

Application of the Code Principles

Chair's Introduction

The Board is committed to ensuring high standards of corporate governance and has decided to adopt and comply with the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). As the Group is AIM listed, the Board believes that this is the most appropriate corporate governance code to be used. The following report sets out each of the 10 principles of the QCA Code, along with an explanation of how the Group has applied them since admission to AIM.

The Group, and its Board and Committees, were constituted in September 2021 in preparation for admission to AIM on 8 October 2021. This report therefore relates to the period following AIM Admission to the end of the year, as well as setting out our intended approach to QCA Code compliance moving forwards.

Emma Woods

CHAIR

Principle 1

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

The Group's purpose, business model and strategy are clearly defined and set out on pages 6 to 23 of this report. This sets out the plans around delivery of long-term growth and how the Group's culture and values have been established to support its long-term success. The Board is responsible for implementing the strategy and managing the business of the Group, and time is allocated to discuss strategic matters at each Board meeting. The Board will also hold at least one dedicated strategy session each year.

Further details of the Board's responsibility for implementing the strategy and managing of the business are set out in the Matters Reserved for the Board which can be found on the Group's website: www.tortillagroup.co.uk/aim-rule-26

Principle 2

Seek to understand and meet shareholder needs and expectations

The Directors understand the fundamental importance of ensuring and maintaining an appropriate level of dialogue with shareholders. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for investor relations, with the Board ultimately being responsible for and ensuring a satisfactory dialogue with Shareholders. The Group's financial PR agency (Hudson Sandler) leads the preparation, coordination and communication of all dealings with the financial community and is the primary point of contact for shareholders and third parties.

Shareholders are kept up to date with announcements made via a Regulatory Information Service on matters of a material substance and / or a regulatory nature. The Group will also hold an Annual General Meeting ("AGM") each year which will provide all shareholders with the opportunity to meet the Chair and other members of the Board and ask questions. The results of the AGM will then be announced via a Regulatory Information Service ("RIS").

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

The Group considers the key stakeholders to be: employees, suppliers, customers, community, and regulators.

The Board understands that the Group's long-term success relies heavily upon strong relations with each of their stakeholders, and that they must ensure that the needs of each are understood and met.

The Board is committed to ensuring a continuous and open dialogue with its stakeholders, both internal and external. It is understood that stakeholder feedback must be integrated into both the Board's decisions and the Group's strategy and business model as is ultimately integral to the Group's success.

Further details can be found in the Section 172 Statement on pages 20 to 21.

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

The Board ensures that effective risk management, including the consideration of both opportunities and threats, is embedded throughout the Group. A risk management framework is in place and will be reviewed by the Board on an annual basis. Additionally, a robust internal control system has been set up and will be regularly reviewed.

A Risk Register is the central record of risks faced across different risk types and aggregated to reflect the business' overall risk profiles, has been established and is supported by more granular risk assessments within each business line. The Board and Audit Committee will regularly review the risk register, and in particular the principal risks facing the business, and will challenge management to ensure that appropriate mitigations are in place to manage risks within the Board's agreed appetite.

Further details can be found in the Matters Reserved for the Board and the Audit Committee Terms of Reference. Full details of the key risks faced by the business are set out on pages 22 to 23.



Principle 5**Maintain the Board as a well-functioning, balanced team led by the Chair**

The Non-Executive Chair is Emma Woods, who is responsible for leading the Board which currently comprises of two Executive Directors and three Non-Executive Directors ("NEDs"). Two of the NEDs, Emma Woods and Laurence Keen, are deemed by the Board to be independent in character and free from relationships or circumstances which could affect their judgement.

The Chair has the ultimate responsibility for corporate governance, and ensures that the Directors have access to timely, accurate and clear information from which to base their decisions, as well as ensuring that the Committees are functioning appropriately and the fiduciary requirements of the Board are being carried out.

The Board has established and is supported by three sub-committees; the Nomination Committee, Audit Committee and Remuneration Committee. Emma Woods is the Chair of the Nomination Committee whilst Laurence Keen is the Chair of the Audit and Remuneration Committees. The Board has determined that each Committee's members have the appropriate skills to discharge their duties.

The Board has agreed an annual schedule of activity for its meetings, and the meetings of its Committees. Additional meetings may be convened outside that schedule to deal with ad-hoc matters as they arise. Outside of formal Board meetings, they will meet at least annually with only the NEDs, and the NEDs shall meet annually to appraise the Chair's performance.

Prism Cosec was appointed in September 2021 to provide company secretarial support to the Group and its Committees, and is available to all Directors at any time should they require advice. All Board meetings will be minuted by the Company Secretary with the minutes approved at the subsequent meeting and signed on behalf of the Board.

The Board will normally meet at least six times per year and met on two occasions between AIM Admission and the financial year-end. Attendance at the Board and Committees between AIM Admission and the financial year-end is set out in the table below:

Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings Attended/ Eligible
Emma Woods	2/2	1/1	1/1
Richard Morris	2/2	-	-
Andy Naylor	2/2	-	-
Brandon Stephens	2/2	1/1	1/1
Loeiz Lagadec	2/2	-	-
Laurence Keen	2/2	1/1	1/1

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

Emma Woods and Laurence Keen have considerable previous experience as Directors of listed companies, and each brings appropriate experience to the Board. Andy Naylor (CFO) and Richard Morris (CEO) have been in the business for many years and also have the appropriate experience.

The Nomination Committee is responsible for overseeing the structure, composition and make-up of the Board and will lead the search and selection process for new Board appointments, including reviewing succession plans, evaluating the balance of skills, experience, independence and knowledge of Directors. Additionally, the Nomination Committee will consider diversity, experience, skills and knowledge of the Board on an ongoing basis.

The Board will receive regular briefings and updates for the Group's Nominated Adviser in respect of continued compliance with the AIM Rules.

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

The Board will regularly review the effectiveness of its performance, as well as that of the Committees and the individual Directors. It is intended that Board and Committee performance will be assessed on an annual basis to consider and assess individual's contributions and ensure that the Board is performing effectively as a whole.

It is understood by the Directors that for the Board to continue to perform effectively and continue to improve and develop that membership should be periodically refreshed. The Nomination Committee is therefore responsible for considering succession planning, reviewing Board composition, and training and will consider the use of external advisers as required.

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

The culture of the Group is set by the Board, and the Directors are committed to promoting a culture of honesty and ethical behaviour. All new staff to the Group receive training and information on the values and culture of the Group, as well as receiving regular communications from the senior Management team. The following policies, amongst others, are included in the Employee Handbook: Whistleblowing, Anti-Bribery, Equality and Diversity, Bullying and Harassment and Corruption and Bribery. The Group invests in creating a culture of employee engagement via the Workplace platform, in addition to which the CEO releases periodic all-employee updates.

Each of the Board Committees is responsible for ensuring an ethical culture is maintained.

The Matters Reserved for the Board includes oversight of competent and prudent management, ensuring workforce policies are consistent with the Group's values and supports long term success of the Group, and approves the strategic aims, objectives and disclosures in the Annual Report and Accounts.

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

The Chair has the ultimate responsibility for corporate governance and will ensure that the Board retains accountability for good governance and is responsible for monitoring the activities of the Senior Management team. Certain matters are specifically reserved for decision by the Board, and these are set out in a formal Schedule of Matters Reserved for the Board which was approved on Admission and will be reviewed annually going forwards. The matters reserved include decisions relating to:

- the Group's strategic aims and objectives;
- the structure and capital of the Group;
- financial reporting, financial controls and dividend policy;
- approval of significant contracts and expenditure above agreed delegated authority limits;
- effective communication with shareholders; and
- any changes to Board and Committee membership or structure.

The roles and responsibilities of the Chair and Chief Executive Officer are set out below:

Emma Woods, as Chair of the Board, is responsible for leading an effective Board, upholding high standards of corporate governance throughout the Group, particularly at Board level, and ensuring appropriate strategic focus and direction.

The CEO, Richard Morris, has overall responsibility for proposing the strategic focus to the Board, delivery of the business model and strategy and the day-to-day management of the Group's business.

Each of the Board Committees were established in accordance with the recommendations of the QCA Code. Each Committee supports the Board in effectively carrying out its responsibilities and is governed by their Terms of Reference which are reviewed and approved by the Board annually. Further detail on the roles and activity of the Audit and Remuneration Committees are set out in their respective reports below.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required by a particular appointment and identifies and nominates, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as required. The Nomination Committee comprises the three Non-Executive Directors, Emma Woods (Chair), Laurence Keen and Brandon Stephens.

Principle 10**Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

These responses to the principles of the QCA Code and the information that is contained in this report provide details to all stakeholders on how the Group is governed. The Group will communicate with its shareholders through:

- the Annual Report and Accounts;
- half-year report announcements;
- RIS announcements;
- AGM; and
- one-to-one meetings with large existing or potential new shareholders.

As outlined at principle 2, the Group maintains an active dialogue with its shareholders through its investor relations programme.

A range of Group information is included on the website (www.tortillagroup.co.uk).