations news pages of the Company's website. In accordance with the Company's Articles of Association, votes at general meetings are held on a poll, where every member has one vote for every share held. The published results set out the result of the poll for each resolution, including votes for, votes against and votes withheld.</p> <p>Our website is publicly available, making our outbound communications accessible to all stakeholders, and inviting inbound questions and feedback.</p> <p>If it became relevant, where a significant proportion of votes (e.g. 20% of independent votes) were cast against a resolution at any general meeting, the Company would explain what actions it would intend to take to understand the reasons behind the vote.</p> <p>We provide contact details on our website, and accompanying all reports and announcements, for any shareholder or other stakeholder to communicate their views to the Board.</p> <p>These communication practices are thus described, i.e. herein on our website.</p>	<p>We welcome feedback from, and dialogue with, any stakeholder through any communications channel.</p> <p>We conduct regular client, employee and business partner meetings, to ensure that governance and performance are communicated and reviewed across our whole stakeholder base.</p>

## DISCLOSURE LOCATIONS

Principle	Subject	Required disclosure	Location
1	Long-term strategy	<p>Annual Report</p> <ul style="list-style-type: none"> <li>Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).</li> </ul>	2017 Annual Report – Strategic Report, pages 6 to 7
2	Shareholder needs	<p>Website</p> <ul style="list-style-type: none"> <li>Explain the ways in which the company seeks to engage with shareholders and how successful that has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.</li> </ul>	Within the Principle 2 narrative in the 'How We Meet and Apply' section of this document
3	Other stakeholders	<p>Website</p> <ul style="list-style-type: none"> <li>Explain how the business model identifies the key resources and relationships on which the business relies;</li> <li>Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).</li> </ul>	Within the Principle 3 narrative in the 'How We Meet and Apply' section of this document
4	Risk management	<p>Annual Report</p> <ul style="list-style-type: none"> <li>Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.</li> </ul>	2017 Annual Report – Strategic Report pages 13 to 15, and Corporate Governance Statement page 20
5	Board balance	<p>Annual Report</p> <ul style="list-style-type: none"> <li>Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service of otherwise, this must be explained;</li> <li>Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors);</li> <li>Include the number of meetings of the board (and any committee) during the year, together with the attendance record of each director.</li> </ul>	<p>2017 Annual Report – Corporate Governance Statement pages 18 to 19</p> <p>Further to our adoption of the 2018 QCA Code, the attendance record of each director is referred to in this document and</p>

Principle	Subject	Required disclosure	Location
			will be included in the 2018 Annual Report
6	Board fit for purpose	<p>Annual Report</p> <ul style="list-style-type: none"> <li>• Identify each director;</li> <li>• Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium- to long-term;</li> <li>• Explain how each director keeps his/her skillset up-to-date;</li> <li>• Where the board or any committee has sought external advice on a significant matter, this must be described and explained;</li> <li>• Where external advisers to the board or any of its committees have been engaged, explain their role;</li> <li>• Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.</li> </ul>	<p>2017 Annual Report – Directors schedule on page 16</p> <p>Board Committees section of the Corporate Governance Statement on page 19</p> <p>Further to our adoption of the 2018 QCA Code, how each director keeps up-to-date is described within the Principle 6 narrative in the ‘How We Meet and Apply’ section of this document, and will be included within the 2018 Annual Report</p>
7	Board performance	<p>Annual Report</p> <ul style="list-style-type: none"> <li>• Include a high-level explanation of the board performance effectiveness process;</li> <li>• Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.</li> </ul> <p>Website</p> <ul style="list-style-type: none"> <li>• Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of:</li> </ul>	<p>2017 Annual Report – page 15 of the Group Strategic Report and pages 18 to 19 of the Corporate Governance Statement.</p>

Principle	Subject	Required disclosure	Location
		<ul style="list-style-type: none"> <li>○ The criteria against which board, committee, and individual effectiveness is considered;</li> <li>○ How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and</li> <li>○ How often board evaluations take place.</li> <li>● Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process</li> </ul>	<p>Within the Principle 7 narrative in the ‘How We Meet and Apply’ section of this document</p>
8	Ethical culture	<p>Annual Report</p> <ul style="list-style-type: none"> <li>● Include in the chair’s corporate governance statement, how the culture is consistent with the company’s objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.</li> </ul> <p>Website</p> <ul style="list-style-type: none"> <li>● Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.</li> </ul>	<p>Further to our adoption of the 2018 QCA Code, culture disclosures are including within the Principle 8 narrative in the ‘How We Meet and Apply’ section of this document, and will be included within the 2018 Annual Report</p>
9	Governance structures	<p>Website</p> <p>In addition to the high-level explanation of the application of the QCA Code set out in the chair’s corporate governance statement:</p> <ul style="list-style-type: none"> <li>● Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups);</li> <li>● Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration;</li> <li>● Describe which matters are reserved for the board;</li> <li>● Describe any plans for evolution of the governance framework in line with the company’s plans for growth.</li> </ul>	<p>Within the Principle 9 narrative in the ‘How We Meet and Apply’ section of this document, and more widely on the Company’s website.</p>

Principle	Subject	Required disclosure	Location
10	Communication	<p>Annual Report</p> <ul style="list-style-type: none"> <li>• Describe the work of any board committees undertaken during the year;</li> <li>• Include an audit committee report (or equivalent report if such committee is not in place);</li> <li>• Include a remuneration committee report (of equivalent report if such committee is not in place);</li> <li>• If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.</li> </ul> <p>Website</p> <ul style="list-style-type: none"> <li>• Disclose the outcomes of all votes in a clear and transparent manner;</li> <li>• Where a significant proportion of all votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote;</li> <li>• Include historical annual reports and other governance-related material, including notices of all general meetings over the last five years.</li> </ul>	<p>2017 Annual Report – in the Corporate Governance Statement on page 19, and the Remuneration Policy Report on page 22</p> <p>Financials and Announcements section of our website</p>

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