



MHP SE IS A CYPRUS SOCIETAS EUROPEA (EUROPEAN PUBLIC LIMITED LIABILITY COMPANY), WHOSE SHARES IN THE FORM OF GLOBAL DEPOSITARY RECEIPTS (“GDRS”) ARE LISTED AND ADMITTED TO TRADING ON THE LONDON STOCK EXCHANGE.

MHP complies with the Companies Law of Cyprus, CAP 113 and voluntarily applies provisions of the corporate governance regime stated in the UK Corporate Governance Code to the fullest extent practical.

The main aspects of the Company’s corporate governance policy are described in the Corporate Governance Charter approved by the Board of Directors (the “Board”) on 10 May 2018.

Corporate Governance Charter

1. OBJECTIVES

MHP SE (the “Company”) is a Cyprus Societas Europea (European public limited liability company), whose shares in the form of global depository receipts (“GDRs”) are listed and admitted to trading on the Main Market of the London Stock Exchange.

In drawing up this Corporate Governance Charter (the “Charter”), the Company confirms its commitment to compliance with the Companies Law of Cyprus, CAP 113 and voluntary compliance to the fullest extent practical with the corporate governance regime stated in the UK Corporate Governance Code (the “Code”), which is reproduced in Annex A to this Charter. The Company upholds and will practice the highest standards of ethics and integrity in its relationships with its shareholders, directors, personnel, the business community and other third parties, including government and regulatory agencies. This Charter describes the main aspects of the Company's corporate governance policy.

2. COMPANY STRUCTURE AND SUMMARY ORGANISATION CHART

2.1. Description and core activities of the Company

The Company is a a société européenne having its registered office at 16-18 Zinas Kanther Street, Ayia Triada, 3035 Limassol, Cyprus registered with the Cyprus Registrar of Companies, initially incorporated in Luxembourg pursuant to a notarial deed of 30 May 2006, published in the Mémorial C, Recueil des Sociétés et Associations, number 1497 of 4 August 2006. On 27 December 2017, the Company was re-domiciled to Cyprus in the form of a private company limited by shares. The Company was formed to serve as the ultimate holding company of PJSC “Myronivsky Hliboproduct” and its subsidiaries. Hereinafter, the Company and its subsidiaries are referred to as “MHP”, “MHP Group” or the “Group”.

The principal business activities of the Group are poultry and related operations, grain growing, as well as other agricultural operations (mainly meat processing as well as cattle and milk production).The Group’s poultry and related operations integrate all functions related to the production of chicken, including breeding, hatching, fodder manufacturing (production of vegetable oils as by-products), raising and processing chickens as well as marketing and selling (both in Ukraine and for exports) of poultry products. Grain growing comprises the production and sale of grains. Other agricultural operations comprise the production and sale of sausages and convenience food, cattle and milk production.

The Group’s operational facilities, which are amongst the most technologically advanced in Ukraine, are located in 14 different regions of Ukraine.

2.2. Summary Organisation Chart

4.1.1 Strategy and Management

Responsibility for the overall leadership of the Group and setting the Group's values and standards.

Approval of the Group's long term objectives and commercial and investment strategy.

Approval of the annual operating and capital expenditure budgets of the Group and any material changes to them.

Oversight of the Group's operations ensuring:

- (i) competent and prudent management;
- (ii) sound planning;
- (iii) maintenance of sound management and internal control;
- (iv) adequate accounting and other records; and
- (v) compliance with statutory and regulatory obligations.

Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

Extension of the Group's activities into new business or geographic areas.

Any decision to cease to operate all or any material part of the Group's business.

4.1.2 Structure and Capital

- a) Approval of changes relating to the Group's capital structure including reductions of capital, share issues (except under employee share plans) and share buy-backs (including the use of treasury shares).
- b) Approval of major changes to the Group's corporate structure including, but not limited to, acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration).

Approval of changes to the Group's management and control structure.

Any changes to the company's listing or its status as a plc.

4.1.3 Takeovers

- a) Any decision regarding a takeover offer by the Company for another company which is subject to the City Code on Takeovers and Mergers.
- b) The response to any approach regarding a takeover offer for the Company.

4.1.4 Financial Reporting and Controls

- a) Approval of the annual report and accounts, including the strategic report, the directors' report, the corporate governance statement and the directors' remuneration report.
- b) Approval of the half-yearly report, interim management statements and any preliminary announcement of interim or final results.
- c) Approval of the dividend policy.
- d) Declaration of any interim dividend and recommendation of any final dividend.
- e) Approval of any significant changes in accounting policies or practices (following recommendations by the audit committee).
- f) Approval of treasury policies (including foreign currency exposure and the use of financial derivatives).
- g) Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

4.1.5 Internal Controls

Ensuring maintenance of a sound system of internal control and risk management including:

- (i) approving the company/group's risk appetite statements;
- (ii) receiving reports on, and maintaining oversight of the effectiveness of the Group's risk management and internal control processes to support its strategy and objectives;

- (iii) approving procedures for the detection of fraud and the prevention of bribery and corruption;
- (iv) undertaking an annual assessment of these processes; and
- (v) procuring the approval of an appropriate statement from the Audit Committee for inclusion in the annual report.

4.1.6 Contracts

- a) Approval of any major capital project.
- b) Approval of contracts which are material strategically or by reason of size, entered into by the Company or, in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings above EUR 25 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above EUR 25 million.
- c) Approval of contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments above EUR 25 million; foreign currency transactions above EUR 25 million; major acquisitions or disposals above EUR 25 million.
- d) Grant or receipt of loans or other credit by the company or any subsidiary not in the ordinary course of business where the value exceeds EUR 25 million.
- e) Major investments or divestments, including the acquisition or disposal of interests of more than 3 per cent in the voting shares of any company or making of any takeover offer.

4.1.7 Communication

- a) Convening general meetings of the Company and ensuring a satisfactory dialogue with shareholders.
- b) Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- c) Approval of all circulars, prospectuses, listing particulars and recommendations in respect of any matters or notices which may be submitted to the holders of the Company's securities in accordance with statutory requirements or requirements of the Financial Conduct Authority or London Stock Exchange or the Company's articles of association (save that approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee).
- d) Approval of press releases concerning matters decided by the Board.

4.1.8 Board Membership and Other Appointments

- a) Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- b) Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- c) Appointments to or removals from the Board, following recommendations by the Nomination Committee.
- d) Selection of the Chairman of the Board (the "Chairman"), the Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and senior management.
- e) Appointment of the Senior Independent Director to provide a sounding board for the Chairman and to serve as intermediary for shareholders and the other directors when necessary.
- f) Determining membership and chairmanship of Board committees following recommendations from the Nomination Committee.
- g) Making decisions about continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- h) Making decisions about continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and the terms of any service contract.
- i) Appointment or removal of the Company Secretary.
- j) Making recommendations to shareholders about appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

4.1.9 Remuneration

- a) Determining the remuneration policy for the directors, Company Secretary and other senior executives, following recommendations from the Remuneration Committee.
- b) Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- c) Approval of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

4.1.10 Delegation of Authority

- a) Establishing and determining the division of responsibilities between the Chairman, the Chief Executive Officer and other executive directors, which should be clearly established, set out in writing and agreed by the Board.
- b) Approval of the delegated levels of authority, including the CEO's authority limits (which must be in writing).
- c) Establishing the Board committees and approval of their terms of reference, and approving material changes thereto.
- d) Receiving reports from Board committees on their activities.

4.1.11 Corporate Governance Matters

- a) Undertaking a formal and rigorous review annually of the Board own performance, that of its committees and individual directors, and the division of responsibilities.
- b) Determining the independence of non-executive directors in light of their character, experience, judgement and relationships.
- c) Considering the balance of interests between shareholders, employees, customers and the community.
- d) Review of the Group's overall corporate governance arrangements.
- e) Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the board as a whole.
- f) Considering whether to authorise (and, if so decided, authorising) directors' conflicts of interest for the purposes of section 175 Companies Act 2006 (having regard to the Articles and any recommendations which may be made for this purpose by the appropriate committee of the Board, including with respect to the terms and conditions upon which any such authorisation should be given).

4.1.12 Policies

Approval and review of policies, including:

- (i) this Charter;
- (ii) Share dealing code;
- (iii) Inside information disclosure policy;
- (iv) Health and safety policy;
- (v) Environmental and sustainability policy;
- (vi) Corporate social responsibility policy;
- (vii) Charitable donations policy;
- (viii) Anti-bribery and corruption policy;
- (ix) Related party transaction policy;
- (x) Risk management policy;
- (xi) Internal audit policy;
- (xii) Whistleblowing policy; and
- (xiii) Human resources policy.

4.1.13 Other

- a) The making of any political donations.
- b) Approval of the appointment of the Group's principal professional advisers.
- c) Prosecution, defence or settlement of litigation or an alternative dispute resolution mechanism material to the interests of the Group.
- d) Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- e) Major changes to the rules of the Group's pension scheme, or changes of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.
- f) Any decision likely to have a material impact on the company or group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- g) This Chapter of powers of and matters reserved for the Board.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time from the Board committees, the senior management of the Group and the Group's professional advisers on any matter which it considers significant to the Group.

4.2. Composition of the Board

The Company shall be managed by the Board composed of at least three members, their number being determined by the general meeting of shareholders. Directors need not be shareholders of the Company or holders of other securities issued by the Company.

The Board may be composed of executive and non-executive directors. The Company should have at least two independent non-executive directors and if the Company enters the FTSE 350 index then at least half the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent. Independence is assessed taking into consideration the relevant provisions of the Code (Annex A).

If an Independent Director were to resign, he should explain his reasons in a letter to the Chairman of the Board (or to the Board).

The directors shall be elected by the general meeting of shareholders for a period not exceeding six (6) years and until their successors are elected, provided, however, that any director may be removed by a resolution taken by the general meeting of shareholders in accordance with the provisions of the Companies Law of Cyprus, Cap 113. The directors shall be eligible for reappointment. On appointment to the Board and to Board Committees, all new directors will receive a comprehensive induction. The induction procedure is laid out in Annex B. It will be monitored by the Chairman of the Board and organised by the Company Secretary (as defined in sections 4.10-4.11). The induction will assist directors in building a detailed understanding of how the Group works and the key issues it faces. Directors will also have the opportunity to make site visits to see the Group's operations first hand.

In the event of a vacancy in the office of a director because of death, resignation or otherwise, the remaining directors elected by the general meeting of shareholders may elect a director to fill such vacancy until the next general meeting of shareholders.

The composition of the Board will be balanced considering the respective skills, experience, background, nationality and age of each of the Board members. Adequacy of size and composition will be regularly assessed by the Board upon the initiative of the Chairman of the Board and upon recommendation of the Nominations and Remuneration Committee.

4.3. The functioning of the Board

The Board shall meet upon call by the Chairman of the Board or any two directors, at the place indicated in the notice of meeting, the person(s) convening the meeting setting the agenda notice in writing or by telegram or telefax or e-mail of any meeting of the Board shall be given to all Directors at least ten calendar days in advance of the hour set for such meeting, except in circumstances of emergency where forty-eight hours prior notice shall suffice which shall duly set out the reason for the urgency. This notice may be waived, either prospectively or retrospectively, by the consent in writing or by telegram or telefax or e-mail of each Director. Separate notice shall not be required for meetings held at times and places described in a schedule previously adopted by resolution of the Board. The Board meetings take place at least four times a year.

Any director may act at any meeting of the Board by appointing in writing or by telegram, telefax, or e-mail another director as his proxy. The Director may not represent more than one of his colleagues.

The Board may deliberate or act validly only if at least a majority of directors are present or represented at a meeting of the Board. If a quorum is not obtained within half an hour of the time set for the meeting the directors

present may adjourn the meeting to a later time and venue. Notices of the adjourned meeting shall be given by the Company Secretary to the Board, if any, failing whom by any Director.

Decisions shall be taken by a majority vote of the Directors present or represented at such meeting. In the event that in any meeting the number of votes for and against a resolution shall be equal, the Chairman of the Board shall not have a casting vote. In case of a tie, the proposed decision is considered as rejected.

Any director may participate in a meeting of the Board by conference call or similar means of communications equipment whereby all persons participating in the meeting can hear each other, and participating in a meeting by such means shall constitute presence in person at such meeting.

Notwithstanding the foregoing, a resolution of the Board may also be passed by unanimous consent in writing which may consist of one or several documents containing the resolutions and signed by each and every Director. The date of such a resolution shall be the date of the last signature.

The Company Secretary appointed by the Chairman of the Board drafts minutes of each meeting reflecting the issues which were discussed, the decisions which were taken and, if any, the reservations which were voiced by dissenting directors. The minutes will be approved by the Chairman of the Board and subsequently by the Board during its next meeting. The minutes of any meeting of the Board shall be signed by the Chairman of the Board or, in his absence, by the Chairman pro tempore who presided at such meeting. Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise shall be signed by the Chairman of the Board, or by the Company Secretary, or by two Directors.

4.4. Conflict of Interests

In case of an actual or perceived conflict of interest or potential conflict of interest of a director, he must inform the Board of any conflict or potential conflict and may not take part in the vote but will be counted for the purpose of the quorum. A director having a conflict on any item on the agenda must declare this conflict to the Chairman of the Board before the meeting starts.

Any director having a conflict due to a personal interest in a transaction submitted for approval to the Board conflicting with that of the Company, shall be obliged to inform the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in the business of the meeting, but will be counted in the quorum. At the following general meeting of shareholders a special report shall be made on any transactions in which any of the directors may have a personal interest conflicting with that of the Company and will be disclosed to the shareholders of the Company.

Directors are required to notify the Chairman of the Board in advance of any potential conflicts through other directorships or shareholdings. If a conflict or potential conflict situation may arise, directors must disclose such potential conflict of interest to the Board. The Board will assess whether in its opinion, a conflict of interest may arise and as a result whether the relevant director may participate in the voting of the transaction.

4.5. Delegation of powers

The Board may generally or from time to time delegate the power to conduct the daily management of the Company as well as the representation of the Company in relation to such management, to an executive or other committee or committees whether formed from among its own members or not, or to one or more directors, managers or other agents who may act individually or jointly. The delegation to a member of the Board is subject to the prior authorisation of the general meeting of shareholders. The Board shall determine the scope of the powers, the conditions for withdrawal and the remuneration attached to these delegations of authority including the authority to sub-delegate.

In accordance with the above provisions, the Board shall delegate its day to day management as well as the representation of the Company towards third parties in relation with such management to the CEO.

The Board may create from time to time one or several Committees composed of Board members and/or external persons and to which it may delegate powers and roles as appropriate.

The Board may also confer special powers upon one or more attorneys or agents of its choice.

4.6. Evaluation of the Board

The Board will undertake a formal annual evaluation of its own performance and that of its committees and individual Directors in order to assess whether: (i) the Board operates efficiently, (ii) important issues are debated and prepared properly, (iii) each director makes a constructive contribution to the decision making. Such evaluation will be done by the Nominations and Remuneration Committee at the initiative of the Chairman of the Board and, if required, with the assistance of external advisors.

This performance evaluation will normally take the form of a detailed questionnaire supplemented by individual interviews with each of the Directors. If deemed necessary by the Board evaluations may be carried out by an external facilitator. The results of the evaluation will be reported to the Board. An action plan to improve both

the Board and individual performance or to suggest modifications will be discussed and agreed by the Nominations and Remuneration Committee and endorsed by the Board.

4.7. Access to Management

Non-executive directors shall not intervene directly in the operations of the Company other than in exceptional circumstances and on a “needs only” basis. Non-executive directors ordinarily shall not give instructions to, or interfere with the activities of Company management and employees.

By exception to this principle, members of the Audit Committee shall at all times have full and free access to the CFO and any other officers or employees to whom they may require access in order to carry out their responsibilities. However, it is expected that either the CEO, the CFO or the director responsible for the relevant business or the Company Secretary generally would be informed in advance of such contact.

4.9. The remuneration of directors

The Nominations and Remuneration Committee recommends the level of remuneration for directors, including the Chairman of the Board and the CEO, subject to submission to the Board and, subsequently, to the general meeting of shareholders when it approves the annual accounts. However, no director participates in any decision relating to his own remuneration.

The Nominations and Remuneration Committee benchmarks directors’ compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various committees. Changes to these fees will be submitted to the Shareholders.

The Company is prohibited from making loans to directors, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with the company’s rules for reimbursement of expenses).

The Nominations and Remuneration Committee sets and revises, from time to time, subject to approval by the Board, the rules and level of compensation for directors carrying out a special mandate or sitting on one or more of the Board committees and the rules for reimbursement of directors’ business-related out-of-pocket expenses.

Remuneration for directors will be disclosed to Shareholders in the Annual Report in accordance with applicable laws and stock exchange rules.

The Company does not have supplementary pension and early retirement schemes for independent directors of the Board.

4.10. Division of responsibilities between the Chairman, CEO and Senior Independent Director Chairman of the Board

The Code sets out as a main principle that there should be a “clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company’s business”. Code provision A.2.1 states that the division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board.

In addition, Code provision A.4.1 states that the Board should appoint one of the independent Non-executive Directors to be the Senior Independent Director (the “SID”) and the primary responsibilities of the SID are set out at the end of this document.

Statement of Division of Responsibilities between the Chairman and the CEO

1. Appointment	
Chairman	CEO
1.1 The Board elects the Chairman of the Board from amongst its members meeting the criteria for an independent director. For the appointment of the Chairman of the Board, the Nominations and Remuneration Committee will prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. The CEO will not be the Chairman of the Board.	1.1 The Board appoints and removes the CEO. In case of dismissal of the CEO, the CEO will remain director of the Company if the CEO also holds a mandate of director of the Company.
2. Reporting Lines	
Chairman	CEO
2.1 The Chairman reports to the Board of the Company.	2.1 The CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly.
2.2 The Chairman is not responsible for executive matters regarding the Group's business. Other than the CEO and the Company Secretary, no executive has a direct reporting line to the Chairman, other than through the Board.	2.2 The CEO is responsible for all executive management matters affecting the Company. All members of executive management report, either directly or indirectly, to him/her.
3. Key Responsibilities	
Chairman	CEO
3.1 The Chairman's principal responsibility is the effective running of the Board.	3.1 The CEO's principal responsibility is running the Group's business.
3.2 The Chairman is responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.	3.2 The CEO is responsible for proposing, developing and supervising the Group's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
3.3 The Chairman is the guardian of the Board's decision-making processes.	3.3 The CEO is responsible, with the executive team, for implementing the decisions of the Board and its Committees.
4. Other Key Responsibilities	
Chairman	CEO

4.1	Running the Board and setting its agenda.	4.1	Providing input to the Board's agenda, both from himself and the executive team.
4.2	Ensuring that Board agendas take full account of the important issues facing the Group and the concerns of all Board members. There should be an emphasis on strategic, rather than routine, issues.	4.2	Ensuring that a dialogue is maintained with the Chairman on the important and strategic issues facing the Group, and proposing Board agendas to the Chairman which reflect these.
4.3	Ensuring that the Board receives accurate, timely and clear information on: <ul style="list-style-type: none"> (a) the Group's performance; (b) the issues, challenges and (c) opportunities facing the Group; and (d) matters reserved to it for decision. 	4.3	Ensuring that the executive team gives appropriate priority to providing reports to the Board which contains accurate, timely and clear information.
4.4	Directing the Company Secretary to ensure good information flows with the Board and its Committees and between senior management and Non-Executive Directors	4.4	Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, that he and the executive team comply with the Board's approved procedures, including the Schedule of Matters Reserved to the Board for its decision and each Committee's Terms of Reference.
4.5	Arranging informal meetings of the Directors, including meetings of the Non-executive Director(s) at which the Executive Directors are not present, as required to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.	4.5	Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware.
4.6	Proposing to the Board, in consultation with the CEO, Company Secretary and Committee Chairmen as appropriate: <ul style="list-style-type: none"> (a) a Schedule of Matters Reserved to the Board for its decision; (b) Terms of Reference for each Board Committee; and (c) other Board policies and procedures. 	4.6	Providing input to the Chairman and Company Secretary on appropriate changes to the Schedule of Matters Reserved to the Board and Committee Terms of Reference.
4.7	Ensuring that there is effective communication by the Group with its shareholders, including by the CEO, Chief Financial Officer and other executive management, and ensuring that members of	4.7	Leading the communication programme with shareholders.

	the Board develop an understanding of the views of the major investors in the Group. The Chairman should discuss governance and strategy with major shareholders.	
4.8	Taking the lead in providing a full, formal and tailored induction programmes for new Directors (including meeting major shareholders), facilitated by the Company Secretary.	4.8 Commenting on induction programmes for new Directors and ensuring that appropriate management time is made available for the process.
4.9	Taking the lead in ensuring that Directors continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board Committees. Regularly review and agree with each Director their training and development needs.	4.9 Ensuring that the development needs of the Executive Directors, and other senior management reporting to him, are identified and met.
4.10	Ensuring that the performance of the Board as a whole, its Committees, and individual Directors is formally and rigorously evaluated at least once a year and act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the Board and, where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors.	4.10 Ensuring that performance reviews are carried out at least once a year for each of the Executive Directors. Providing input to the wider Board evaluation process.
4.11	Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level.	4.11 Promoting, and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance
4.12	Ensuring that the Chairmen of Board Committees are available to answer shareholder questions at the AGM and that all Directors attend such meetings.	4.12 Recommending to the Board the annual budget and a three year annual financial plan, and supervising their achievement following Board approval.
4.13	Providing support, advice and a sounding board for the CEO while respecting executive responsibility.	4.13 Identifying and executing new business opportunities outside the current core activities, in line with strategic plans.
4.14	Performing such other duties and exercising such other powers as from time to time may be assigned to him or her by the Board.	4.14 Performing such other duties and exercising such other powers as from time to time may be assigned to him or her by the Board.
5.	Status of this Statement	
5.1	Any amendment to this statement is a matter reserved to the Board.	

5.2 This statement is to be annexed to the CEO's job description. In the event of any conflict between this statement and the CEO's job description, in so far as they may relate to his role as Group CEO, this statement shall take precedence.

5. SENIOR INDEPENDENT DIRECTOR

In accordance with the provisions of the Code, the Board has designated an independent non-executive director as the Senior Independent Director. The Senior Independent Director is available to shareholders if they have any concerns that they cannot resolve through the normal channels of contact or if such contact is inappropriate.

The primary responsibilities of the Senior Independent Director of the Company are:

- To provide a sounding board for the Chairman and to serve as an intermediary for the other Directors where necessary;
- To be available to shareholders if they have concerns which contact through the normal channels of Chairman, CEO or CFO has failed to resolve, or for which such contact would be inappropriate;
- To act as chairman of the Nomination Committee when it is considering succession to the role of the Chairman of the Board; and
- To meet with the other non-executive directors at least once a year to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

6. COMPANY SECRETARY

The Company Secretary shall ensure that Board procedures are complied with and that the Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. The Company Secretary shall assist the Chairman of the Board in the logistics associated with the affairs of the Board (information, agenda, etc.). Both the appointment and removal of the Company Secretary should be a matter for the Board as a whole.

The Company Secretary provides dedicated support for the Board, in particular the non-executive directors and is a point of reference and support for all directors. The Company Secretary will consult regularly with directors to ensure that they receive any necessary information and will work with the Chairman, CEO and management to ensure the presentation of high-quality supporting information to the Board and its Committees. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary, along with the Chairman of the Board, will regularly review the Board and Company's governance processes with a view to ensuring they are fit for purpose and recommend or develop initiatives to strengthen the governance of the Company.

7. BOARD COMMITTEES AND THEIR TERMS OF REFERENCE

The Board is assisted by two Board committees: the Audit Committee, and the Nominations and Remuneration Committee (together the "Committees"). These Committees handle business within their respective areas and present recommendations and reports on which the Board may base its decisions and actions. The Board may also set up other committees if required.

However, all members of the Board have the same responsibility for all decisions made, irrespective of whether the issue in question has been reviewed by such a committee or not. Their existence does not limit the responsibility of the Board as a whole. The Committees meet to prepare matters for consideration by the Board. By exception to this principle, the Nominations and Remuneration Committee may make decisions on compensation of individual directors.

The terms of reference of each Committee are laid down by the Board. Each Committee can only validly meet and take decisions if a quorum is present or represented by proxies. All decisions by the Committee require a simple majority of votes cast. In case of a tie, the Chairman of the Committee has a casting vote. The Committees should perform their tasks within the framework of the terms of reference that they have been given and ensure that they report regularly on their activity and on the results of their work to the Board.

Each Committee regularly evaluates its own composition, organisation and effectiveness as a collective body and makes recommendations to the Board for any necessary adjustments in its terms of reference and, where necessary, for appropriate steps to improve its performance. Each Committee may also seek expert assistance in obtaining the necessary information for the proper fulfilment of its duties. The Company should provide each Committee with the resources it needs for this purpose.

7.1. Audit Committee

The Audit Committee shall assist the Board in its responsibility for oversight of, among other things, (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's risk management systems and controls, (iv) the appointment and removal of the external auditor and (v) the role and performance of the Company's internal audit function.

The main role and responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of the Company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing and monitoring the Company's risk management systems and controls;
- reviewing and monitoring the Company's internal financial controls;
- monitoring and reviewing the effectiveness of the Company's internal audit function; and
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the Independent Auditor.

The Audit Committee Terms of Reference are enclosed as Annex C hereto.

7.2. Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible for, among other things, all matters relating to the remuneration and benefits paid to executive members of the Board, including the CEO, regardless of whether such remuneration or benefits is paid by the Company or by any other entity within the Group. The Nominations and Remuneration Committee is also responsible for, among other things, (i) reviewing the composition of the Board and (ii) making recommendations to the Board and assisting with all its decisions on the remuneration and management of employees.

The main role and responsibilities of the Nomination and Remuneration Committee include:

- ensuring that the Company has exceptional people who occupy appropriate positions and who have incentives to achieve and are compensated for exceptional performance;
- recommending to the Board the appointments or renewals of Directors, which are to be submitted for the approval of the Shareholders' Meeting;
- maintaining and ensuring continuous improvement of the Company's compensation policy which will be based on meritocracy with a view to aligning the interests of its employees with the interests of shareholders;
- reviewing the Company's needs for employees and ensuring the existence of management depth for expansion and succession;
- submitting for approval to the Board the compensation packages, including, but not limited to, salary and long-term incentives, of the CEO and of the executive management (upon the recommendation of the CEO);
- discussing and reviewing the Company's culture, quality of the employees and training needs of the Directors and employees;
- ensuring that the Company nurtures a culture of ownership, simplicity, efficiency, high ethical standards and the permanent quest to improve results;
- ensuring that individual goals are established to align the interests of all employees with the Company's goals and objectives set by the Board.

The Terms of Reference of the Nominations and Remuneration Committee are enclosed as Annex E hereto.

8. INTERNAL CONTROL AND RISK MANAGEMENT

8.1. Internal control

The control systems are designed to manage, rather than eliminate, various risks to the Company and therefore are only able to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is ultimately responsible for the Company's governance, risk management and internal control environment and processes and formally reviews their effectiveness at least annually. Risk management is a

central part of regular Board review and assessment. There is a continuous process for identifying, evaluating and managing the significant risks the Company faces and the Board regularly monitors exposure to key business risks.

The annual budget and the business plan, upon which the budget is based, is reviewed and approved by the Board. Major commercial and financial risks are assessed as part of the business planning process. There is a comprehensive system of financial reporting, with monthly performance reports presented to the Board.

Executive management is responsible for the implementation and maintenance of the internal control systems, which are subject to a periodic review, and is also responsible for reviewing and monitoring the financial and business risks, risks associated with information technology, human resource management and regulatory compliance. The executive management meets regularly to review business performance, identify risks and opportunities, assess financial and other implications and agree corrective actions as necessary.

8.2. Internal audit

The internal audit function analyses the risks threatening the Company's objectives and assesses the efficiency and robustness of the internal controls put in place to manage those risks. The results of the work by internal audit are submitted to the Audit Committee so that the latter can validate their adequacy in relation to the global risk profile desired by the Company, and if necessary direct management to increase the effectiveness of controls are put forward. Internal audit supports the Board of Directors in their oversight role.

The fundamental principles governing the internal audit function are set out in the Internal Audit terms of reference, which are enclosed as Annex D hereto.

8.3. Independent auditors

In accordance with the Articles of Association of the Company, the audit of the Company's financial situation and annual financial statements is entrusted to one or more independent auditor(s). The independent auditor(s) are appointed and dismissed by the general meeting of shareholders.

The Company has rules and processes in place to assure independence of the auditors:

- The independent auditors are prohibited from undertaking any engagements which may affect their independence;
- The Company's Board sets limits on the size of any non-audit services provided by the independent auditors (non-audit fees limitation);
- The Audit Committee approves in advance provision of any material non-audit services by the independent auditor; and
- The Audit Committee investigates, on an annual basis, whether any services provided are incompatible with independence of the auditors.

Information on the fees payable to the independent auditor is included each year in the Company's annual report.

9. COMPANY'S SHAREHOLDERS AND ITS SHARES

9.1. Share capital

The Company has an issued share capital of two hundred and twenty-one million, five hundred and forty thousand euros (EUR 221,540,000) divided into one hundred and ten million, seven hundred and seventy thousand (110,770,000) shares with a nominal value of two euros (EUR 2) each.

The share capital of the Company may at any time be increased or reduced by a resolution of the general meeting of shareholders adopted in accordance with the articles of association of the Company and the Companies Law of Cyprus, Cap 113.

9.2. Share ownership

Yuriy Kosyuk, the Company's Chief Executive Officer, owns 100% of the shares in WTI Trading Limited ("WTI"), which in turn directly owns a total of 59.8% of the total outstanding share capital of the Company (comprising 41,319,511 shares and 22,552,667 of the Company's global depository receipts listed on the London Stock Exchange ("GDRs"), representing 38.7% and 21.1%, respectively, of the outstanding share capital of the Company).

As of 01 January 2018, 57,543,561 shares out of 110,770,000 issued shares of the Company were owned by BNY (Nominees) Limited, which represents holders of the GDRs.

As of 02 November 2017, Prosperity Capital Management Limited holdings represent 11,004,751 GDRs or 9.93% of the issued capital of the Company.

No other shareholder holds 5 % or more of the Company's equity.

9.3. Form of shares

The shares of the Company are in registered form. A register of registered members will be kept at the registered office, where it will be available for inspection by any shareholder. This register will contain all the information required by article 105 of the Cyprus Companies Law, Cap 113, as amended. Ownership of registered shares will be established by inscription in the said register. Certificates representing these shares are issued and signed in accordance with the articles of association of the Company.

In accordance with the provisions of the Cyprus Companies Law, Cap 113, where two or more persons hold one or more shares in a company jointly, they shall be treated as a single member.

Where the shares are in registered form and are recorded in the register of shareholders in the name of or on behalf of a securities settlement system or the operator of such system and recorded as book-entry interests in the accounts of a professional depository or any sub-depository (any depository and any sub-depository being referred to hereinafter as a "Depository"), the Company - subject to having received from the Depository a certificate in proper form - will permit the depositor of such book-entry interests to exercise the rights attaching to the shares corresponding to the book-entry interests of the relevant depositor, including admission to and voting at general meetings, and shall consider those depositors to be the holders for purposes described in this paragraph. The Board may determine the formal requirements with which such certificates must comply.

9.4. The Relationship Agreement

On 9 May 2008 the Company entered into an agreement with WTI, the Company's majority shareholder, and Mr. Yuriy Kosyuk, WTI's sole beneficial shareholder (the "Relationship Agreement"). The Relationship Agreement provides that each of WTI and Mr. Yuriy Kosyuk (together, the "Majority Shareholders") will, for as long as they continue to hold, directly or indirectly, at least 30% of the shares carrying voting rights in the MHP, at all times:

- a) refrain from exercising their voting rights, directly or indirectly, to elect any director of the Company if the election of such a person would have the result that the number of the members of the Board who are not independent of the Majority Shareholders will exceed the number of the members of the Board who are independent of the Majority Shareholders by more than one person unless such election is approved at a general meeting of the Company's shareholders;
- b) subject to any duty of confidentiality owed to third parties, promptly provide to the Company any information in their possession or control which the Company reasonably requests in order to assess and meet its obligations under the Listing Rules and the laws of Cyprus;
- c) keep confidential and not use for their own benefit any confidential information relating to the Company or the Group to which they have been given access by reason of their interest in the share capital of the Company or any role as director of the Company;
- d) exercise any of their voting rights so as to procure, insofar as they are able to do so by the exercise of voting rights attaching to the Shares, that:

- (i) the Company and its subsidiaries are capable at all times of carrying on its business independently of the Majority Shareholders;
- (ii) all transactions, agreements or arrangements entered into between a Majority Shareholder or any of their affiliates and the Company (or any subsidiary of the Company) are, and will be made, on an arm's length basis and on normal commercial terms (and that any transactions, agreements or arrangements (or series thereof) with a value of more than U.S.\$5 million are approved by the Independent Directors); and
- (iii) no variations are made to the Company's articles of association that would be contrary to the Company's independence from the Majority Shareholders.

In addition, each Majority Shareholder has agreed that it shall not, from the date of the Relationship Agreement and until the date on which the Majority Shareholders (together with related parties) cease to hold, directly or indirectly, at least 50 % of the shares carrying voting rights in the Company (the "Restricted Period"):

1. carry on, set up, be employed, engaged or interested in an agricultural or food production business in Ukraine which is or is about to be in competition with any business of the Company or any of its subsidiaries provided that, in the case of Mr. Yuriy Kosyuk, his involvement in such a business is not considered by a majority of the independent directors to restrict, affect or otherwise interfere with the performance of his duties and obligations to the Company;
2. directly or indirectly engage in any activity which a majority of the independent directors reasonably consider may be, or become, harmful to the interests of the Company or any of its subsidiaries, or, in the case of Mr. Yuriy Kosyuk, which might reasonably be considered to interfere with the performance of his duties and obligations under his employment agreement.

The Restricted Period shall be extended to the date falling three months after the date on which the Majority Shareholders (together with related parties) cease to hold, directly or indirectly, at least 30% of the shares covering voting rights in the Company provided that the approval of the Antimonopoly Committee of Ukraine (or a decision of the Antimonopoly Committee of Ukraine that no such approval is necessary) is obtained. Each Majority Shareholder has further agreed that if he/it becomes aware of any potential investment opportunity in the agricultural industry in Ukraine, then he/it will disclose such opportunity to the Board immediately in writing.

The Company may then investigate such investment opportunity, and each Majority Shareholder has agreed:

- a) not to make or pursue such investment opportunity;
- b) not to prevent or hinder any decision to be taken by the Board on whether or not to proceed with such investment opportunity; and
- c) to fully co-operate with and assist the Company in any investigations it undertakes into such investment opportunity.

If the Company decides not to proceed with such investment opportunity, the Majority Shareholders have agreed not to pursue that investment opportunity without the written consent of a majority of the Independent Directors. The Majority Shareholders have also undertaken that they will not sell, transfer, dispose of or otherwise deal with any right or interest in the Shares for so long as the Relationship Agreement is in effect except where:

- d) such sale, transfer, disposal or dealing would not result in the transferee (together with its affiliates) holding directly or indirectly 25% or more of the Shares; or
- e) the relevant Majority Shareholder first procures that the transferee executes a deed of adherence undertaking to be bound by the terms of the Relationship Agreement.

Additionally, each Majority Shareholder has acknowledged that information provided to them directly or through the Company may be unpublished, price sensitive information, and has undertaken to comply with any applicable laws, rules and regulations in relation to their dealings in the GDRs and Shares.

9.5. Information channels

During the year, the Company regularly publishes information through presentations and press releases on the business, financial results and Group news. The Company issues financial results quarterly, half-yearly and annually followed by conference calls with the top management of the Company. All this information is available as from the time of publication on the Company's websites (www.mhp.com.cy, www.mhp.com.ua). It can also be obtained by e-mail on request. Contact details are disclosed on the Company's website in the "Contact" section.

The Company's annual reports (both financial and non-financial) are available in English on its website.

The Company has a well-developed communications programme with local and international media. Information about the Company and its enterprises is monitored daily by Human Resources and Communication and Investor Relations Departments.

The Company's websites confirm its important role as a channel of information about the Group for individual shareholders, institutional investors and journalists. These websites provide stakeholders with immediate access to all the information concerning the life of the Group, its activities, news and prices for the Company's securities.

ANNEX A. The UK Corporate Governance Code (April 2016)

Section A: Leadership

A.1: The Role of the Board

Main Principle

Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.

Supporting Principles

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

All directors must act in what they consider to be the best interests of the company, consistent with their statutory duties.¹

Code Provisions

A.1.1. The board should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management.

A.1.2. The annual report should identify the chairman, the deputy chairman (where there is one), the chief executive, the senior independent director and the chairmen and members of the board committees.² It should also set out the number of meetings of the board and those committees and individual attendance by directors.

A.1.3. The company should arrange appropriate insurance cover in respect of legal action against its directors.

A.2: Division of Responsibilities

Main Principle

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

Code Provision

A.2.1 The roles of chairman and chief executive should not be exercised by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established, set out in writing and agreed by the board.

A.3: The Chairman

Main Principle

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.

Supporting Principles

The chairman is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The chairman should also promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. The chairman should ensure effective communication with shareholders.

Code Provision

A.3.1. The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If exceptionally a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next annual report.³

A.4: Non-Executive Directors

¹ For directors of UK incorporated companies, these duties are set out in the Sections 170 to 177 of the Companies Act 2006.

² Provisions A.1.1 and A.1.2 overlap with FCA Rule DTR 7.2.7 R; Provision A.1.2 also overlaps with DTR 7.1.5 R (see Schedule B).

³ Compliance or otherwise with this provision need only be reported for the year in which the appointment is made.

Main Principle

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.

Supporting Principle

Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Code Provisions

- A.4.1.** The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate.
- A.4.2.** The chairman should hold meetings with the non-executive directors without the executives present. Led by the senior independent director, the non-executive directors should meet without the chairman present at least annually to appraise the chairman's performance and on such other occasions as are deemed appropriate.
- A.4.3.** Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.

Section B: Effectiveness

B.1: The Composition of the Board

Main Principle

The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

Supporting Principles

The board should be of sufficient size that the requirements of the business can be met and that changes to the board's composition and that of its committees can be managed without undue disruption, and should not be so large as to be unwieldy.

The board should include an appropriate combination of executive and non-executive directors (and, in particular, independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking.

The value of ensuring that committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account in deciding chairmanship and membership of committees.

No one other than the committee chairman and members is entitled to be present at a meeting of the nomination, audit or remuneration committee, but others may attend at the invitation of the committee.

Code Provisions

- B.1.1.** The board should identify in the annual report each non-executive director it considers to be independent.⁴ The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:
- has been an employee of the company or group within the last five years;
 - has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

⁴ A.3.1 states that the chairman should, on appointment, meet the independence criteria set out in this provision, but thereafter the test of independence is not appropriate in relation to the chairman.

- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees; holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

B.1.2. Except for smaller companies,⁵ at least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent. A smaller company should have at least two independent non-executive directors.

B.2: Appointments to the Board

Main Principle

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.

Supporting Principles

The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender.

The board should satisfy itself that plans are in place for orderly succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board and to ensure progressive refreshing of the board.

Code Provisions

- B.2.1.** There should be a nomination committee which should lead the process for board appointments and make recommendations to the board. A majority of members of the nomination committee should be independent non-executive directors. The chairman or an independent non-executive director should chair the committee, but the chairman should not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship. The nomination committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.⁶
- B.2.2.** The nomination committee should evaluate the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- B.2.3.** Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board.
- B.2.4.** A separate section of the annual report should describe the work of the nomination committee,⁷ including the process it has used in relation to board appointments. This section should include a description of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. An explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director. Where an external search consultancy has been used, it should be identified in the annual report and a statement made as to whether it has any other connection with the company.

B.3: Commitment

Main Principle

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

Code Provisions

- B.3.1.** For the appointment of a chairman, the nomination committee should prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A chairman's other significant commitments should be disclosed to the board before

⁵ A smaller company is one that is below the FTSE 350 throughout the year immediately prior to the reporting year.

⁶ The requirement to make the information available would be met by including the information on a website that is maintained by or on behalf of the company.

⁷ This provision overlaps with FCA Rule DTR 7.2.7 R (see Schedule B).

appointment and included in the annual report. Changes to such commitments should be reported to the board as they arise, and their impact explained in the next annual report.

B.3.2. The terms and conditions of appointment of non-executive directors should be made available for inspection.⁸ The letter of appointment should set out the expected time commitment. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.

B.3.3. The board should not agree to a full time executive director taking on more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.

B.4 Development

Main Principle

All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.

Supporting Principles

The chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities.

To function effectively all directors need appropriate knowledge of the company and access to its operations and staff.

Code Provisions

B.4.1. The chairman should ensure that new directors receive a full, formal and tailored induction on joining the board. As part of this, directors should avail themselves of opportunities to meet major shareholders.

B.4.2. The chairman should regularly review and agree with each director their training and development needs.

B.5 Information and Support

Main Principle

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Supporting Principles

The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. Management has an obligation to provide such information but directors should seek clarification or amplification where necessary.

Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required.

The company secretary should be responsible for advising the board through the chairman on all governance matters.

Code Provisions

B.5.1. The board should ensure that directors, especially non-executive directors, have access to independent professional advice at the company's expense where they judge it necessary to discharge their responsibilities as directors. Committees should be provided with sufficient resources to undertake their duties.

B.5.2. All directors should have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are complied with. Both the appointment and removal of the company secretary should be a matter for the board as a whole.

B.6: Evaluation

Main Principle

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

Supporting Principles

⁸ The terms and conditions of appointment of non-executive directors should be made available for inspection by any person at the company's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).

Evaluation of the board should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness.

The chairman should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, proposing new members be appointed to the board or seeking the resignation of directors.

Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for board and committee meetings and any other duties).

Code Provisions

- B.6.1.** The board should state in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted.
- B.6.2.** Evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years. The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection with the company.
- B.6.3.** The non-executive directors, led by the senior independent director, should be responsible for performance evaluation of the chairman, taking into account the views of executive directors.

B.7: Re-election

Main Principle

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Code Provisions

- B.7.1.** All directors of FTSE 350 companies should be subject to annual election by shareholders. All other directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years. Non-executive directors who have served longer than nine years should be subject to annual re-election. The names of directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election.
- B.7.2.** The board should set out to shareholders in the papers accompanying a resolution to elect a non-executive director why they believe an individual should be elected. The chairman should confirm to shareholders when proposing re-election that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role.

Section C: Accountability

C.1: Financial and Business Reporting

Main Principle

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

Supporting Principles

The board's responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

The board should establish arrangements that will enable it to ensure that the information presented is fair, balanced and understandable.

Code Provisions

- C.1.1.** The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy. There should be a statement by the auditor about their reporting responsibilities.⁹

⁹ This requirement may be met by the disclosures about the audit scope and responsibilities of the auditor included, or referred to, in the auditor's report pursuant to the requirements of ISA (UK) 700 'Forming an Opinion and Reporting on Financial Statements' - Paragraphs 38-40. Copies are available from the FRC website.

- C.1.2. The directors should include in the annual report an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the company.¹⁰
- C.1.3. In annual, half-yearly and quarterly financial statements, the directors should state whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.¹¹

C.2: Risk Management and Internal Control

Main Principle

The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.

Code Provisions

- C.2.1. The directors should confirm in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe those risks and explain how they are being managed or mitigated.
- C.2.2. Taking account of the company's current position and principal risks, the directors should explain in the annual report how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate. The directors should state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.
- C.2.3. The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report.¹² The monitoring and review should cover all material controls, including financial, operational and compliance controls.

C.3: Audit Committee and Auditors¹³

Main Principle

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.

Code Provisions

- C.3.1. The board should establish an audit committee of at least three, or in the case of smaller companies¹⁴ two, independent non-executive directors. In smaller companies the company chairman may be a member of, but not chair, the committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience. The audit committee as a whole shall have competence relevant to the sector in which the company operates.¹⁵
- C.3.2. The main role and responsibilities of the audit committee should be set out in written terms of reference¹⁶ and should include:
- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;

¹⁰ Section 414C(8) (a) and (b) of the Companies Act 2006 requires a description of a company's business model and strategy as part of the Strategic Report that forms part of the annual report. Guidance as to the matters that should be considered in an explanation of the business model and strategy is provided in the FRC's "Guidance on the Strategic Report". Copies are available from the FRC website.

¹¹ Additional information relating to C.1.3 and C.2 can be found in "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting". Copies are available from the FRC website.

¹² In addition FCA Rule DTR 7.2.5 R requires companies to describe the main features of the internal control and risk management systems in relation to the financial reporting process.

¹³ "Guidance on Audit Committees" suggests means of applying this part of the Code. Copies are available from the FRC website.

¹⁴ See footnote 7.

¹⁵ This provision overlaps with FCA Rule DTR 7.1.1A R (see Schedule B).

¹⁶ This provision overlaps with FCA Rules DTR 7.1.3 R (see Schedule B).

- to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management systems;
 - to monitor and review the effectiveness of the company's internal audit function;
 - to make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
 - to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
 - to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
 - to report to the board on how it has discharged its responsibilities.
- C.3.3.** The terms of reference of the audit committee, including its role and the authority delegated to it by the board, should be made available.¹⁷
- C.3.4.** Where requested by the board, the audit committee should provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.
- C.3.5.** The audit committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- C.3.6.** The audit committee should monitor and review the effectiveness of the internal audit activities. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.
- C.3.7.** The audit committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors.¹⁸ If the board does not accept the audit committee's recommendation, it should include in the annual report, and in any papers recommending appointment or re-appointment, a statement from the audit committee explaining the recommendation and should set out reasons why the board has taken a different position.
- C.3.8.** A separate section of the annual report should describe the work of the committee in discharging its responsibilities.¹⁹ The report should include:
- the significant issues that the committee considered in relation to the financial statements, and how these issues were addressed;
 - an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;²⁰ and
 - if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded.

¹⁷ See footnote 8.

¹⁸ This overlaps with Part 3 of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the requirements of Chapter 2 of Part 16 of the Companies Act 2006 as inserted by the Statutory Auditors and Third Country Auditors Regulations 2016 on the appointment of auditors to public companies that are Public Interest Entities.

¹⁹ This provision overlaps with FCA Rules DTR 7.1.5 R and 7.2.7 R (see Schedule B).

²⁰ This overlaps with Part 4 of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Section D: Remuneration

D.1: The Level and Components of Remuneration

Main Principle

Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.

Supporting Principles

The remuneration committee should judge where to position their company relative to other companies. But they should use such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and should avoid paying more than is necessary.

They should also be sensitive to pay and employment conditions elsewhere in the group, especially when determining annual salary increases.

Code Provisions

- D.1.1. In designing schemes of performance-related remuneration for executive directors, the remuneration committee should follow the provisions in Schedule A to the Code. Schemes should include provisions that would enable the company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so.
- D.1.2. Where a company releases an executive director to serve as a non-executive director elsewhere, the remuneration report²¹ should include a statement as to whether or not the director will retain such earnings and, if so, what the remuneration is.
- D.1.3. Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, exceptionally, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).
- D.1.4. The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination. The aim should be to avoid rewarding poor performance. They should take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss.
- D.1.5. Notice or contract periods should be set at one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods should reduce to one year or less after the initial period.

D.2: Procedure

Main Principle

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Supporting Principles

The remuneration committee should take care to recognise and manage conflicts of interest when receiving views from executive directors or senior management, or consulting the chief executive about its proposals. The remuneration committee should also be responsible for appointing any consultants in respect of executive director remuneration.

The chairman of the board should ensure that the committee chairman maintains contact as required with its principal shareholders about remuneration.

Code Provisions

- D.2.1. The board should establish a remuneration committee of at least three, or in the case of smaller companies²² two, independent non-executive directors. In addition the company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.²³ Where remuneration consultants are appointed, they

²¹ As required for UK incorporated companies under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2013.

²² See footnote 7.

²³ This provision overlaps with FCA Rule DTR 7.2.7 R (see Schedule B).

should be identified in the annual report and a statement made as to whether they have any other connection with the company.

- D.2.2.** The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below board level.
- D.2.3.** The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. Where permitted by the Articles, the board may however delegate this responsibility to a committee, which might include the chief executive.
- D.2.4.** Shareholders should be invited specifically to approve all new long-term incentive schemes (as defined in the Listing Rules²⁴) and significant changes to existing schemes, save in the circumstances permitted by the Listing Rules.

Section E: Relations with shareholders

E.1: Dialogue with Shareholders Main Principle

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.²⁵

Supporting Principles

Whilst recognising that most shareholder contact is with the chief executive and finance director, the chairman should ensure that all directors are made aware of their major shareholders' issues and concerns.

The board should keep in touch with shareholder opinion in whatever ways are most practical and efficient.

Code Provisions

- E.1.1.** The chairman should ensure that the views of shareholders are communicated to the board as a whole. The chairman should discuss governance and strategy with major shareholders. Non-executive directors should be offered the opportunity to attend scheduled meetings with major shareholders and should expect to attend meetings if requested by major shareholders. The senior independent director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.
- E.1.2.** The board should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of major shareholders about the company, for example through direct face-to-face contact, analysts' or brokers' briefings and surveys of shareholder opinion.

E.2: Constructive Use of General Meetings

Main Principle

The board should use general meetings to communicate with investors and to encourage their participation.

Code Provisions

- E.2.1.** At any general meeting, the company should propose a separate resolution on each substantially separate issue, and should in particular propose a resolution at the AGM relating to the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote should make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.
- E.2.2.** The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company:
- the number of shares in respect of which proxy appointments have been validly made;
 - the number of votes for the resolution;

²⁴ Listing Rules LR 9.4. Copies are available from the FCA website.

²⁵ Nothing in these principles or provisions should be taken to override the general requirements of law to treat shareholders equally in access to information.

- the number of votes against the resolution; and
- the number of shares in respect of which the vote was directed to be withheld.

When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the company should explain when announcing the results of voting what actions it intends to take to understand the reasons behind the vote result.

E.2.3. The chairman should arrange for the chairmen of the audit, remuneration and nomination committees to be available to answer questions at the AGM and for all directors to attend.

E.2.4. The company should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting. For other general meetings this should be at least 14 working days in advance.

Schedule A: The design of performance-related remuneration for executive directors

Balance

The remuneration committee should determine an appropriate balance between fixed and performance-related, immediate and deferred remuneration. Performance conditions, including non-financial metrics where appropriate, should be relevant, stretching and designed to promote the long-term success of the company. Remuneration incentives should be compatible with risk policies and systems. Upper limits should be set and disclosed.

The remuneration committee should consider whether the directors should be eligible for annual bonuses and/or benefits under long-term incentive schemes.

Share-based remuneration

Traditional share option schemes should be weighed against other kinds of long-term incentive scheme. Executive share options should not be offered at a discount save as permitted by the relevant provisions of the Listing Rules.

Any new long-term incentive schemes which are proposed should be approved by shareholders and should preferably replace any existing schemes or, at least, form part of a well-considered overall plan incorporating existing schemes. The total rewards potentially available should not be excessive.

For share-based remuneration the remuneration committee should consider requiring directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the company, subject to the need to finance any costs of acquisition and associated tax liabilities. In normal circumstances, shares granted or other forms of deferred remuneration should not vest or be paid, and options should not be exercisable, in less than three years. Longer periods may be appropriate. Grants under executive share option and other long-term incentive schemes should normally be phased rather than awarded in one large block.

Pensions

In general, only basic salary should be pensionable. The remuneration committee should consider the pension consequences and associated costs to the company of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.

Schedule B: Disclosure of corporate governance arrangements

Corporate governance disclosure requirements are set out in three places:

- FCA Disclosure and Transparency Rules (“DTR”) sub-chapters 7.1 and 7.2, which set out certain mandatory disclosures; and
- The UK Corporate Governance Code (“the Code”) - in addition to providing an explanation where they choose not to comply with a provision, companies must disclose specified information in order to comply with certain provisions.

These requirements are summarised below, with the full text contained in the relevant chapters of the FCA Handbook.

The DTR sub-chapters 7.1 and 7.2 apply to issuers whose securities are admitted to trading on a regulated market (this includes all issuers with a Premium or Standard listing). The Code applies to the Company on voluntary basis irrespective of the Company’s GDRs being listed on Standard listing segment of the London Stock Exchange.

There is some overlap between the mandatory disclosures required under the DTR and those expected under the Code. Areas of overlap are summarised in the Appendix to this Schedule. In respect of disclosures relating to the audit committee and the composition and operation of the board and its committees, compliance with the relevant provisions of the Code will result in compliance with the relevant Rules.

Disclosure and Transparency Rules

DTR sub-chapter 7.1 concerns audit committees or bodies carrying out equivalent functions.

DTR 7.1.1 R, 7.1.1A R and 7.1.3 R set out requirements relating to the composition and functions of the committee or equivalent body:

- DTR 7.1.1 R states that an issuer must have a body or bodies responsible for performing the functions set out in DTR 7.1.3 R.
- DTR 7.1.1A R requires that a majority of the members of the relevant body must be independent, at least one member must have competence in accounting or auditing, or both, and that members of the relevant body as a whole must have competence relevant to the sector in which the issuer is operating.
- DTR 7.1.2 G states that the requirements for independence and competence in accounting and/or auditing may be satisfied by the same members or by different members of the relevant body.
- DTR 7.1.3 R states that an issuer must ensure that, as a minimum, the relevant body must:
 1. monitor the financial reporting process and submit recommendations or proposal to ensure its integrity;
 2. monitor the effectiveness of the issuer’s internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the issuer, without breaching its independence;
 3. monitor the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority under article 26(6) of the Audit Regulation;
 4. review and monitor the independence of the statutory auditor, in accordance with articles 22, 22a, 22b, 24a and 24b of the Audit Directive and article 6 of the Audit Regulation, and in particular the appropriateness of the provision of non-audit services to the issuer in accordance with article 5 of the Audit Regulation;
 5. inform the administrative or supervisory body of the issuer of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the relevant body was in that process;

6. except when article 16(8) of the Audit Regulation is applied, be responsible for the procedure for the selection of statutory auditor(s) and recommend the statutory auditor(s) to be appointed in accordance with article 16 of the Audit Regulation.

DTR 7.1.5 R sets out what disclosure is required. Specifically:

- DTR 7.1.5 R states that the issuer must make a statement available to the public disclosing which body carries out the functions required by DTR 7.1.3 R and how it is composed.
- DTR 7.1.6 G states that this can be included in the corporate governance statement required under sub-chapter DTR 7.2 (see below).
- DTR 7.1.7 G states that compliance with the relevant provisions of the Code (as set out in the Appendix to this Schedule) will result in compliance with DTR 7.1.1 R to 7.1.5 R.

Sub-chapter 7.2 concerns corporate governance statements. Issuers are required to produce a corporate governance statement that must be either included in the directors' report (DTR 7.2.1 R); or set out in a separate report published together with the annual report; or set out in a document on the issuer's website, in which case there must be a cross-reference in the directors' report (DTR 7.2.9 R).

DTR 7.2.2 R requires that the corporate governance statement must contain a reference to the corporate governance code to which the company is subject (for companies with a Premium listing this is the Code). DTR 7.2.3 R requires that, where that it departs from that code, the company must explain which parts of the code it departs from and the reasons for doing so. DTR 7.2.4 G states that compliance with LR 9.8.6 R (6) (the "comply or explain" rule in relation to the Code) will also satisfy these requirements.

DTR 7.2.5 R, DTR 7.2.6 R, DTR 7.2.7 R and DTR 7.2.10 R set out certain information that must be disclosed in the corporate governance statement:

- DTR 7.2.5 R states that the corporate governance statement must contain a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process. DTR 7.2.10 R states that an issuer which is required to prepare a group directors' report within the meaning of Section 415(2) of the Companies Act 2006 must include in that report a description of the main features of the group's internal control and risk management systems in relation to the financial reporting process for the undertakings included in the consolidation, taken as a whole.
- DTR 7.2.6 R states that the corporate governance statement must contain the information required by paragraph 13(2)(c), (d), (f), (h) and (i) of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) where the issuer is subject to the requirements of that paragraph.
- DTR 7.2.7 R states that the corporate governance statement must contain a description of the composition and operation of the issuer's administrative, management and supervisory bodies and their committees. DTR 7.2.8 G states that compliance with the relevant provisions of the Code (as set out in the Appendix to this Schedule) will satisfy these requirements.

The UK Corporate Governance Code

The Code includes specific requirements for disclosure which must be provided in order to comply. These are summarised below.

The annual report should include:

- a statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management (A.1.1);

- the names of the chairman, the deputy chairman (where there is one), the chief executive, the senior independent director and the chairmen and members of the board committees (A.1.2);
- the number of meetings of the board and those committees and individual attendance by directors (A.1.2);
- where a chief executive is appointed chairman, the reasons for their appointment (this only needs to be done in the annual report following the appointment) (A.3.1);
- the names of the non-executive directors whom the board determines to be independent, with reasons where necessary (B.1.1);
- a separate section describing the work of the nomination committee, including the process it has used in relation to board appointments; a description of the board's policy on diversity, including gender; any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. An explanation should be given if neither external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director. Where an external search consultancy has been used it should be identified and a statement made as to whether it has any other connection with the company (B.2.4);
- the impact of any changes to the other significant commitments of the chairman during the year should explained (B.3.1);
- a statement of how performance evaluation of the board, its committees and its directors has been conducted (B.6.1). Where an external facilitator has been used, they should be identified and a statement made as to whether they have any other connection to the company (B.6.2);
- an explanation from the directors of their responsibility for preparing the accounts and a statement that they consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy. There should also be a statement by the auditor about their reporting responsibilities (C.1.1);
- an explanation from the directors of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the company (C.1.2);
- a statement from the directors whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements (C.1.3);
- confirmation by the directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe the risks and explain how they are being managed or mitigated (C.2.1);
- a statement from the directors explaining how they have assessed the prospects of the company (taking account of the company's current position and principal risks), over what period they have done so and why they consider that period to be appropriate. The directors should state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary (C.2.2);
- a report on the board's review of the effectiveness of the company's risk management and internal controls systems (C.2.3);

- where there is no internal audit function, the reasons for the absence of such a function (C.3.6);
- where the board does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, a statement from the audit committee explaining the recommendation and the reasons why the board has taken a different position (C.3.7);
- a separate section describing the work of the audit committee in discharging its responsibilities, including: the significant issues that it considered in relation to the financial statements, and how these issues were addressed; an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, including the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and, if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded (C.3.8);
- a description of the work of the remuneration committee as required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2013, including, where an executive director serves as a non-executive director elsewhere, whether or not the director will retain such earnings and, if so, what the remuneration is (D.1.2);
- where remuneration consultants are appointed they should be identified and a statement made as to whether they have any other connection with the company (D.2.1); and
- the steps the board has taken to ensure that members of the board, and in particular the non-executive directors, develop an understanding of the views of major shareholders about their company (E.1.2).

The following information should be made available (which may be met by placing the information on a website that is maintained by or on behalf of the company):

- the terms of reference of the nomination, audit and remuneration committees, explaining their role and the authority delegated to them by the board (B.2.1, C.3.3 and D.2.1); and
- the terms and conditions of appointment of non-executive directors (B.3.2) (see footnote 9).

The board should set out to shareholders in the papers accompanying a resolution to elect or re-elect directors:

- sufficient biographical details to enable shareholders to take an informed decision on their election or re-election (B.7.1);
- why they believe an individual should be elected to a non-executive role (B.7.2); and
- on re-election of a non-executive director, confirmation from the chairman that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role (B.7.2).

The board should set out to shareholders in the papers recommending appointment or reappointment of an external auditor:

- if the board does not accept the audit committee's recommendation, a statement from the audit committee explaining the recommendation and from the board setting out reasons why they have taken a different position (C.3.7).

Additional guidance

The FRC publishes guidance on the strategic report, risk management, internal control, business and financial reporting and audit committees, which relate to Section C of the Code. These guidance notes are available on the FRC website.

Appendix

Overlap between the Disclosure and Transparency Rules and the UK Corporate Governance Code

Disclosure and Transparency Rules	UK Corporate Governance Code
<p>DTR 7.1.1 R and 7.1.1A R</p> <p>Sets out minimum requirements on composition of the audit committee or equivalent body.</p>	<p>Provision C.3.1: sets out the recommended composition of the audit committee.</p>
<p>DTR 7.1.3 R</p> <p>Sets out minimum functions of the audit committee or equivalent body.</p>	<p>Provision C.3.2: sets out the recommended minimum terms of reference for the audit committee.</p>
<p>DTR 7.1.5 R</p> <p>The composition and function of the audit committee or equivalent body/ bodies must be disclosed in the annual report.</p> <p><i>DTR 7.1.7 G states that compliance with Code provisions A.1.2, C.3.1, C.3.2, C.3.3. and C.3.8 will result in compliance with DTR 7.1.1 R to DTR 7.1.5 R.</i></p>	<p>This requirement overlaps with a number of different Code provisions:</p> <p>A.1.2: the annual report should identify members of the board and board committees.</p> <p>C.3.1: sets out the recommended composition of the audit committee.</p> <p>C.3.2: sets out the recommended minimum terms of reference for the audit committee.</p> <p>C.3.3: the terms of reference of the audit committee, including its role and the authority delegated to it by the board, should be made available.</p> <p>C.3.8: the annual report should describe the work of the audit committee.</p>
<p>DTR 7.2.5 R</p> <p>The corporate governance statement must contain a description of the main features of the issuer's internal control and risk management systems in relation to the financial reporting process.</p> <p><i>While this requirement differs from the requirement in the Code, it is envisaged that both could be met by a single internal control statement.</i></p>	<p>Provision C.2.1: the directors should confirm that they have carried out a robust assessment of the principal risks facing the company - including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe those risks and explain how they are being managed or mitigated.</p> <p>Provision C.2.3: the board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>

Disclosure and Transparency Rules	UK Corporate Governance Code
<p>DTR 7.2.7 R</p> <p>The corporate governance statement must contain a description of the issuer's administrative, management and supervisory bodies and their committees.</p> <p><i>DTR 7.2.8 R states that compliance with Code provisions A.1.1, A.1.2, B.2.4, C.3.3, C.3.8 and D.2.1 will result in compliance with DTR 7.2.7 R.</i></p>	<p>This requirement overlaps with a number of different Code provisions:</p> <p>A.1.1: the annual report should include a statement of how the board operates.</p> <p>A.1.2: the annual report should identify members of the board and board committees.</p> <p>B.2.4: the annual report should describe the work of the nomination committee.</p> <p>C.3.3: the terms of reference of the audit committee, including its role and the authority delegated to it by the board, should be made available.</p> <p>C.3.8: the annual report should describe the work of the audit committee.</p> <p>D.2.1: a description of the work of the remuneration committee should be made available. <i>Note: in order to comply with DTR 7.2.7 R this information will need to be included in the corporate governance statement.</i></p>

ANNEX B. New Board Members Induction Procedures

The induction procedures for new Board members should be considered under four headings:

1. Communication of written information about the Company
2. Acquaintance with the Company and its people
3. Meeting Board colleagues
4. Understanding the Company's main external relationships

1. Communication of written information

Upon appointment to the Board, the Company Secretary is to provide the new Director with following written materials:

- Annual reports covering the last three years of operations
- Materials describing the Company's products
- Minutes of the previous year's Board Meetings
- The Company's statutes and structure
- Terms of reference of the Board Committees
- The Corporate Governance Charter
- List and CV's of Directors
- Key performance indicators

2. Acquaintance with the Company and its senior managers

As soon as possible after his/her nomination, the Company Secretary will, in coordination with the Chairman of the Board, organise a visit of the new Director to the Headquarters of the Company and its main production sites. During this visit, a meeting should be organised with the CEO, the CFO, Company Secretary and with other available members of the senior management.

3. Meeting Board colleagues

The Chairman will make sure that the new Director is given the opportunity to communicate informally with his colleagues, outside the strict context of Board meetings. Moreover, it is the Chairman's responsibility to make sure that the new Director is given all required information about the Company as well as access to its people.

4. Understanding the Company's main external relationships

To the extent the information required has not been obtained in the written materials or during interviews with senior Management, the Company Secretary and the CFO will be required to brief the new Director on the following topics:

- Company advisors and auditors
- Major customers
- Major suppliers
- Regulatory constraints (national, E.U.)
- Major shareholders
- Shareholder relations policy

ANNEX C. Audit Committee Terms of Reference

1. Purpose

1.1. The purpose of the Committee is to monitor the integrity of the Company's financial statements, to review its accounting policies and procedures, to keep under review its internal financial control and risk management systems and its compliance with statutory requirements, to appoint and monitor the internal auditor, to appoint and monitor the external auditors and to consider any matters raised by them.

2. Membership

2.1. The Committee shall be appointed by the Board, on the recommendation of the Nomination and Remuneration Committee in consultation with the Chairman of the Audit Committee, and shall comprise at least 2 Directors, each of which shall be an independent non-executive Director.

2.2. The Board shall appoint the Committee Chairman, who shall be an independent non-executive Director (but not the Chairman of the Company) with recent and relevant financial experience, and determine the period for which he or she shall hold office.

2.3. If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another independent non-executive Director of the Company to serve as an alternate member.

2.4. Only members of the committee have the right to attend committee meetings. However, the external auditor and internal auditor may be invited to attend meetings of the Committee and the Chief Executive, Finance Director and Financial Controller may be invited by the Committee Chairman to attend as observers.

2.5 The external auditors will be invited to attend meetings of the Committee on a regular basis.

2.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.

3. Secretary

3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

4.1. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

5.1. The Committee shall meet prior to publication of the quarterly and full year results of the Company and at such other times (to coincide with Board meetings or otherwise) as the Chairman of the Committee shall require.

5.2. In exceptional circumstances, the Chairman may decide to hold meetings by video-conference or teleconference.

6. Notice of Meetings

6.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee or any of its members or at the request of any officer of the Company or external or internal auditors if they consider it necessary.

6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other person required to attend no fewer than 5 working days prior to the date of the meeting.

7. Minutes of Meetings

7.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee.

7.2. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflicts of interest exist with a particular member of the Committee on any particular issue, then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

7.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, following the approval of the Committee, to all other members of the Board and external auditors.

7.4. The Chairman of the Committee shall keep the Board advised as appropriate of matters resolved, recommended or reviewed by the Committee.

8. Annual General Meeting

8.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. Authority

9.1 The Committee is authorised:

9.1.1 to seek any information it requires from any employee of the Company in order to perform its duties;

9.1.2 to call any employee to be present at a meeting of the Committee as and when required;

9.1.3 to obtain, at the Company's expense, outside legal, financial or other professional advice on any matters within its terms of reference; and

9.1.4 to have the right to publish in the company's annual report details of any issues that cannot be resolved between the Committee and the Board.

9.2 The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. If a decision is made to engage such advisers, the Committee shall have the sole authority to retain and terminate them and to approve their fees and other retention terms.

10. Duties

10.1. Financial Reporting

10.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual, half-yearly and quarterly reports, interim management statements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

10.1.2 In particular, the Committee shall review and challenge where necessary:

- f) the consistency, quality and appropriateness of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
- g) the methods used to account for significant or unusual transactions where different approaches are possible;
- h) whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
- i) the clarity and completeness of disclosure in the Company's financial reports, including the review of any correspondence between the company and the external auditors;
- j) all material information presented with the financial statements, such as the strategic review and the corporate governance statement (insofar as it relates to the audit and risk management); and
- k) the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the company looking forward over an appropriate and justified period).

10.1.3 The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole.

10.1.4 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.2 Narrative reporting

10.2.1 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

10.3 On-going viability

10.3.1 Where requested by the Board, the Committee should provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period, drawing attention to any qualifications or assumptions as necessary.

10.4 Internal Controls and Risk Management Systems

The Committee shall:

10.4.1 keep under review the effectiveness of the Company's internal financial controls and internal control and risk management systems; and

10.4.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

10.5 Compliance, Whistleblowing and Fraud

The Committee shall:

10.5.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

10.5.2 review the Company's procedures for detecting fraud;

10.5.3 review the Company's systems and controls for ethical behaviour and the prevention of bribery (in accordance with the Ministry of Justice or other relevant guidance) and receive reports on non-compliance;

10.5.4 review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the company's anti-money laundering systems and controls; and

10.5.5 review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

10.6 Internal Audit

The Committee shall:

10.6.1 approve the appointment and removal of the head of the internal audit function;

10.6.2 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;

10.6.3 ensure the internal audit function has direct access to the Chairman and to the committee, and is accountable to the Committee;

10.6.4 review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors;

10.6.5 receive a report on the results of the internal auditor's work on a periodic basis;

10.6.6 review reports addressed to the Committee from the internal auditors;

10.6.7 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;

10.6.8 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out; and

10.6.9 monitor and review the effectiveness of the Company's internal audit function, in the context of the company's overall risk management system.

10.7 External Audit

The Committee shall:

10.7.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment or removal of the company's external auditor;

10.7.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;

10.7.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;

10.7.4 oversee the relationship with the external auditor including (but not limited to):

- l) recommendations on their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
- m) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- n) assessing annually their independence and objectivity taking into account relevant UK/Cyprus professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- o) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- p) agreeing with the board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy;
- q) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
- r) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- s) seeking to ensure co-ordination with the activities of the internal audit function; and
- t) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.

10.7.5 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;

10.7.6 review and approve the annual audit plan at the start of the audit cycle and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

10.7.7 review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:

- u) 10.7.8 a discussion of any major issues which arose during the audit;

- v) 10.7.4 any accounting and audit judgements;
- w) levels of errors identified during the audit; and
- x) the effectiveness of the audit;

10.7.8 review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;

10.7.9 review the management letter and management's response to the auditor's findings and recommendations; and

10.7.10 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

10.8 The Committee shall carry out the duties in 10.1 to 10.7 above for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

10.9 Conflicts of interest

The Committee shall:

10.9.1 in respect of each Director, review any interests the director may have which conflict or may conflict with the interests of the company;

10.9.2 consider whether any such conflict should be authorised and, if so, authorise such conflict upon such terms and conditions as the committee considers appropriate. In the case of any such conflict which the Committee considers to be material, the Committee shall make recommendations to the Board as to whether such conflict should be authorised and, if so, as to the terms and conditions on which any such authorisation should be given by the Board; and

10.9.3 review on a bi-annual basis any authorisation given by the Board or Committee in order to determine whether the authorisation given should stand on the terms and conditions on which it has been given or whether additional terms and conditions should be imposed or whether the authorisation should be revoked (subject to giving the relevant director notice of the proposed revocation).

11 Reporting Responsibilities

11.1 The chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. This report shall include:

- y) the significant issues that it considered in relation to the financial statements (required under paragraph 10.1) and how these were addressed;
- z) its assessment of the effectiveness of the external audit process (required under paragraph 10.7.4(g)) and its recommendation on the appointment or reappointment of the external auditor; and
- aa) any other issues on which the Board has requested the Committee's opinion.

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include;

- a) details of the membership of the Committee, number of meetings held and attendance over the course of the year;
- b) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor;
- c) an explanation of how the Committee has addressed the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company, auditor objectivity and independence is safeguarded) and its recommendation on the appointment or re-appointment of the external auditor;
- d) the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and
- e) all other information requirements set out in the UK Corporate Governance Code.

11.4 In compiling the reports referred to in 11.1 and 11.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the longer term viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12 Other Matters

The Committee shall:

12.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;

12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

12.3. assist the Board in overseeing compliance with all legal and regulatory requirements and shall give due consideration to the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus, Disclosure and Transparency and Corporate Governance Rules and any other applicable rules, as appropriate;

12.4 be responsible for co-ordination of the internal and external auditors;

12.5. oversee any investigation of activities which are within its terms of reference and resolve any disputes that may arise between the external auditors and the Company;

12.6 at least annually should review its own performance and terms of reference to ensure it is operating at maximum effectiveness. The Board should also review the Committee's effectiveness annually;

work and liaise as necessary with all other Board committees; and

12.7 make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

13. Complaints Procedures

11.1. The Committee shall ensure that appropriate procedures are established, and shall evaluate the effectiveness of such procedures, for the receipt, retention, and treatment of complaints received by the Company relating to accounting, internal accounting controls, or auditing matters of the Company.

11.2. The Committee shall also establish procedures to ensure that submissions by Company employees arising from the Company's whistleblowing policy including those relating to questionable accounting or auditing matters utilised by the Company be treated confidentially and anonymously and are reported to the Committee. It shall ensure that any issues relating to business ethics are reported to it.

ANNEX D. Internal Audit Terms of Reference

The Internal Audit Terms of Reference (the “**Terms of Reference**”) defines the internal audit activity’s purpose, authority and responsibility. The Terms of Reference established the internal audit activity’s status within the Company and its subsidiaries (collectively referred to herein as the “**Company**”), authorise access to records, personnel, and physical properties relevant to the performance of the internal audit function duties, and define the scope of the internal audit activities.

The Company has a Board of Directors (the “**Board**”), which assigns audit oversight to an Audit Committee of at least 2 independent directors. The Audit Committee’s role and responsibilities are defined in the Audit Committee’s terms of reference.

1. Definition of internal audit

1.1. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Company’s operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

1.2. While Internal Audit primarily provides independent and objective assurance to management and the Board, it may also provide consulting services at the request of the Board, subject to the availability of skills and resources. The nature of consulting services to be provided comprises the range of services provided to assist management in meeting objectives of the Company. The nature and scope of work may include facilitation, process design, training, advisory services, project reviews and fraud- and irregularity-related work, but this list is not exhaustive.

1.3. The functions performed by Internal Audit are referred to as internal auditing and internal auditing activities as contextually appropriate.

2. Definition of control environment

2.1. The risk management and control environment reflects the attitude of and actions taken by the Board, management and other parties within the Company to identify, assess and manage risk and to provide reasonable assurance that the established business objectives and goals will be achieved within an agreed risk profile. This comprises the Company’s policies, procedures and operations in place to:

- bb) ensure that the Company’s programs, plans and objectives are achieved;
- cc) identify, assess and manage the risks to achieving the Company’s objectives;
- dd) facilitate policy and decision making;
- ee) ensure economical, effective and efficient use of resources;
- ff) ensure compliance with established ethical standards, policies, procedures, laws and regulations;
- gg) ensure that significant legislative or regulatory issues impacting the Company are recognised and addressed properly;
- hh) safeguard the Company’s assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- ii) ensure the integrity, reliability and timeliness of financial, managerial and operating information, accounts and data, including internal and external reporting and accountability processes.

2.2. The control environment includes the following elements:

- jj) Integrity and ethical values;
- kk) Board’s tolerance of risk;
- ll) Management’s philosophy and operating style;
- mm) Organisational structure;
- nn) Delegation of authority and responsibility;
- oo) Human resources policies and practices; and
- pp) Competence of personnel.

3. Scope of work and responsibilities

3.1. The scope of Internal Audit includes all of the Company’s operations, resources, services and responsibilities in relation to other bodies, and no department or business unit of the Company is exempt from audit and review.

3.2. Internal Audit responsibilities include but are not limited to:

- qq) examining and evaluating the adequacy of the Company’s risk management and governance processes;
- rr) appraising the reliability, accuracy and timeliness of information provided to stakeholders;
- ss) establishing the effect and extent of compliance with statutory and regulatory requirements, standards, policies and procedures;

- tt) determining the extent to which the Company's assets are properly accounted for and safeguarded;
- uu) appraising the economy, efficiency and effectiveness with which resources are employed;
- vv) coordinating with the work of external auditors for audit planning and assisting the external auditors as required;
- ww) review the Company's procedures for the prevention of bribery;
- xx) consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management or other restrictions;
- yy) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- zz) working in partnership with other bodies to secure robust internal controls that protect the Company's interests; and
- aaa) evaluating specific operations at the request of the Board, Audit Committee or management and working with the Head of Security to investigate any instances of fraud, irregularity or corruption.

4. Independence and accountability

- 4.1. Internal Audit shall be independent of the activities subject to internal auditing.
- 4.2. The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Financial Officer.
- 4.3. The Head of Internal Audit shall have open and direct access to the Audit Committee, the Board and management.
- 4.4. The Head of Internal Audit will communicate and interact directly with the Audit Committee, including in private sessions with the Audit Committee members without management present.
- 4.5. All decisions regarding the performance evaluating, appointment, or removal of the Head of Internal Audit shall be approved by the Audit Committee.
- 4.6. Internal Audit is authorised to have unrestricted access to all company activities, records, property and personnel. Any restriction to these accesses imposed by any employee or management of the Company, which prevents the Internal Audit from performing its duties, will be reported immediately to the Chief Executive Officer, Chief Financial Officer or directly to the Audit Committee, based on circumstances as determined by the Head of Internal Audit.
- 4.7. The Head of Internal Audit has the authority and responsibility for the documentation and communication of specific policies and procedures to guide the internal auditing activities.
- 4.8. Internal auditors shall not assume any ownership of systems under audit and shall not be given any responsibility for any aspects of work subject to audit.
- 4.9. Internal auditors shall exhibit the highest level of professional objectivity in gathering evaluating and communicating information about the activity or process being examined. Internal auditors shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgment.
- 4.10. The Board is ultimately responsible for establishing and monitoring the risk tolerance of the Company. The establishment and monitoring of risk management and control processes will be the responsibility of the Audit Committee, acting on behalf of the Board.
- 4.11. Management is responsible for the Company's internal control structure, and is also responsible for adopting one or more internal control framework(s) to serve as the basis for designing, monitoring, and evaluating its internal control structure.
- 4.12. Accountability for responding to the advice and recommendations of Internal Audit lies with management, who either accepts and implements the advice or formally rejects it. Audit advice and recommendations shall be given without prejudice to the right of Internal Audit to review the relevant policies, procedures and operations at a later date.
- 4.13. Internal Audit shall not serve as a substitute for management control. It is recognised that repetitive audits, audits required by management, and audits that take on more of a monitoring function rather than an assessment may not be commensurate with objectivity. The Head of Internal Audit shall disclose to the Audit Committee any and all requested, proposed, and performed activities that are deemed as not taking the form of an objective internal audit activity, for their acceptance or rejection.
- 4.14. The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

5. Reporting

5.1. On at least an annual basis, or more frequently if the need arises, the Head of Internal Audit requests approval of the following matters from the Audit Committee:

- bbb) Terms of reference for Internal Audit;
- ccc) Internal Audit Strategy;
- ddd) Internal Audit's annual plan; and
- eee) Internal Audit resources.

5.2. In addition, the Head of Internal Audit will report at least annually to the Audit Committee on:

- fff) the annual report of the Head of Internal Audit including results of quality assurance and performance management processes;
- ggg) the adequacy of management's response to advice and recommendations; and
- hhh) arrangements made for cooperation with external auditors.

5.3. On a quarterly basis the Head of Internal Audit provides directly to the Audit Committee summary reports in respect of:

- iii) progress against approved Audit Strategy;
- jjj) projects undertaken during the period; and
- kkk) implementation of recommendations.

6. Risk assessment and planning

6.1. Internal Audit uses a risk model to logically identify key risks within the Company, and presents the risk model to the Audit Committee and the Board to receive input and feedback. As part of the process, Internal Audit will receive direction and input from the Audit Committee and the Board as to the risks deemed most important to the Company taking account of both the probability of occurrence and the magnitude of the risk if it should occur.

6.2. Internal Audit develops an annual audit plan based on the risk assessment, and presents the audit plan to the Audit Committee for their review, input, and approval. The audit plan is continuously risk-based, and not coverage-based, and optimal audit plans continuously evolve in response to shifting perceptions and outcomes of risk.

7. Reporting accountabilities and follow-up

7.1. A written report shall be prepared for every internal audit assignment. The report shall be agreed with the Head of Internal Audit before it is issued to the responsible management.

7.2. Management shall be asked to provide written responses to issues in a diligent and timely manner, generally within 14 days, although this period can be extended by agreement. The written responses must describe actions planned in relation to each recommendation. If the recommendation is not accepted by the manager, a full written justification must be provided. The Head of Internal Audit shall be responsible for assessing whether the manager's response is adequate.

7.3. The Head of Internal Audit shall provide the Audit Committee with a copy of the summary from any audit report together with details of any High and Medium priority recommendations, identification of the person responsible for implementation of each recommendation, and any disagreements with management that remain unresolved.

7.4. Progress on implementation of all agreed High and Medium priority recommendations shall be reported to the Audit Committee until action is completed.

7.5. Internal Audit shall have procedures in place to ensure that reported conclusions and opinions are supported with adequate, competent, and sufficient internal audit work.

7.6. The Audit Committee shall approve the conceptual framework pertaining to follow-up audit procedures. Internal Audit shall have procedures in place to track, monitor, and evaluate the status of internal control issues with a tracking mechanism and with consideration to the risk of each issue and the cost and benefit of various audit procedure alternatives.

8. Competence

8.1. Internal Audit shall be appropriately staffed in terms of number, grades, qualification levels and experience, having regard to its core objectives. The Audit Committee shall determine the minimum amount of relevant training required for the Internal Audit staff, and shall exercise its authority to require personnel changes at any level to the Internal Audit.

8.2. Internal Audit resources may be supplemented from time to time by outsourcing as necessary or desirable to ensure adequate resources and expertise are available to meet the audit plan. The Head of Internal Audit has authority to contract such external resources within the approved annual budget; any commitment in excess of the annual budget must be approved in advance by the Audit Committee.

8.3. Internal Audit shall have documented procedures in place that deliver appropriate supervision, coaching, performance appraisals, and training to the Internal Audit staff.

8.4. The Head of Internal Audit shall continuously and annually review the general level of compliance with the function's policies and procedures and annually present the results of these reviews to the Audit Committee. The reviews shall take the form of a condensed internal self-assessment and shall be based on key attributes determined by the Audit Committee.

8.5. At least annually, the Head of Internal Audit shall communicate to management and the Audit Committee on the internal audit activity quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

9. Fraud

9.1. Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud will be detected. Internal Audit does not have responsibility for the prevention or detection of fraud.

9.2. Internal Audit shall be competent to assess the risk of fraud for the purposes of continuous audit planning and project planning and scoping and shall be alert in their work to risks and exposures that could allow fraudulent actions.

9.3. Management is responsible for all investigations of suspected fraud, but may request Internal Audit and/or the Head of Security to undertake or assist in such investigations. Management shall report to the Audit Committee any and all instances of fraud reasonably believed to have occurred and of a significance expected to be greater than *de minimis*. Management shall provide regular updates to Internal Audit for all suspected and actual incidences of fraud, whether or not investigations are conducted.

10. Confidentiality

10.1. Internal Audit staff shall be aware of the strict confidentiality of audit work. Information arising from audit work shall under no circumstances be discussed openly or with persons not directly involved in the audit.

10.2. Internal Audit shall hold data and information obtained during the course of its audit activities with due care and the appropriate level of confidentiality. The Head of Internal Audit shall have authority to grant, limit, and restrict access to work papers and records.

10.3. Confidential information obtained in the course of internal auditing shall not be used to effect personal gain.

11. Standards of audit practice

11.1. The Internal Audit activity is governed by the Code of Ethics (the “**Code**”) and the International Standards for the Professional Practice of Internal Auditing (the “**Standards**”) as promulgated by the Institute of Internal Auditors (“**IIA**”). While these Terms of Reference are not intended to fully reiterate the Code and the Standards, it is intended to be consistent with the IIA Standards and should be interpreted in a manner consistent with those standards. IIA Code and Standards not directly incorporated into these Terms of Reference shall nonetheless be fully and appropriately applicable to the Company’s Internal Audit. The Company’s Internal Audit also considers guidance from industry practices and other relevant sources as deemed appropriate and reasonable in relation to the Company’s needs.

ANNEX E. Nominations and Remuneration Committee Terms of Reference

The Board Nomination and Remuneration Committee is a Committee of the Board from which it derives its authority and to which it regularly reports.

The principal purpose of the Committee is to:

- a) ensure the company has exceptional people who occupy appropriate positions and who have incentives to achieve and are compensated for exceptional performance;
- b) set the over-arching principles and parameters of Remuneration Policy across the Company; and
- c) review the Company's needs for employees and guarantee the existence of management depth for expansion and succession.

1. Membership

1.1 The Committee will comprise at least three independent non-executive Directors of the Company. The Chairman of the Company may also serve as a member.

1.2 A majority of the members of the committee shall be independent Non-Executive Directors.

1.3 When deciding on the Nominations and Remuneration Committee's composition, the Board takes into consideration the needs and qualifications required for the optimal functioning of the Nominations and Remuneration Committee.

2. Chairman.

2.1 The Board designates a Non-Executive Director amongst the members of the Nominations and Remuneration Committee to chair it. The Chairman of the Committee can be the Chairman of the Board. The Chairman will not be authorised to chair the Nominations and Remuneration Committee when dealing with the designation of his or her successor.

3. Quorum.

3.1 The quorum necessary for the transaction of business shall be at least two members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

3.2 Decisions of the Nominations and Remuneration Committee are taken by a majority vote and, in the event of equality of votes, the Chairman of the Committee has a casting vote.

4. Meetings.

4.1 Meetings will be held, at least two times a year.

4.2 The Chairman of the Committee and the Chairman of the Company or the Chief Executive may each convene meetings of the Committee at any time to consider any matters falling within these terms of reference.

5. Notice of meetings

5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors not less than five working days prior to the date of the meeting. Supporting papers shall be sent to members of the committee, and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Chairman of the Committee.

6. Secretary

6.1 The Secretary of the Company, shall act as Secretary to the Committee and attend all meetings. The Secretary to the Committee should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of issues.

7. Support

7.1 The Committee will be supported by the Company Human Resources Director, who shall have independent access to the Chairman of the Committee, as well as by the CFO when needed.

8. Minutes of meetings

8.1 The Secretary shall prepare minutes of the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

9. Disclosure:

9.1 The members of the Committee will be listed in the annual report to shareholders of the Company.

9.2 The Chairman of the Committee, or a chosen member, will be prepared to answer questions at the annual general meeting of the Company which relate to any matter within the remit of the Committee.

9.3 A summary of agreed remuneration practices will be included in the Annual Report and Accounts of the Company.

10. Responsibilities of the Committee

10.1 Nominations:

10.1.1 The committee shall:

- d) regularly review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board (with particular regard to the balance of executive and non-executive Directors, including independent non-executives) and make recommendations to the Board with regard to any changes;
- e) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- f) satisfy itself that plans are in place for orderly succession for appointments to the Board and senior management;
- g) assist the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance of the Board and its committees, including consideration of the balance of skills, knowledge, independence, experience and diversity, how the board works together as a unit and other factors relevant to the board's effectiveness;
- h) review the results of the annual evaluation process that relate to the composition of the Board and its committees;
- i) be responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise;
- j) as part of the process for nominating candidates for appointment, obtain details of and review any interests the candidate may have which conflict or may conflict with the interests of the Company. The proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest. The Committee shall consider whether, despite any such conflict or potential conflict, there are nevertheless grounds for recommending the candidate for appointment and for the board to authorise the relevant conflict. The Committee shall, as part of any proposal to the board for appointment of the relevant candidate, explain these grounds and make recommendations as to the terms and conditions on which any authorisation of the conflict should be given by the board. The Committee should ensure that the proposed appointee be required to report any future interests that could result in a conflict of interest;
- k) before recommending an appointment, evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - (i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;
- l) for the appointment of a Chairman, prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- m) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the company to compete effectively in the marketplace;
- n) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- o) review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- p) ensure that, on appointment to the board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- q) ensure the Company has exceptional managers who occupy appropriate positions.
- r) monitor training needs and programmes to improve employee effectiveness
- s) develop a culture of ownership, simplicity, efficiency, high ethical standards and the permanent quest to improve results

- t) make available its terms of reference explaining clearly its role and the authority delegated to it by the Board; and
- u) work and liaise as necessary with all other Board committees.

10.1.2 The Committee shall also make recommendations to the Board concerning:

- v) formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive;
- w) suitable candidates for the role of Senior Independent Director;
- x) membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees;
- y) the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
- z) the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years);
- aa) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company, subject to the provisions of the law and their service contract; and
- bb) the appointment of any Director to executive or other office.

10.1.3 The Committee shall carry out the duties in 10.1.1 and 10.1.2 above for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

10.2 Remuneration:

10.2.1 The Committee shall:

- cc) have responsibility for setting the remuneration policy for all executive Directors and the Company's Chairman, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration;
- dd) recommend and monitor the level and structure of remuneration for senior management to ensure that they are compensated for exceptional performance;
- ee) in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- ff) when setting remuneration policy for Directors, review and have regard to the remuneration trends across the Company or Group, especially when determining annual salary increases;
- gg) review the ongoing appropriateness and relevance of the remuneration policy;
- hh) oversee the maintenance and continuous improvement of the Company's compensation policy with a view to aligning the interests of employees with the interests of shareholders;
- ii) make sure individual goals are established to align the interests of all employees with the company's goals and objectives as set by the Board;
- jj) review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors, Company Secretary and other designated senior executives and the performance targets to be used;
- kk) approve the design of, and determine targets for, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes (in accordance with the provisions of the UK Corporate Governance Code);

- ll) determine the policy for, and scope of, pension arrangements for each executive Director and other designated senior executives;
- mm) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- nn) within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of the Chairman, each executive Director, Company Secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- oo) oversee any major changes in employee benefits structures throughout the Company or Group;
- pp) agree the policy for authorising claims for expenses from the Directors;
- qq) obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations, the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- rr) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee. Where any such consultants are appointed, the committee shall make available a statement of whether the relevant consultant has any other connection with the Company; and
- ss) work and liaise as necessary with all other Board committees.

10.2.2 The Committee shall carry out the duties in 10.2.1 above for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

11. Reporting responsibilities

11.1 The Chairman of the Committee shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

11.2. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall prepare a report for shareholders to be included in the Company's annual report, which shall include:

- tt) a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives;
- uu) a statement from the committee chairman providing a summary of the company's remuneration policy and the annual report on remuneration; and
- vv) a report of the company's remuneration policy and practices and the committee shall ensure that it is put to shareholders for approval at each annual general meeting.

11.4 If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

12. Other matters

12.1 The committee shall:

- ww) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- xx) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- yy) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate;
- zz) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- aaa) make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

13. Authority

13.1 The Committee is authorised by the board to seek any information it requires from any employee of the Company (including the Company's executives) in order to perform its duties, provided their role in providing such advice and assistance is clearly separated from their role within the business.

13.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

13.3 The Committee may sub-delegate any or all of its powers and authority and may establish sub-committees which are to report back to the Committee.