



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 the provisions of the UK Corporate Governance Code to the fullest extent practical.

The main aspects of the Company’s corporate governance policy are described in this Corporate Governance Charter approved by the Board of Directors (the “Board”) on 04 May 2026.

## Contents

1.	OBJECTIVES .....	2
2.	COMPANY STRUCTURE AND SUMMARY ORGANISATION CHART .....	2
3.	THE BOARD OF DIRECTORS OF THE COMPANY .....	4
4.	SENIOR INDEPENDENT DIRECTOR .....	16
5.	ASSISTANT SECRETARY .....	17
6.	COMMITTEES AND THEIR TERMS OF REFERENCE .....	17
7.	INTERNAL CONTROL AND RISK MANAGEMENT .....	20
8.	COMPANY’S SHAREHOLDERS AND ITS SHARES .....	21
	ANNEX A. THE UK CORPORATE GOVERNANCE CODE (JANUARY 2024).....	25
	ANNEX B. NEW BOARD MEMBERS INDUCTION PROCEDURE .....	43
	ANNEX C. AUDIT & RISK COMMITTEE TERMS OF REFERENCE.....	45
	ANNEX D. INTERNAL AUDIT TERMS OF REFERENCE.....	54
	ANNEX E. NOMINATIONS AND REMUNERATION COMMITTEE TERMS OF REFERENCE .....	61
	ANNEX F. SUSTAINABILITY AND INTERNATIONAL AFFAIRS COMMITTEE TERMS OF REFERENCE .....	69
	ANNEX G. POLICY ON THE PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITOR.....	73
	ANNEX H. POLICY ON EMPLOYMENT OF FORMER EMPLOYEE FROM AUDIT FIRM .....	76

# 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 provisions of the UK Corporate Governance Code 2024 (the “Code”), which is reproduced in 0 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

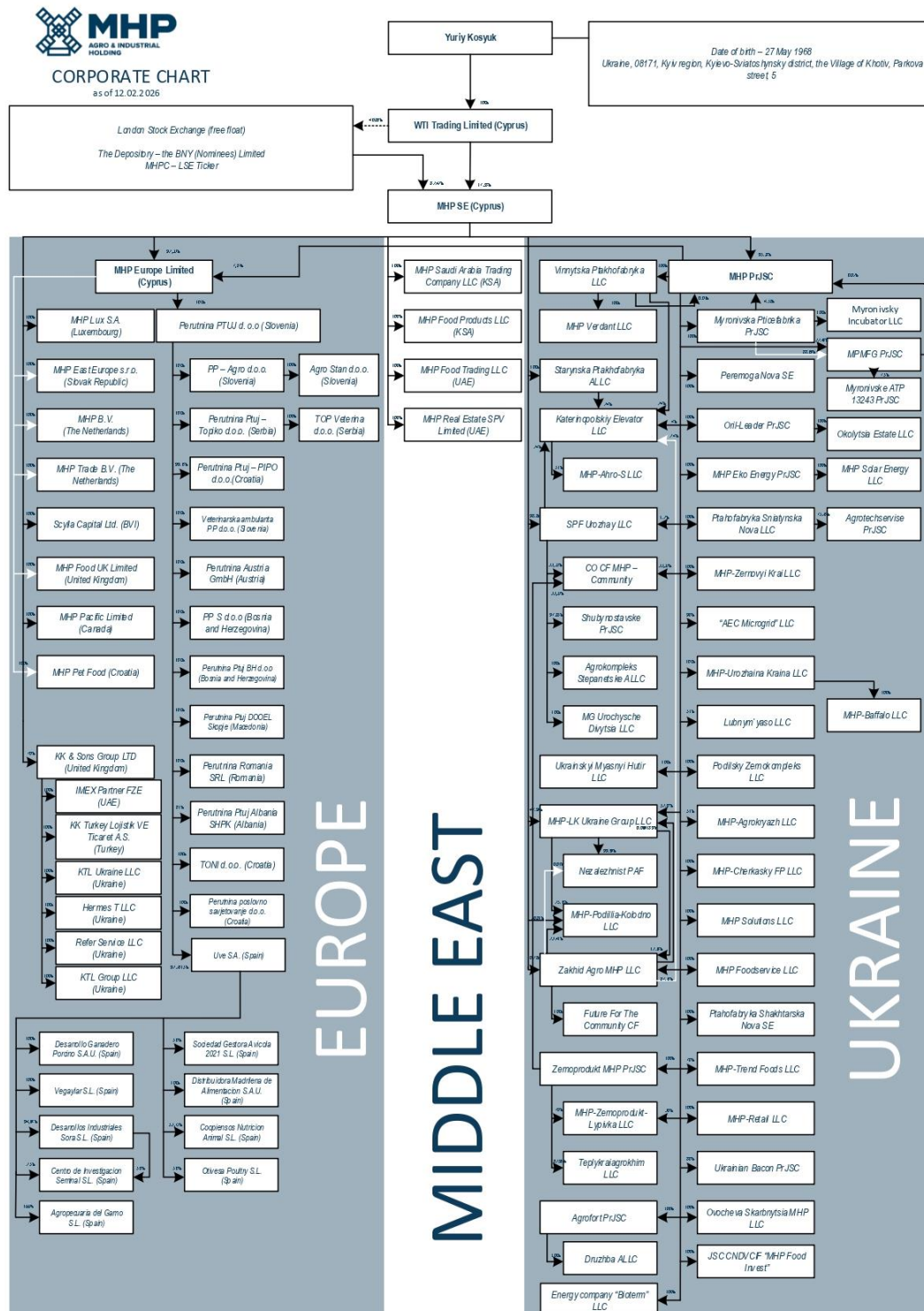
The Company is a Societas Europea having its registered office at 16-18 Zinas Kanther Street, Ayia Triada, 3035 Limassol, Cyprus registered with the Cyprus Registrar of Companies, initially incorporated in Luxembourg pursuant to a notarial deed of 30 May 2006, published in the Mémorial C, Recueil des 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 for MHP Group comprising of food production companies across the world. 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 processed meat and related operations, vegetable oil operations, agriculture operations 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 of poultry products globally. 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 are located in 14 different regions of Ukraine, as well as across the Southeastern Europe and in Spain, reflecting the Group’s international footprint.

## Summary Organisation Chart

The chart below provides a summary organisation structure of the Group as at 12.02.2026:



## GENERAL MEETING OF SHAREHOLDERS

### 2.2 General Meeting

General meetings of shareholders shall represent the entire body of shareholders of the Company. They shall have the broadest powers to order, carry out or ratify all acts relating to the operations of the Company.

General meetings of shareholders shall meet upon call by the Board. Shareholders representing one tenth of the paid up share capital may, in compliance with Companies Law of Cyprus, Cap 113, as amended, request the Board to call a general meeting of shareholders.

### 2.3 Annual General Meeting

The Annual General Meeting shall be held in accordance with Cypriot law at the registered office of the Company or at such other place as specified in the notice of the meeting, on the eighteenth day in the month of June at twelve noon. If such a day is a Saturday, a Sunday or a public holiday, the general meeting of shareholders shall be held the following business day at the same time.

### 2.4 Extraordinary General Meeting

The Board may convene an Extraordinary General Meeting. Shareholders representing one tenth of the Company's paid up share capital may also ask the Board to convene an Extraordinary General Meeting.

An Extraordinary General Meeting is held on the date and at the venue indicated in the notice convening the meeting.

## 3. THE BOARD OF DIRECTORS OF THE COMPANY

### 3.1 Powers of and matters reserved for the Board

The Board is the ultimate decision-making body, except for the powers reserved to the Shareholders' Meeting by law, or as specified in the Articles of Association or the Code.

In the interests of efficient running of the Company, it is necessary for the Board to delegate certain of its responsibilities to others, such as 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 as a committee of the Board, or the officers and senior managers of the Company. It is, however, important for the Board to be clear about those matters which are required to be, or in the interest of the Company should be, decided by the Board as a whole.

Powers of and matters reserved for the Board are as follows:

#### 3.1.1 Strategy and Management

- a) Responsibility for the overall leadership of the Group and setting the Group's values and standards.
- b) Approval of the Group's long-term objectives and commercial and investment strategy.
- c) Approval of the annual operating and capital expenditure budgets of the Group and any material changes to them.
- d) Oversight of the Group's operations ensuring:
  - (i) competent and prudent management;
  - (ii) sound planning;
  - (iii) maintenance of sound management and internal control;

- (iv) maintenance of adequate accounting and other records; and
- (v) compliance with statutory and regulatory obligations.
- e) 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.
- f) Extension of the Group's activities into new business or geographic areas.
- g) Any decision to cease to operate all or any material part of the Group's business.

### **3.1.2 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).
- c) Approval of changes to the Group's management and control structure.
- d) Any changes to the company's listing or its status.

### **3.1.3 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.

### **3.1.4 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 quarterly and half-yearly reports, 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 & Risk 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).

### **3.1.5 Internal Controls**

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

- a) approving the company/group's risk appetite statements;
- b) 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;

- c) approving procedures for the detection of fraud and the prevention of bribery and corruption;
- d) undertaking an annual assessment of these processes; and
- e) procuring the approval of an appropriate statement from the Audit & Risk Committee for inclusion in the annual report.

### **3.1.6 Agreements**

Approval of:

- a) any major capital project;
- b) contracts which are material strategically or by reason of size entered into by the Company in the ordinary course of business above USD 25 million;
- c) contracts of the Company not in the ordinary course of business, regardless of value, for example binding agreements in relation to major acquisitions or disposals;
- d) in the case of a subsidiary - approval by the Company, in its capacity as shareholder, of matters falling within the competence of the shareholder in accordance with the applicable legal requirements of the relevant jurisdiction.

### **3.1.7 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.

### **3.1.8 Board Membership and Other Appointments**

- a) Considerations regarding changes to the structure, size and composition of the Board, following recommendations of the Nominations and Remuneration Committee and subject to approval by the shareholders of the Company at a general meeting (AGM or EGM).
- 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) Considerations regarding appointments to, or removals from, the Board, based on the recommendations of the Nominations and Remuneration Committee and subject to approval at a general meeting (AGM or EGM).
- d) Selection of the Chair of the Board.

- e) Appointment of the Senior Independent Director to provide a sounding board for the Chair and to serve as an intermediary for shareholders and the other directors when necessary.
- f) Determining membership and Chairship of Board Committees following recommendations from the Nominations and Remuneration 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 Assistant 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 & Risk Committee

### **3.1.9 Remuneration**

- a) Determining the remuneration policy for the directors, following recommendations from the Nominations and Remuneration Committee.
- b) Determining the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate.
- c) Recommendation of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

### **3.1.10 Delegation of Authority**

- a) Establishing and determining the division of responsibilities between the Chair, 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 Nominations and Remuneration Committee, the Audit & Risk Committee and the Sustainability and International Affairs Committee (the "Committees") and approval of their terms of reference, and approving material changes thereto.
- d) Receiving reports from Committees on their activities.
- e) The Board may establish such other committees as it considers appropriate and approve their terms of reference.

### **3.1.11 Corporate Governance Matters**

- a) Undertaking a formal and rigorous review annually of the Board's 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, suppliers and the community.
- d) Reviewing the Group's overall corporate governance arrangements.
- e) Receiving reports on the views of the Company's shareholders and ensuring that they are communicated to the board as a whole.
- f) Considering whether to authorise, and, if so decided, authorising directors' conflicts of interest in accordance with the Company's Articles of Association and applicable law, and determining the terms and conditions upon which any such authorisation is given.
- g) Policies. Approval and review of Group policies, including:
  - this Charter;
  - Share Dealing Code;
  - Code of Ethics;
  - Code of Business Partner Conduct;
  - Conflict of Interest Management Policy;
  - Anti-Money Laundering and Combating Terrorist Financing Policy;
  - Gifts and Business Hospitality Policy;
  - Health and Safety Policy;
  - Environmental Policy;
  - Stakeholder Engagement Policy;
  - Comprehensive Support Policy for Military Personnel, Veterans, and Their Family Members under the "MHP Standing Together" Programme;
  - Corporate Philanthropy & Charity Policy;
  - Anti-Bribery and Corruption Policy;
  - Related Party Transaction Policy;
  - Land Use Policy;
  - Animal Welfare Policy;
  - Whistleblowing Policy;
  - Quality and Safety Policy;
  - MHP's Procurement Policy;
  - Risk Management Policy; and
  - Human Resources policy.

### **3.1.12 Other**

- a) The making of any political donations.
- b) Prosecution, defence or settlement of litigation or an alternative dispute resolution mechanism material to the interests of the Group.
- c) Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- d) Major changes to the rules of the Group's pension schemes, or changes of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.
- e) 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.
- f) This Charter 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 its committees, the senior management of the Group and the Group's professional advisers on any matter which it considers significant to the Group.

## **3.2 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.

The Board shall be composed of executive and non-executive directors. At least half the Board, excluding the Chair, should comprise non-executive directors determined by the Board to be independent. Independence is assessed taking into consideration the relevant provisions of the Code (0).

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

The directors shall be elected annually by the general meeting of shareholders 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 Committees, all new directors will receive a comprehensive induction. The induction procedure is laid out in [Annex B](#). It will be monitored by the Chair of the Board and organised by the Assistant Secretary (as defined in section 5). 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, knowledge and diversity of each of the Board members and will aim to promote diversity of gender and social and ethnic backgrounds. Adequacy of size and composition will be regularly assessed by the Board upon the initiative of the Chair of the Board and upon recommendation of the Nominations and Remuneration Committee.

## **3.3 The functioning of the Board**

The Board shall meet upon call by the Chair 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 of any meeting of the Board shall be given in writing or by email 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 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. 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 is 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 to the Board by the Assistant Secretary, if any, failing which by any Director.

Decisions shall be taken by a majority vote of the Directors present or represented at the meeting. In the event of an equality of votes, the Chair of the Board may, at his or her discretion, exercise a casting vote.

Any director may participate in a meeting of the Board by conference call or similar means of communication 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 Assistant Secretary, who is appointed by the Board on the recommendation of the Nominations & Remuneration Committee, 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 shall be approved by the Chair of the Board and subsequently submitted to the Board for formal approval at its next meeting. Minutes of any Board meeting shall be signed by the Chair of the Board or, in the Chair's absence, by the Chair pro tempore who presided over the meeting. Any copies or extracts of such minutes produced for judicial or other purposes shall be certified as true copies by the Chair of the Board or, as applicable, by the Chair pro tempore.

### **3.4 Conflicts of Interest**

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 Chair 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 Chair 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.

### **3.5 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.

### **3.6 Evaluation of the Board, its Committees and the Chair**

The Board will undertake a formal annual evaluation of its own performance and that of its committees and the Chair (taking into account Provision 21 of the Code, set out in 0) in order to assess whether: (i) the Board operates efficiently, (ii) important issues are debated and prepared properly, and (iii) each director makes a constructive contribution to the decision making, (iv) efficiency of the Chair. Such evaluation will be done by the Nominations and Remuneration Committee at the initiative of the Chair 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, Senior Independent Director and endorsed by the Board.

### **3.7 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 & Risk 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 Assistant Secretary generally would be informed in advance of such contact.

### **3.8 The remuneration of Directors**

The Nominations and Remuneration Committee recommends the level of remuneration for Directors, including the Chair of the Board and the CEO, subject to submission to the Board and, subsequently, to the Annual General Meeting of shareholders when it approves the annual accounts. However, no director participates in any decision-making relating to their own remuneration outcome.

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 shareholders as part of the annual Remuneration Report.

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 from time to time sets and revises, 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 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 Remuneration Report in accordance with applicable laws and stock exchange rules.

Independent non-executive Directors of the Board are not eligible to participate in any supplementary pension and early retirement schemes.

### **3.9 Division of responsibilities between the Chair, CEO and Senior Independent Director, the Board and the Committees**

The Code states, at Provision 9, that the roles of Chair and CEO should not be exercised by the same individual and that a CEO should not become chair of the same company. The Code states, at Provision 14, that the responsibilities of the Chair, CEO, Senior Independent Director, Board and Committees should be clear, set out in writing, agreed by the Board and made publicly available.

In addition, Provision 12 of the Code states that the Board should appoint one of the independent non-executive directors to be the Senior Independent Director (the "SID"); the primary responsibilities of the SID are set out in [Section 4](#) of this document.

#### **Statement of Division of Responsibilities between the Chair and the CEO**

<b>1. Appointment</b>	
<b>Chair</b>	<b>CEO</b>
<p>1.1 The Board elects the Chair of the Board from amongst its members meeting the criteria. For the appointment of the Chair of the Board, the Nominations and Remuneration Committee will prepare a job specification, including an assessment of the time commitment expected, recognizing the need for availability in the event of crises. The CEO will not be the Chair of the Board.</p> <p>The Board may designate the Chair as an Executive Chair for his or her term of office if and to the extent the duties performed by him or her render it necessary or desirable for the individual to have an executive function within the Company.</p> <p>If the Board designates an Executive Chair, such Executive Chair shall not act as Chair of any Committee.</p>	<p>1.1 The Board appoints and removes the CEO. In case of dismissal of the CEO, the CEO may remain a director of the Company for as long as the CEO also holds a mandate of director of the Company.</p>

<b>2. Reporting Lines</b>	
<b>Chair</b>	<b>CEO</b>
2.1 The Chair reports to the Board of the Company.	2.1 The CEO reports to the Chair (acting on behalf of the Board) and to the Board directly.
2.2 The Chair is not responsible for executive matters regarding the Group's business, save for the duties performed as Executive Chair. Other than the CEO and the Assistant Secretary, no executive has a direct reporting line to the Chair, 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.
<b>3. Key Responsibilities</b>	
<b>Chair</b>	<b>CEO</b>
3.1 The Chair's principal responsibility is leading the Board, and ensuring its overall effectiveness in directing the Group.	3.1 The CEO's principal responsibility is running the Group's business.
3.2 The Chair 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 Chair and the Board.
3.3 The Chair 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.
<b>4. Other Key Responsibilities</b>	
<b>Chair</b>	<b>CEO</b>
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 Chair on the important and strategic issues facing the Group, and proposing Board agendas to the Chair which reflect these.
4.3 Ensuring that the Board receives accurate, timely and clear information on:  (a) the Group's performance;	4.3 Ensuring that the executive team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.

<p>(b) the issues, challenges and</p> <p>(c) opportunities facing the Group; and</p> <p>(d) matters reserved to it for decision.</p>	
<p>4.4 Directing the Assistant Secretary to ensure good information flows with the Board and its Committees and between senior management and Non-Executive Directors</p>	<p>4.4 Ensuring, in consultation with the Chair and the Assistant 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.</p>
<p>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.</p> <p>If the Board has designated an Executive Chair, such meetings shall be arranged by the Senior Independent Director</p>	<p>4.5 Ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware.</p>
<p>4.6 Proposing to the Board, in consultation with the CEO, Assistant Secretary and Committee Chairmen as appropriate:</p> <p>(a) a Schedule of Matters Reserved to the Board for its decision;</p> <p>(b) Terms of Reference for each Committee; and</p> <p>(c) Other Board policies and procedures.</p>	<p>4.6 Providing input to the Chair and Assistant Secretary on appropriate changes to the Schedule of Matters Reserved to the Board and Committee Terms of Reference.</p>
<p>4.7 Ensuring that there is effective communication by the Group with its shareholders, including by the CEO, CFO, COO and other executive management, and ensuring that members of the Board develop an understanding of the views of the major investors in the Group. The Chair should discuss governance and the Group's performance against the strategy with major shareholders. The Chair should ensure that the Board as a whole has a clear understanding of the view of shareholders.</p>	<p>4.7 Leading the communication programme with shareholders.</p>
<p>4.8 Taking the lead in providing full, formal and tailored induction programmes for new</p>	<p>4.8 Commenting on induction programmes for new Directors and ensuring that appropriate management</p>

	Directors (including, where appropriate, meeting major shareholders), facilitated by the Assistant Secretary.		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 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 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.
4.15	If designated as an Executive Chair, undertaking such strategic projects and executive management functions as specified in his or her terms of appointment as Executive Chair.		
<b>5. Status of this Statement</b>			
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, insofar as they may relate to his role as Group CEO, this statement shall take precedence.

## 4. SENIOR INDEPENDENT DIRECTOR

In accordance with the provisions of the Code, the Board has designated an independent non-executive Director as the SID. The Senior Independent Director should be determined to be independent on the basis of the Code and shall be subject to annual re-election by the general meeting of the Company's shareholders.

### Responsibilities

In addition to their role as a non-executive Director of the Company and as a member of any Committees to which they may be appointed, the key responsibilities of the SID are to:

- develop and maintain a balanced understanding of major shareholder issues and concerns;
- provide a sounding board for the Chair, supporting them in the delivery of their objectives;
- be available to shareholders as an intermediary if they have concerns which contact through the normal channels of Chair, CEO or CFO has failed to resolve, or for which such contact would be inappropriate;
- serve as an intermediary for the other Directors where necessary;
- take responsibility for an orderly succession process for the Chair, working closely with the Nominations and Remuneration Committee, and to Chair the Nominations and Remuneration Committee when it is considering succession to the Chair;
- lead the evaluation of the Chair on behalf of the other Directors, including meeting with the other non-executive Directors at least once a year (without the Chair being present) to appraise the Chair's performance and on such other occasions as necessary; and
- work with the Chair and the other Directors to resolve significant issues affecting the Company's business (outlined further below).

When the Board or the Company is undergoing challenge, the SID's role becomes critically important. He/she can work with the Chair and other Directors, and/or shareholders, to resolve significant issues. Examples of when the Senior Independent Director might intervene in the interests of stability include:

- there is a dispute between the Chair and the CEO;
- shareholders or non-executive Directors have expressed concerns that are not being addressed by the Chair or the CEO;
- the Company's strategy is not supported by the entire Board;
- the relationship between the Chair and CEO is particularly close;
- decisions are being made without the approval of the full Board; or
- succession planning is being ignored.

## 5. ASSISTANT SECRETARY

The Assistant 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 Assistant Secretary shall assist the Chair of the Board in the logistics associated with the affairs of the Board (information flows, agenda, etc.). Both the appointment and removal of the Assistant Secretary should be a matter for the Board as a whole. The Assistant Secretary shall report to the Chair on all Board governance matters (without prejudice to any reporting line to the CEO or other executive directors in respect of any other management responsibilities), and the remuneration of the Assistant Secretary shall be determined by the Nomination and Remuneration Committee.

The Assistant 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 Assistant Secretary also supports the Chair in developing and implementing the policies and processes necessary for the effective functioning of the Board and its Committees and in helping them to function efficiently. The Assistant Secretary will consult regularly with directors to ensure that they receive any necessary information and will work with the Chair, CEO and management to ensure the presentation of high-quality supporting information to the Board and its Committees. The Directors and the Board may obtain information from independent professional external sources, such as consultants and other advisers, at the Company's expense if there is a need for outside expertise and Directors judge it necessary to discharge their responsibilities as Directors, via the Assistant Secretary or directly.

The Assistant Secretary is responsible for advising the Board on all governance matters and, along with the Chair 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. In performing these duties, the Assistant Secretary will seek to build relationships of mutual trust with the Chair, the Senior Independent Director and the Non-Executive Directors, while maintaining the confidence of executive director colleagues.

The Assistant Secretary will facilitate induction for new Directors (as set out in [Annex B](#) of this document), arrange Board training and assist with Directors' ongoing professional development as required, and will arrange for the Company to provide the necessary resources for developing and updating Directors' knowledge and capabilities and for responding to issues arising from Board performance reviews.

## 6. COMMITTEES AND THEIR TERMS OF REFERENCE

The Board is assisted by three Committees: the Audit & Risk Committee, the Nominations and Remuneration Committee and the Sustainability and International Affairs Committee. The 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. 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 Chair 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.

## 6.1 Audit & Risk Committee

The Audit & Risk 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 & Risk Committee include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the Company's risk management and internal control framework, and reviewing and approving related statements to be included in the Company's annual report;
- providing advice to the Board regarding assessments of the Company's on-going viability;
- approving and removing the Chief Internal Auditor, and monitoring and reviewing the effectiveness of the Company's internal audit function;
- reviewing any interests Directors may have which conflict or may conflict with the Company's interests, considering authorising such conflicts and reviewing such authorisations given by the Board or the Committee;
- making recommendations to the Board, about the appointment, reappointment and removal of the external auditor; when appropriate, conducting a tender process for the selection of the external auditor; and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK and Cypriot professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit & Risk Committee Terms of Reference are enclosed as [Annex C](#) hereto.

## 6.2 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 on appointments to the Board; and (iii) assisting the Board with decisions on the remuneration and management of employees.

The main role and responsibilities of the Nominations 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 Annual General Meeting;
- maintaining and ensuring continuous improvement of the Company's Remuneration 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 remuneration packages, including, but not limited to, salary and long-term incentives, of the CEO and of the executive management other than Executive Board Directors;
- discussing 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; and
- 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.

### **6.3 Sustainability and International Affairs Committee**

The Sustainability and International Affairs Committee is responsible for, among other things, assisting the Board in fulfilling its oversight responsibilities in relation to sustainability and international affairs matters, including strategy, policy, governance, management systems, performance and performance measurement, reporting, target-setting and communications in relation to such matters.

The main roles and responsibilities of the Sustainability and International Affairs Committee include:

- approving a sustainability strategy aligned with the Company's overall goals and which supports the Company's overall aims, objectives and goals; supporting the Board on continued development of the Company's sustainability approach and monitoring the Company's related policy framework and management systems and controls;
- review and monitoring of the Company's sustainability key performance indicators ("KPIs") and targets, and performance against these KPIs and targets;
- monitoring external appraisals of the Company's sustainability performance, reviewing sustainability reporting and ensuring feedback from stakeholders is applied robustly;
- setting an international affairs strategy aligned with the Company's overall strategy and which supports the Company's overall aims, objectives and goals; and
- supporting the Board and the management team on continued development of the Company's international affairs approach, relationships with key industry stakeholders and international-level public relations, lobbying and advocacy activities.

The Terms of Reference of the Sustainability and International Affairs Committee are enclosed as [Annex F](#) hereto.

## 7. INTERNAL CONTROL AND RISK MANAGEMENT

### 7.1 Internal control

The Company's risk management and internal control framework is designed to reduce the probability and impact of, rather than eliminate, various risks to the Company and therefore are unable to provide absolute assurance that risks will not occur. The Board is ultimately responsible for the Company's governance, risk management and internal control framework and for formally reviewing the effectiveness of all material controls, including financial, operational, reporting and compliance controls at least annually. In its annual report, the Board should provide a description of how it has monitored and reviewed the effectiveness of the framework; a declaration of effectiveness of the material controls as at the balance sheet date; and a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.

Risk management is a central part of regular Board review and assessment. There is a continuous process for identifying, evaluating and managing the emerging and principal risks the Company faces and the Board regularly monitors exposure to such risks.

The annual budget and the business plan, upon which the budget is based, is reviewed and approved by the Board. Risk management and internal controls are assessed as part of the business planning process. There is a comprehensive system of reporting, with quarterly performance reports presented to the Board.

Executive management is responsible for the implementation and maintenance of the risk management and internal control framework, which is subject to periodic review, and is also responsible for reviewing and monitoring the financial and business risks, including 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.

### 7.2 Internal audit

The internal audit function analyses the risks threatening the Company's objectives and assesses the efficiency and robustness of the risk management and internal control framework put in place to manage those risks. The results of the work by internal audit are submitted to the Audit & Risk 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. Internal audit supports the Board of Directors in their oversight role.

The principles governing the internal audit function are set out in the internal audit terms of reference, which are enclosed as [Annex D](#) hereto.

### 7.3 External 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 external auditor(s). The external 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 external auditors:

- the external auditors are prohibited from undertaking any engagements which may affect their independence, including not undertaking any aspects of the internal audit function;
- the Board sets limits on the size of any non-audit services provided by the independent auditors (non-audit fees limitation);
- the Audit & Risk Committee approves in advance provision of any material non-audit services by the independent auditor; and

- the Audit & Risk 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. The principles governing the provision of non-audit services by the external auditors are enclosed as [Annex G](#) hereto.

## 8. COMPANY'S SHAREHOLDERS AND ITS SHARES

### 8.1 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 a general meeting of shareholders adopted in accordance with the Articles of Association of the Company and the Companies Law of Cyprus, Cap 113.

### 8.2 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 2020, 91,300, 484 shares out of 110,770,000 issued shares of the Company were owned by BNY (Nominees) Limited, which represents holders of the GDRs.

Any other shareholdings of 3% or more of the Company's equity are reported in the Company's annual report

### 8.3 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.

## 8.4 The Relationship Agreement

On 9 May 2008 the predecessor of 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:

- a) 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
- b) 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.

## **8.5 Information channels**

During the year, the Company regularly publishes information through presentations and press releases on its 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](http://www.mhp.com.cy), [www.mhp.ua](http://www.mhp.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.

## **8.6 Takeover Regulation and Conduct**

From 1 January 2021, as a result of the end of the transitional period following the United Kingdom's exit from the European Union, the Takeover Panel will no longer exercise shared jurisdiction over transactions involving the Company which would otherwise be subject to the Takeover Code, including takeover bids, merger transactions, or schemes of arrangement resulting in a change or consolidation of control over the Company. In addition, from 1 January 2021, the

London Stock Exchange (where the Company's Global Depositary Receipts are admitted to trading) will no longer be a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments; as a result, the legislation in Cyprus regulating takeovers, including those requiring mandatory takeover offers in certain situations, will no longer be applicable to the Company.

Without prejudice to the obligations of the Company under the Market Abuse (Amendment) (EU Exit) Regulations 2019 ("UK MAR"), if the Board receives an approach for a transaction which would be subject to the Takeover Code were the Takeover Panel to have jurisdiction, the Board will endeavour to comply, to the extent practicable, with the obligations of companies which are the subject of transactions subject to the Takeover Code.

## **Annex A. The UK Corporate Governance Code (January 2024)**

### **Section 1 - Board Leadership and Company Purpose**

#### **Principles**

- A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.
- B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are all aligned. All directors must act with integrity, lead by example and promote the desired culture.
- C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.
- D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

#### **Provisions**

1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.
2. The board should assess and monitor culture and how the desired culture has been embedded. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.
3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board has a clear understanding of the views of shareholders.

4. When 20% or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder

meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

5. The board should understand the views of the company's other key stakeholders and describe in the annual report how these and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel; or
- a designated non-executive director.

If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

6. There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review these arrangements and the reports arising from their operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.
7. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.
8. Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.

## **Section 2 - Division of Responsibilities**

### **Principles**

- F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.
- G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

- H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.
- I. The board, supported by the Assistant Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

#### **Provisions**

9. The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.
10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:
- is or 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;
  - 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 appointment.

Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.

11. At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.
12. The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.
13. Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

14. The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.
15. When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report. Full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.
16. All directors should have access to the advice of the Assistant Secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the Assistant Secretary should be a matter for the whole board.

### **Section 3 - Composition, success and evaluation**

#### **Principles**

- J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for the board and senior management should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.
- K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- L. Annual evaluation of the board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

#### **Provisions**

17. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.
18. All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.
19. The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.
20. Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

21. There should be a formal and rigorous annual review of the performance of the board, its committees, the chair and individual directors. The chair should commission a regular externally facilitated board performance review. In FTSE 350 companies this should happen at least every three years. The external reviewer should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.
22. The chair should act on the results of the board performance review by recognising the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified.
23. The annual report should describe the work of the nomination committee, including:
  - the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
  - how the board performance review has been conducted, the nature and extent of an external reviewer's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence future board composition;
  - the policy and any initiatives on diversity and inclusion, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives; and
  - the gender balance of those in the senior management and their direct reports.

#### **Section 4 - Audit, risk and internal control**

##### **Principles**

- M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
- N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- O. The board should establish and maintain an effective risk management and internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

##### **Provisions**

24. The board should establish an audit committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the company operates.
25. The main roles and responsibilities of the audit committee should include:
  - monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
  - providing advice (where requested by the board) 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;

- following the Audit Committees and the External Audit: Minimum Standard;
  - reviewing the company's risk management and internal control framework, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself;
  - monitoring and reviewing the effectiveness of the company's internal audit function, or where there is not one, considering annually whether there is a need for one and making a recommendation to the board; and reporting to the board on how it has discharged its responsibilities.
26. The annual report should describe the work of the audit committee, including:
- the matters set out in the Audit Committees and the External Audit: Minimum Standard; and
  - where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit.
27. 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, performance, business model and strategy.
28. The board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, and an explanation of how these are being managed or mitigated. The board should explain what procedures are in place to identify and manage emerging risks.
29. The board should monitor the company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The board should provide in the annual report:
- A description of how the board has monitored and reviewed the effectiveness of the framework;
  - a declaration of effectiveness of the material controls as at the balance sheet date; and
  - a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.
30. In annual and interim financial statements, the board should state whether it considers 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.
31. Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has 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.

## Section 5 - Remuneration

### Principles

- P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.
- Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.
- R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

### Provisions

- 32. The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.
- 33. The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.
- 34. The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.
- 35. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive and senior management.
- 36. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. In normal circumstances, share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- 37. Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. Directors' contracts and/or other agreements or documents which cover director remuneration should include malus and clawback provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.
- 38. The annual report on remuneration should include a description of its malus and clawback provisions, including:
  - the circumstances in which malus and clawback provisions could be used;

- a description of the period for malus and clawback and why the selected period is best suited to the organisation; and
  - whether the provisions were used in the last reporting period. If so, a clear explanation of the reason should be provided in the annual report.
39. Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.

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40. Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance. They should be robust in reducing compensation to reflect departing directors' obligations to mitigate loss. There should be a description of the work of the remuneration committee in the annual report, including:

- an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
- reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
- whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
- what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
- what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and
- to what extent discretion has been applied to remuneration outcomes and the reasons why.

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**Schedule A:****The design of performance-related remuneration for executive directors of the Board****Balance**

The Nominations and 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 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 UK 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 Nominations and 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 five 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 Nominations and 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. This should be carefully considered when compared with workforce arrangements.

## **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 & Risk 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 & Risk Committee s or bodies carrying out equivalent functions.

DTR 7.1.1 R, 7.1.1A R, 7.2.1A 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 7.1.2A R states that the Chair of the relevant body must be:
  1. independent; and
  2. appointed by the members of the relevant body or by the administrative or supervisory body of the issuer.
- 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 paragraphs 2(3), 2(4), 3 to 8 and 10 to 12 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649) 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, DTR 7.2.8A 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.
- DTR 7.2.8A R states that:
  1. The corporate governance statement must contain a description of: (a) the diversity policy applied to the issuer’s administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds; (b) the objectives of the diversity policy in (a); (c) how the diversity policy in (a) has been implemented; and (d) the results in the reporting period.
  2. If no diversity policy is applied by the issuer, the corporate governance statement must contain an explanation as to why this is the case.

DTR 7.2.8B G states that DTR 7.2.8A R does not apply to an issuer which qualifies as a small or medium company under DTR 1B.1.7 R. DTR 1B.1.7 R states that DTR 7.2.8A R does not apply to an issuer which: (1) qualifies as a small company under sections 382 to 383 of the Companies Act 2006; or (2) qualifies as a medium company under sections 465 to 466 of the Companies Act 2006.

#### **The UK Corporate Governance Code 2024**

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 description by the board of how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company’s business model and how its governance contributes to the delivery of its strategy (Provision 1);
- an explanation of the board’s activities and any action taken in respect of where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company’s purpose, values and strategy. In addition, it should include an explanation of the company’s approach to investing in and rewarding its workforce (Provision 2);
- when 20% or more of votes have been cast against the board recommendation for a resolution, a summary of the update on views received from shareholders and actions taken that is published no later than six months after the shareholder meeting (Provision 4);
- a description of how the company’s other key stakeholders interests and the matters set out in s.172 of the Companies Act 2006 have been considered in board discussions and decision-making (Provision 5);
- each non-executive director the board considers to be independent, with reasons where necessary (Provision 10);
- the number of meetings of the board and those committees and individual attendance by directors (Provision 14);
- the board’s reasons for permitting significant additional external appointments for a director (Provision 15);
- where the chair remains in post beyond nine years from the date of their first appointment to the board, a clear explanation of the reasons for this extension (Provision 19);

- identification of the external search consultancy engaged for the appointment of the chair and non- executive directors if one is used, alongside a statement about any other connection it has with the company or individual directors (Provision 20);
- the identity of the external reviewer for the performance evaluation of the board, its committees the chair and its directors, and a statement about any other connection it has with the company or individual directors (Provision 21);
- a description of the work of nomination committee, including the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; how the board performance review has been conducted, the nature and extent of an external reviewer's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence future board composition; the policy and any initiatives on diversity and inclusion, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives; and the gender balance of those in the senior management and their direct reports (Provision 23);
- a description of the matters set out in the Audit Committees and the External Audit: Minimum Standard and, where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit. (Provision 26);
- 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 (Provision 27);
- the board's confirmation that it has completed the assessment of the company's emerging and principal risks, including a description of its principal risk, and an explanation of how these are being managed or mitigated. The board should explain what procedures are in place to identify and manage emerging risks (Provision 28);
- the board's report on the monitoring and effectiveness of the company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The board should provide in the annual report:
  - A description of how the board has monitored and reviewed the effectiveness of the framework;
  - a declaration of effectiveness of the material controls as at the balance sheet date; and
  - a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues (Provision 29);
- in the annual and interim financial statements, a statement from the board as to whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identification of 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 (Provision 30);
- taking account of the company's current position and principal risk, how the board has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has 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 (Provision 31);

- where a remuneration consultant is appointed, the consultant should be identified and a statement about any other connection it has with the company or individual directors included (Provision 35);
- a description of its malus and clawback provisions, including the circumstances in which malus and clawback provisions could be used; a description of the period for malus and clawback and why the selected period is best suited to the organisation; whether the provisions were used in the last reporting period. If so, a clear explanation of the reason should be provided in the annual report (Provision 38); and
- a description of the work of the remuneration committee, including an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics; reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;; whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary; what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes; what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and to what extent discretion has been applied to remuneration outcomes and the reasons why (Provision 41).

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 reasons for the chair and chief executive roles being exercised by the same individual (Provision 9); and
- the responsibilities of the chair, chief executive, senior independent director, board and committees (Provisions 14).

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

- the specific reasons why their contribution is, and continues to be, important to the company's long- term sustainable success (Provision 18).

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 & Risk Committee's recommendation, a statement from the Audit & Risk Committee explaining its recommendation and the reasons why the board has taken a different position (Provision 26).

#### **Additional guidance**

The FRC publishes guidance on the strategic report, risk management, internal control, business and financial reporting and Audit & Risk Committee s, which relate to Section 4 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

<b>Disclosure and Transparency Rules</b>	<b>UK Corporate Governance Code</b>
<p><b>DTR 7.1.1 R, 7.1.1A R and 7.2.1A R</b></p> <p>Sets out minimum requirements on composition of the Audit &amp; Risk Committee or equivalent body.</p>	<p><b>Provision 24:</b> sets out the recommended composition of the Audit &amp; Risk Committee.</p>

Disclosure and Transparency Rules	UK Corporate Governance Code
<p><b>DTR 7.1.3 R</b></p> <p>Sets out minimum functions of the Audit &amp; Risk Committee or equivalent body.</p>	<p><b>Provision 25:</b> sets out the recommended minimum terms of reference for the Audit &amp; Risk Committee.</p>
<p><b>DTR 7.1.5 R</b></p> <p>The composition and function of the Audit &amp; Risk 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 14, 24, 25 and 26 will result in compliance with DTR 7.1.1 R to DTR 7.1.3 R and with DTR 7.1.5 R except as regards disclosing how the body carries out the functions requirement by DTR 7.1.3 R is composed.</i></p>	<p>This requirement overlaps with a number of different Code provisions:</p> <p><b>Provision 14:</b> the responsibilities of the Audit &amp; Risk Committee should be made available.</p> <p><b>Provision 24:</b> sets out the recommended composition of the Audit &amp; Risk Committee.</p> <p><b>Provision 25:</b> sets out the recommended minimum terms of reference for the Audit &amp; Risk Committee.</p> <p><b>Provision 26:</b> the annual report should describe the work of the Audit &amp; Risk Committee.</p>
<p><b>DTR 7.2.5 R</b></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><b>Provision 28:</b> the board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated. Principal risks should include, but are not necessarily limited to, those that could result in events or circumstances that might</p>

Disclosure and Transparency Rules	UK Corporate Governance Code
	<p>threaten the company's business model, future performance, solvency or liquidity and reputation. In deciding which risks are principal risks companies should consider the potential impact and probability of the related events or circumstances, and the timescale over which they may occur.</p> <p><b>Provision 29:</b> the board should monitor the company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The board should provide in the annual report: a description of how the board has monitored and reviewed the effectiveness of the framework; a declaration of effectiveness of the material controls as at the balance sheet date; and a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.</p>
<p><b>DTR 7.2.7 R</b></p> <p>The corporate governance statement must contain a description of the composition and operation</p>	<p>This requirement overlaps with a number of different Code provisions:</p> <p><b>Provision 14:</b> the responsibilities of the Audit</p>

Disclosure and Transparency Rules	UK Corporate Governance Code
<p>of the issuer's administrative, management and supervisory bodies and their committees.</p> <p><i>DTR 7.2.8 G states that compliance with Code Provisions 14, 20, 23, 26, 35 and 41 will result in compliance with DTR 7.2.7 R, except as regards a description of the composition of the issuer's administrative, management and supervisory bodies and their committees.</i></p>	<p>&amp; Risk Committee should be made available.</p> <p><b>Provision 20:</b> open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.</p> <p><b>Provision 23:</b> the annual report should describe the work of the nomination committee.</p>
	<p><b>Provision 26:</b> the annual report should describe the work of the Audit &amp; Risk Committee.</p> <p><b>Provision 35:</b> where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from directors and senior management.</p> <p><b>Provision 37:</b> Remuneration schemes and</p>

Disclosure and Transparency Rules	UK Corporate Governance Code
	<p>policies should enable the use of discretion to override formulaic outcomes. Directors' contracts and/or other agreements or documents which cover director remuneration should also include malus and clawback provisions that would enable the company to recover and/or withhold sums or share awards, and specify the circumstances in which it would be appropriate to do so.</p> <p><b>Provision 38:</b> the annual report on remuneration should include a description of its malus and clawback provisions.</p> <p><b>Provision 41:</b> the annual report should describe the work of the remuneration committee.</p> <p><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>
<p><b>DTR 7.2.8A R</b></p> <p>The corporate governance statement must contain a description of (a) the diversity policy applied to the issuer's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds; (b) the objectives of the diversity policy in (a); (c) how the diversity policy in</p>	<p><b>Provision 23:</b> The annual report should describe the work of the nomination committee, including the policy and any initiatives on diversity and inclusion, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives.</p>

Disclosure and Transparency Rules		UK Corporate Governance Code
<p>(a) has been implemented; and (d) the results in the reporting period.</p> <p>If no diversity policy is applied by the issuer, the corporate governance statement must contain an explanation as to why this is the case.</p> <p><i>DTR 7.2.8B G states that DTR 7.2.8A R does not apply to an issuer which qualifies as a small or medium company under DTR 1B.1.7 R. DTR 1B.1.7 R states that DTR 7.2.8A R does not apply to an issuer which: (1) qualifies as a small company under sections 382 to 383 of the Companies Act 2006; or (2) qualifies as a medium company under sections 465 to 466 of the Companies Act 2006.</i></p> <p><i>DTR 7.2.8C G states that for the purposes of the description in DTR 7.2.8AR(1)(d), the issuer may, where it considers appropriate, include numerical data on the diversity of the members of the bodies and committees referred to in DTR 7.2.8AR(1)(a).</i></p>		

## **ANNEX B. New Board Members Induction Procedure**

It is the Chair of the Board's responsibility to make sure that a new director is given all relevant information about the Company as well as access to its people.

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

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

### **1. Communication of written information**

Upon appointment to the Board, the Assistant Secretary is to provide the new director with following written materials:

- Annual reports covering the last three years
- 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 Committees
- The Corporate Governance Charter
- CVs of Directors
- Key performance indicators

### **2. Familiarisation with the Company and its senior managers**

As soon as possible after his/her nomination, the Assistant Secretary will, in coordination with the Chair, 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, Assistant Secretary and with other available members of the senior management.

### **3. Meeting Board colleagues**

The Chair will make sure that the new director is given the opportunity to communicate informally with his colleagues outside the strict context of Board meetings.

### **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 Assistant 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

- Major shareholders
- Shareholder relations policy

## **ANNEX C. Audit & Risk Committee Terms of Reference**

The Audit & Risk Committee is a Committee of the Board, from which it derives its authority and to which it regularly reports.

### **1. Purpose**

1.1 The purpose of the Audit & Risk 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 controls, systems for managing financial and operational business risks and 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 Nominations and Remuneration Committee and in consultation with the Chair of the Committee. The Committee shall comprise at least two Directors of the Company, all of whom must be independent non-executive Directors. The Committee as a whole shall have competence relevant to the sector in which the Company operates the range of skills, experience, knowledge and professional qualifications necessary to meet the relevant requirements of the UK Corporate Governance Code. At least one member of the Committee shall have recent and relevant financial experience.

2.2 The Board shall appoint the Committee Chair (but not the Chair of the Company) and determine the period for which he or she shall hold office.

2.3 If a Committee Member is unable to attend due to illness or any other reasonable cause, the Chair 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, additional attendees who are invited at the Chair's discretion may also be invited to deliver a proposal/paper on a particular subject of interest to the Committee where appropriate as well as just observer status.

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 independent non-executive Director still meets the criteria for membership of the Committee.

### **3. Secretary**

3.1 The Assistant Secretary, or their nominee, shall act as the Secretary to the Committee and attend all meetings. The Secretary to the Committee will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of issues.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be two Committee 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 and Decisions**

- 5.1 The Committee shall meet at least four times a year, prior to publication of the quarterly, half-yearly and full year results of the Company, and at such other times (to coincide with Board meetings or otherwise) as the Chair of the Committee shall require (in consultation with the Assistant Secretary).
- 5.2 The Committee Chair may decide to hold meetings by video-conference or teleconference.
- 5.3 The Committee shall reach decisions by a simple majority of those voting. If the number of votes for and against a certain proposal are equal, the Committee Chair shall have a casting vote.
- 5.4 Any resolution evidenced and then approved in writing, electronically, or by voice recognition by the minimum number of Committee members required for passage shall be valid and effective, as if the resolution had been passed at a properly convened Committee meeting.

## **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair, any of the members of the Committee, or any Board member, Senior Management team member or external or internal auditors, should 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 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 Chair of the Committee.

## **7. Minutes of Meetings**

- 7.1 The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary of the Committee 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, such member of the Committee shall not participate in discussions regarding, or vote on resolutions relating to, the issue in respect of which they have such conflict of interest.
- 7.3 Draft 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. The Minutes should also be sent to the external auditors, as and when requested.
- 7.4 The Committee Chair shall keep the Board advised as appropriate of matters resolved, recommended or reviewed by the Committee.

## **8. Authority**

- 8.1 The Committee is authorized by the Board:
  - 8.1.1 to seek any information it requires from any employee of the Company (including the Company's Management and the other Directors) in order to perform its duties;
  - 8.1.2 to call any employee to be present at a meeting of the Committee as and when required;
  - 8.1.3 to obtain, at the Company's expense, outside legal, financial or other professional advice on any matters within its terms of reference; and

8.1.4 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.

8.2 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.

8.3 The Committee may consider key matters falling within the scope of these Terms of Reference on its own initiative, without having to rely solely on the work of the external or internal auditor. It may discuss what information and assurance (including, but not limited to, that set out in paragraphs 8.1.1 to 8.1.3 above) it requires in order to properly carry out its duties to review, monitor and provide assurance or recommendations to the Board and, where there are gaps, how these should be addressed. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective.

## **9. Duties**

### **9.1 Financial Reporting**

9.1.1 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 announcements relating to the Company's 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.

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

- i. the consistency, quality and appropriateness of, and any changes to, accounting policies both on a year-on-year basis and across the Company;
- ii. the methods used to account for significant or unusual transactions where different approaches are possible;
- iii. whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
- iv. 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;
- v. 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
- vi. the assumptions or qualifications in support of going concern statements included in annual and interim financial statements (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 included in the Company's annual financial statements (including an assessment of the prospects of the company looking forward over an appropriate and justified period).

9.1.3 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.

## **9.2 Narrative reporting**

9.2.1 The Committee shall review the content of the Company's annual report and accounts (including the strategic report, and statements relating to audit and risk management in the corporate governance reports) and (where requested) 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.

## **9.3 On-going viability**

9.3.1 The Committee should provide advice to the Board 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.

## **9.4 Internal Controls and Risk Management Systems**

The Committee shall:

9.4.1 keep under review the effectiveness of the Company's risk management and internal control framework, including assisting the Board in its at least annual assessment of the effectiveness of the Company's risk management and internal control framework (including financial, operational, reporting and compliance controls); and

9.4.2 review and approve the statements to be included in the annual report concerning internal controls and risk management, including the description of how the framework has been monitored and reviewed by the Board, the declaration of effectiveness of the material controls as at the balance sheet date and description of any material controls which have not operated effectively (including the action taken, or proposed, to improve them and any action to address previously reported issues);

9.4.3 act as a sounding board for the head of risk management on any risk matters and receive periodic reports on the Company's risk management activities including:

- i. consideration of the Company's risk appetite;
- ii. review of the Company's key processes for identifying and assessing emerging and principal risks, the management of these risks and an assessment of their robustness, appropriateness and effectiveness;
- iii. review of risk management plans;
- iv. review of any significant risk management judgements made; and
- v. annual review of the Company's insurance programmes.

## **9.5 Compliance, Whistleblowing and Fraud**

The Committee shall:

- 9.5.1 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;
- 9.5.2 review the Company's procedures for detecting fraud;
- 9.5.3 review the Company's systems and controls for ethical behaviour and the prevention of bribery (in accordance with legal, regulatory or other relevant guidance) and receive reports on non-compliance;
- 9.5.4 review regular reports from the Chief Internal Auditor on the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- 9.5.5 review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

## **9.6 Internal Audit**

The Committee shall:

- 9.6.1 approve the appointment and removal of the Chief Internal Auditor;
- 9.6.2 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;
- 9.6.3 ensure the internal audit function has direct access to the Committee Chair and members of the Committee, and is accountable to the Committee;
- 9.6.4 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;
- 9.6.5 receive a report on the results of the internal auditor's work on a periodic basis;
- 9.6.6 review reports addressed to the Committee from the internal auditor;
- 9.6.7 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- 9.6.8 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
- 9.6.9 monitor and review the effectiveness and independence of the Company's internal audit function, in the context of the company's overall risk management system, to satisfy the Committee that the quality, experience and expertise of the function is appropriate for the Company.

## 9.7 External Audit

The Committee shall:

- 9.7.1 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;
- 9.7.2 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;
- 9.7.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 9.7.4 oversee the relationship with the external auditor including (but not limited to):
  - i. based on recommendations provided by the Chief Financial Officer on their remuneration (taking into account whether the level of fees is appropriate to enable an adequate audit to be conducted), the Committee will approve the external auditor's fees and recommend them to the Board;
  - ii. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - iii. assessing annually the independence and objectivity of the external auditor, taking into account relevant UK/EU/Cyprus professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and the relationship between fees for audit and non-audit services;
  - iv. 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;
  - v. agreeing with the Board a policy on the employment of former employees of the Company's auditor (see the Policy on the Employment of Former Employees of the External Audit Firm, Annex H), then monitoring the implementation of such policy;
  - vi. 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 income fee of the firm, office and partner and other related requirements;
  - vii. 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;
  - viii. seeking to ensure co-ordination with the activities of the internal audit function; and
  - ix. 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;

- 9.7.5 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;
- 9.7.6 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;
- 9.7.7 review the findings of the audit with the external auditor. This review shall include, but not be limited to, the following:
- i. a discussion of any major issues which arose during the audit;
  - ii. any accounting and audit judgements;
  - iii. levels of errors identified during the audit; and
  - iv. the effectiveness of the audit;
- 9.7.8 review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on the Committee's knowledge, the information provided is complete and appropriate;
- 9.7.9 review the management letter and management's response to the auditor's findings and recommendations; and
- 9.7.10 develop and implement a policy on the supply of non-audit services by the external auditor (see the Policy on the Supply of Non-Audit Services, [Annex G](#)), taking into account the FRC's Revised Ethical Standards (2024) and any other relevant ethical guidance on the matter.

## **9.8 Conflicts of interest**

The Committee shall:

- 9.8.1 in respect of each director, review any interests the director may have which conflict or may conflict with the interests of the Company;
- 9.8.2 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
- 9.8.3 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).

## **10. Reporting Responsibilities**

- 10.1 The Chair shall report formally to the Board on the Committee's proceedings after each meeting of the Committee on its discharge of all matters within its duties and responsibilities. This report shall include:

- i. the significant issues that it considered in relation to the financial statements (required under paragraph 9.1) and how these were addressed;
  - ii. its assessment of the effectiveness of the external audit process (required under paragraph 9.7.4(vii)) and its recommendation on the appointment or reappointment of the external auditor; and
  - iii. any other issues on which the Board has requested the Committee's opinion.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement.
- 10.3 The Committee shall compile a report on its activities to be included in the Company's annual report which shall be signed by the Chair of the Committee. The report should include;
  - i. a summary of the role and work of the Committee;
  - ii. details of the membership of the Committee number of meetings held and attendance over the course of the relevant financial year;
  - iii. 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;
  - iv. an explanation of how the Committee has assessed the effectiveness of internal audit and satisfied itself that the quality, experience and expertise of the function is appropriate for the business;
  - v. 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; and
  - vi. all other information required, by the UK Corporate Governance Code.
- 10.4 In compiling the reports referred to in 10.1 and 10.3, 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.

## **11. Other Matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Assistant Secretary for assistance as required;
- 11.2 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;

- 11.3 assist the Board in overseeing compliance with all legal and regulatory requirements and 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 Rules and any other applicable rules or regulations, as appropriate;
- 11.4 be responsible for co-ordination of the internal and external auditors;
- 11.5 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;
- 11.6 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;
- 11.7 work and liaise as necessary with all other Committees; and
- 11.8 make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

## **12. Complaints Procedures**

- 12.1 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.
- 12.2 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 are treated confidentially and anonymously and are reported to the Committee. It shall endeavour that any issues relating to business ethics are reported to it.

## **13. Miscellaneous**

For the avoidance of doubt, it is noted that it is the responsibility of the Company's management (not the Committee) to prepare complete and accurate financial statements and disclosures (including regarding the Company's emerging and principal risks) in accordance with accounting standards and other applicable laws and regulations, and for the Company's risk management and internal control framework. It is the responsibility of the Company's auditors to plan and conduct audits.

Management (including the executive Directors) is expected to proactively ensure the Committee is kept properly informed and supply information, rather than waiting for this to be requested by the Committee. This includes providing the Committee with information regarding the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches.

## ANNEX D. Internal Audit Terms of Reference

1

The Internal Audit Terms of Reference (the “Terms of Reference”) define the internal audit function’s purpose, authority and responsibility. These Terms of Reference establish the internal audit function’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’s duties, and define the scope of the internal audit function’s activities. None of the activities of the internal audit function may be undertaken by the external auditors.

The Company’s Board of Directors (the “Board”) assigns audit oversight to an Audit & Risk Committee of at least two independent directors. The Audit & Risk Committee’s role and responsibilities are defined in the Audit & Risk Committee’s terms of reference (enclosed as Annex C hereto).

### 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, via the Audit & Risk Committee, to 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 the Company’s objectives. The nature and scope of work may include, but are not limited to: facilitation; process design; training; advisory services; project reviews; and fraud- and irregularity-related work.
- 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 internal 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:
    - i. ensure that the Company’s programs, plans and objectives are achieved;
    - ii. identify, assess and manage the risks to achieving the Company’s objectives;
    - iii. facilitate policy and decision making;
    - iv. ensure economical, effective and efficient use of resources;
    - v. ensure compliance with established ethical standards, policies, procedures, laws and regulations;
    - vi. ensure that significant legislative or regulatory issues impacting the Company are recognised and addressed properly;
-

- vii. safeguard the Company's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- viii. 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:

- i. Integrity and ethical values;
- ii. Board's tolerance of risk;
- iii. Management's philosophy and operating style;
- iv. Organisation structure;
- v. Delegation of authority and responsibility;
- vi. Human resources policies and practices; and
- vii. 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:

- i. examining and evaluating the adequacy of the Company's risk management and internal control framework and governance processes;
- ii. appraising the reliability, accuracy and timeliness of information provided to stakeholders;
- iii. establishing the effect and extent of compliance with statutory and regulatory requirements, standards, policies and procedures;
- iv. determining the extent to which the Company's assets are properly accounted for and safeguarded;
- v. appraising the economy, efficiency and effectiveness with which resources are employed;
- vi. coordinating with the work of external auditors for audit planning and assisting the external auditors as required;
- vii. reviewing the Company's procedures for the prevention of bribery;
- viii. considering and recommending to the Audit & Risk Committee approval of the remit of the risk management function, including ensuring 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 Audit & Risk Committee shall also ensure the function has adequate independence and is free from management or other restrictions;
- ix. 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;

- x. working in partnership with other bodies to secure robust internal controls that protect the Company's interests; and
- xi. evaluating specific operations at the request of the Board, Audit & Risk 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 Chief Internal Auditor reports functionally to the Audit & Risk Committee and administratively to the CFO.
- 4.3 The Chief Internal Auditor shall have open and direct access to the Audit & Risk Committee, the Board and management.
- 4.4 The Chief Internal Auditor will communicate and interact directly with the Audit & Risk Committee, including at least annually in private sessions with the Audit & Risk Committee members without management present (including to discuss the effectiveness of the internal audit function).
- 4.5 All decisions regarding the performance evaluating, appointment, or removal of the Chief Internal Auditor shall be approved by the Audit & Risk 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 Internal Audit from performing its duties, will be reported immediately to the Chief Executive Officer, Chief Financial Officer or directly to the Audit & Risk Committee, based on circumstances as determined by the Chief Internal Auditor.
- 4.7 The Chief Internal Auditor 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 & Risk Committee, acting on behalf of the Board.
- 4.11 Management is responsible for the Company's risk management and internal control framework, 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, which 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 Chief Internal Auditor shall disclose to the Audit & Risk 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 Chief Internal Auditor will confirm to the Audit & Risk Committee, at least annually, the organisational independence of the internal audit function.

## **5. Reporting**

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

- i. Terms of reference for Internal Audit;
- ii. Internal Audit Strategy;
- iii. Internal Audit's annual work plan; and
- iv. Internal Audit resources.

5.2 In addition, the Chief Internal Auditor will report at least annually to the Audit & Risk Committee on:

- i. the annual report of the internal auditor function including results of quality assurance and performance management processes;
- ii. the adequacy of management's response to advice and recommendations; and
- iii. arrangements made for cooperation with external auditors.

5.3 On at least a semi-annual basis the Chief Internal Auditor provides directly to the Audit & Risk Committee summary reports in respect of:

- i. progress against the approved Audit Strategy;
- ii. projects undertaken during the period; and
- iii. implementation of recommendations.

## **6. Risk assessment and planning**

6.1 Internal Audit uses a risk model to logically identify key risks within the Company, including identification and assessment of emerging and principal risks, and presents the risk model to the Audit & Risk Committee and the Board to receive input and feedback. As part of the process, Internal Audit will receive direction and input from the Audit & Risk 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 & Risk 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 Chief Internal Auditor 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 Chief Internal Auditor shall be responsible for assessing whether the manager's response is adequate.
- 7.3 The Chief Internal Auditor shall provide the Audit & Risk 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 & Risk 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 & Risk 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 & Risk 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 in the Internal Audit function.
- 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 Chief Internal Auditor 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 & Risk 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 Chief Internal Auditor 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 & Risk Committee  
. The reviews shall take the form of a condensed internal self-assessment and shall be based on key attributes determined by the Audit & Risk Committee.
- 8.5 At least annually, the Chief Internal Auditor shall communicate to management and the Audit & Risk 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 & Risk 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 Nominations and Remuneration Committee is a Committee of the Board, from which it derives its authority and to which it regularly reports.

The principal purposes of the Committee are to:

- i. ensure the Company has exceptional people who occupy appropriate positions and who have incentives to achieve and are compensated for exceptional performance;
- ii. set the over-arching principles and parameters of Remuneration Policy across the Company; and
- iii. review the Company's needs for employees and ensure the existence of management depth for expansion and succession, including overseeing the development of a diverse pipeline for succession .

### **1. Membership**

- 1.1 The Committee will comprise a minimum of two Directors of the Company, all of whom must be independent non-executive Directors.
- 1.2 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 and the need to ensure that the Committee has the range of skills, experience, knowledge and professional qualifications necessary to meet the relevant requirements of the UK Corporate Governance Code.

### **2. Chair**

- 2.1 The Board designates one amongst the members of the Nominations and Remuneration Committee to chair it. The Chair of the Board can only be a member if they were independent on appointment and cannot chair the Committee. The Chair of the Committee will not be authorised to chair the Nominations and Remuneration Committee when dealing with the designation of his or her successor.
- 2.2 Before the appointment, the Chair of the Committee must have served on the Nominations and Remuneration Committee or a remuneration committee of another company for at least 12 months.
- 2.3 The Committee Chair shall attend the Annual General Meeting prepared to make a statement on the activities and achievements of the Committee over the previous year and to respond to any shareholder questions on the Committee's activities.

### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be at least two Committee 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 Chair of the Committee has a casting vote.

### **4. Meetings**

- 4.1 Meetings will be held at least twice per year.

4.2 The Chair of the Committee or any other member of the Board may decide to convene meetings of the Committee at any time to consider any matters falling within these terms of reference. Decisions on the frequency and timing of meetings of the Committee should be taken in consultation with the Assistant Secretary.

4.3 No one other than the Chair of the Committee, members of the Committee and the Secretary of the Committee are entitled to be present at meetings of the Committee, unless at the Committee's invitation.

#### **5. Notice of meetings**

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any other member of the Board.

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 Chair of the Committee.

#### **6. Secretary**

6.1 The Assistant Secretary, or their nominee, 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 Deputy CEO, Strategy, People and Brand who shall have independent access to the Chair 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 Chair it would be inappropriate to do so.

#### **9. Disclosure:**

9.1 The members of the Committee will be listed in the Company's Annual Report.

9.2 A summary of annual remuneration practices (the "Remuneration Report") will be included in the Company's Annual Report.

## 10. Responsibilities of the Committee

### 10.1 Nominations:

#### 10.1.1 The Committee shall:

- i. 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-executive Directors) and make recommendations to the Board with regard to any changes;
- ii. give full consideration to succession planning for Directors of the Board, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- iii. satisfy itself that plans are in place for orderly succession for appointments to the Board;
- iv. assist the Chair of the Board with the implementation of an annual evaluation process to assess the overall 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, its strengths and any weaknesses;
- v. review the results of the annual evaluation process that relate to the composition of the Board and its committees;
- vi. lead the process for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- vii. 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;
- viii. before recommending an appointment of non-executive Director, 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:

- (a) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
- (b) consider candidates from a wide range of backgrounds; and

- (c) consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the Board including gender and social and ethnic backgrounds, while ensuring that appointees have enough time available to devote to the position.

With regard to the appointment of executive Directors to the Board, the Committee shall be consulted on suitability of the prospective candidates.

- (d) for the appointment of a Chair of the Board [and/or one or more of] its Committees, prepare a job specification, including the time commitments expected and the possibility of additional commitments when the Company is undergoing a period of particularly increased activity, such as an acquisition or takeover, or as a result of some major difficulty with one or more of its operations. A proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- (e) keep under review the leadership needs of the Company, both executive and non-executive of the Board, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- (f) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (g) review annually the time required individually from non-executive Directors to perform their duties;
- (h) 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 and duties;
- (i) make available its terms of reference, explaining clearly its role and the authority delegated to it by the Board; and
- (j) work and liaise as necessary with all other Committees.

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

- i. formulating plans for succession for both executive and non-executive Board Directors and in particular for the key roles of Chair and Chief Executive Officer;
- ii. suitable candidates for the role of SID;
- iii. membership of the Board's Committees in consultation with the Chairs of those committees;
- iv. 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;
- v. the annual re-election of Directors by shareholders, 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, the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected after having served for more

than six years) and why their contribution is, and continues to be, important to the Company's long-term sustainable success;

- vi. any matters relating to the continuation in office of any Board Director at any time including the suspension or termination of service of an executive Board Director as an employee of the Company, subject to the provisions of the law and their service contract; and
- vii. the appointment of any Board Director to executive or other office.

## 10.2 **Remuneration:**

### 10.2.1 The Committee shall:

- i. have responsibility for setting the Remuneration Policy for the Board executive and non-executive Directors, including pension rights and 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 Board Director shall be involved in any decisions as to their own remuneration;
- ii. in determining such Policy, take into account all other 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 a Policy shall be to attract, retain and motivate Board executive Directors of the quality required to operate the Company successfully without rewarding more than is necessary, having regard to the 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-term strategic 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;
- iii. when setting Remuneration Policy for the Board executive Directors:
  - (a) review remuneration and related policies and the alignment of incentives and rewards with culture;
  - (b) ensure that remuneration arrangements are transparent and promote effective engagement with shareholders;
  - (c) ensure that remuneration structures avoid complexity and their rationale and operation should be easy to understand;
  - (d) oversee remuneration arrangements to avoid reputational and other risks from unrealistic rewards, and that behavioural risks that can arise from target-based incentive plans are identified and mitigated;
  - (e) ensure that the range of possible values of rewards to individual Board Directors and any other limits or discretions are identified and explained at the time of approving the Policy;
  - (f) ensure that the links between individual awards, the delivery of strategy and the long-term performance of the Company are clear, and that outcomes should not reward poor performance; and

- (g) ensure that incentive schemes drive behaviours consistent with Company purpose, values and strategy;
- (h) review the ongoing appropriateness and relevance of the Remuneration Policy;
- (i) 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 Board executive Directors and the performance targets to be used;
- (j) ensure that contractual terms on termination, malus and clawback, and any payments made, reduced, withheld or recovered, are fair to the Directors of the Board and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (k) within the terms of the agreed Remuneration Policy and in consultation with the Chair of the Board and/or CEO as appropriate, determine the total individual remuneration package of the Chair and each Board executive Director;
- (l) 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 agreed by the Board;
- (m) be a part of the process responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advises the Committee. Where any such consultants are appointed, the Committee shall advise as to whether the relevant consultant has any other connection with the Company or an individual Board Director; and
- (n) work and liaise as necessary with all other Committees.

## **11. Reporting responsibilities**

- 11.1 The Chair 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 (to the extent the Company has not deviated from the relevant provisions of the UK Corporate Governance Code in the relevant year and/or the relevant information is available to the Committee):

### **11.3.1 Nominations:**

- i. a statement of the Company policy and any initiatives on diversity and inclusion, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives;

- ii. the process used in relation to appointments, the Committee's approach to succession planning and how both support developing a diverse pipeline;
- iii. how the annual Board performance review has been conducted, the nature and extent of any external reviewer's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence future Board composition; and
- iv. the gender balance of those in senior management and their direct reports.

**11.3.2 Remuneration:**

- i. a statement from the Committee Chair providing a summary of the Company's Remuneration Policy (including an explanation of the strategic rationale for executive Directors' remuneration policies, structures and any performance metrics) and the annual Remuneration Report (including explanations as to (x) whether the policies operated as intended in terms of Company performance and quantum, and, if not, what changes are necessary and (y) to what extent discretion has been applied to remuneration outcomes and the reasons why);
- ii. reasons why remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
- iii. what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
- iv. what engagement with the workforce has taken place to explain how executive remuneration aligns with wider Company pay policy; and
- v. a description of malus and clawback provisions (including (x) the circumstances in which these provisions could be used, (y) a description of the period for malus and clawback and why the period selected is best-suited to the Company and (z) whether the provisions were used in the previous reporting period (if so, a clear explanation of the rationale should be included)).

11.4 The Committee shall ensure that the Company's Remuneration Policy is put to shareholders for approval at the Annual General Meeting every three years.

11.5 If the Committee has appointed remuneration consultants, an external search consultancy or an external reviewer to facilitate the annual review process relating to the Board and its committees, the Annual Report of the Company should identify such third parties and any other connection it has with the Company or any individual Director.

**12. Other matters**

12.1 The Committee shall:

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

12.1.2 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;

- 12.1.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Board Directors of UK listed companies and the 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 Pensions and Lifetime Savings Association and any other applicable rules, as appropriate;
- 12.1.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 12.1.5 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.
- 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.

## **ANNEX F. Sustainability and International Affairs Committee Terms of Reference**

The Sustainability and International Affairs Committee (hereinafter referred to as “the Committee”) is a Committee of the Board from which it derives its authority and to which it regularly reports.

The principal purposes and delegated authority of the Committee are:

- (a) The purpose of the Sustainability and International Affairs Committee (“the Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities in relation to sustainability and international affairs matters pertaining to MHP SE (“MHP” or “the Company”). In particular, the Committee will address strategy, policy, governance, management systems, performance and performance measurement, target setting, reporting and communications relating to sustainability and international affairs matters.
- (b) The Board has delegated the authority set out in these Terms of Reference to the Committee. The Committee may sub-delegate any of its powers and authority as it sees fit including instructing employees and professional advisors or creating sub-committees to review and report to it on specific issues.
- (c) The members of the Committee (the “members”) must, in fulfilling their responsibilities set out in these Terms of Reference, comply with their duties under the relevant laws, regulations and best practice guidelines in a manner which is most likely to promote the success of MHP for the benefit of all its shareholders, whilst also having regard to the interests of its stakeholders.
- (d) The Committee will keep the Board appropriately advised on matters resolved, recommended, decided, or reviewed by the Committee.

### **1. Membership and Chair**

- 1.1 Membership will comprise the Chair of the Board of MHP and at least two other Non-Executive Directors of MHP.
- 1.2 The Chair of the Committee (the “Chair”) must be an independent Non-Executive Director and a majority of the members of the Committee must be independent.
- 1.3 The Board shall appoint the Chair and will take into consideration the needs, experience and qualifications required for the optimal functioning of the Committee when making this appointment.
- 1.4 Appointments to the Committee shall be annually and will be subject to directors meeting the criteria for membership including independence.

### **2. Quorum and Attendees**

- 2.1 The quorum for the Committee shall be two Committee members.
- 2.2 In the absence of the Chair, the other Committee member, who is an INED of the Board, will chair meetings.
- 2.3 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chief Executive Officer, the Chief Financial Officer, other Directors, employees, and external advisors may be invited to attend for all or part of any meeting, as and when deemed appropriate.

### **3. Secretary**

- 3.1 The Assistant Secretary or their nominee shall act as Secretary to the Committee

3.2 The Secretary will ensure that the Committee receives information and documentation in a timely manner to enable full and proper consideration to be given to Company matters

3.3 The Committee should have access to the services of the Assistant Secretary on all Committee matters.

#### **4. Minutes of meetings**

4.1 The Committee will meet at least quarterly and on other occasions when the Chair sees fit.

4.2 The Chair may request the convening of a meeting of the Committee at any time to consider any matter falling under these Terms of Reference.

4.3 Members may attend a Committee meeting in person, via video-conference or telephone-conference.

4.4 Meetings will be convened by the Secretary at the request of the Committee Chair.

4.5 The meeting notice including time, date, venue, agenda and supporting documentation will be forwarded to each Committee member not less than five working days prior to the meeting date. Where appropriate, meeting material can be shared at shorter notice with the Chair's approval.

4.6 The minutes of each meeting will be prepared by the Secretary and circulated to all members and attendees as appropriate.

#### **5. Objectives of the Committee and Self- Assessment**

5.1 The Committee shall:

- (a) Conduct an annual self-assessment exercise of its performance, membership and effectiveness and make appropriate recommendations to the Board for approval
- (b) Review will include an examination of the Committee's skill set and knowledge and the potential requirement for Committee training

#### **6. Resources and Training**

- (a) The Committee shall be provided with appropriate and timely training both in the form of an induction programme for new members and on an on-going basis for all members.
- (b) The Committee may obtain directly and at MHP's expense any outside independent professional advice on matters within its Terms of Reference and it shall be responsible for the selection criteria, appointing, setting Terms of Reference for and compensation of such advisors.

#### **7. Reporting**

7.1 The Committee will regularly report to the Board on the matters discussed and the minutes will be circulated to other members of the Board except where a conflict of interest exists or where, in the opinion of the Chair, it would not be appropriate to do so.

7.2 The Committee will report to the Board on its work in discharging its duties and responsibilities during the year and the outcomes of its performance evaluation. The Committee will provide a summary report on these matters.

7.3 The Chair of the Committee will attend the Annual General Meeting of MHP to answer questions on the Committee's activities.

7.4 The Committee will make recommendations, review, and monitor the inclusion of sustainability and international affairs information in the integrated report and other information produced for investors and other stakeholders.

## **8. Duties and Responsibilities**

In carrying out their responsibilities, Committee members must act in accordance with MHP's Corporate Governance Code and the relevant laws and regulations which relate to MHP's activities

## **9. Sustainability**

MHP's approach to sustainability is outlined within its annual report, is aligned with the United Nations Sustainable Development Goals, and is managed applying six growth pillars: Stakeholder Engagement; Our People and Their Wellbeing; Our Role in Society and Our Licence to Operate; Responsible Food Production; Business Conduct; The Planet.

## **10. The responsibilities of the Committee will be to:**

- i. Approve a sustainability strategy which is aligned with MHP's overall strategy and which supports MHP's overall aims, objectives and goals;
- ii. Support the Board in continuing to develop MHP's sustainability approach in the short, medium- and long-term and provide input to the Board and other Board Committees on sustainability matters where appropriate;
- iii. Review and monitor MHP's sustainability policy framework and management systems and the maintenance of the appropriate certifications and accreditations;
- iv. Review, manage and challenge initiatives supporting MHP's net-zero commitments for Scope 1 and 2 emissions highlighting areas of concern to the Board;
- v. Monitor MHP's sustainability key performance indicators ("KPIs") and targets and recommend the reporting systems required to collect the required data;
- vi. Review the progress of MHP's sustainability performance as measured by the KPIs;
- vii. Monitor external developments on sustainability-related issues which may impact MHP's approach (such as planned regulatory developments) and affect MHP's commitment to be a responsible corporate citizen;
- viii. Monitor external appraisals of MHP's sustainability performance that are conducted by external third parties and stakeholders;
- ix. Review and approve MHP's funding of community projects and charity partnerships;
- x. Oversee the reporting, dialogue, and communication of MHP's sustainability activities with key Company stakeholders; and
- xi. Ensure that the feedback received from stakeholders is applied robustly in the development of MHP's sustainability strategy and approach.

## **11. International Affairs**

International affairs encompass MHP's relationships with key international stakeholders including governments, regulators, industry organisations, peer group companies, capital providers, suppliers and customers.

The responsibilities of the Committee will be to:

- i. Set an international affairs strategy which is aligned with MHP's overall strategy and which supports MHP's overall aims, objectives and goals;
- ii. Support the Board in continuing to develop MHP's international affairs approach in the short-, medium- and long-term and provide input to the Board and other Board Committees on international affairs matters where appropriate;
- iii. Support MHP's management team in its relationships and consultations with key industry stakeholders and apply this dialogue to shape and recommend to the Board the Company's annual international affairs priorities;
- iv. Monitor external international affairs developments which may impact MHP's business (such as Ukraine's relationship with the EU) and provide advice and direction to the Board; and
- v. Assist and support the Board and senior management team in shaping MHP's public relations, lobbying and advocacy activities at an international level.

## **ANNEX G. Policy on the Provision of Non-Audit Services by the External Auditor**

### **1. Purpose**

This policy sets out the principles and procedures governing the provision of non-audit services by the Company's external auditor. It is designed to safeguard the independence and objectivity of the external audit in line with:

- International best practice
- Applicable laws and regulations (including the UK Companies Act 2006 and EU/UK audit independence requirements where relevant)
- Market expectations for companies with Global Depository Receipts ("GDRs") listed on the London Stock Exchange

### **2. Scope**

This policy applies to:

- The Company and all of its subsidiaries and consolidated entities (collectively, the "Group")
- The Company's appointed statutory external audit firm (the "External Auditor")
- All engagements involving the provision of non-audit services by the External Auditor

This policy shall apply irrespective of whether the services are to be provided directly by the statutory audit firm, any member of its network, or any of its affiliates.

### **3. Policy Statement**

The Company recognises that the provision of non-audit services by the External Auditor may, in certain circumstances, impair or be perceived to impair the auditor's independence and objectivity.

Accordingly, the Group adopts a restrictive approach to the engagement of its External Auditor for non-audit services. Only services that are clearly permitted, pose no threat to audit independence, and are pre-approved in accordance with this policy shall be permitted.

### **4. Prohibited Non-Audit Services**

In line with regulatory expectations, the External Auditor shall not be engaged to provide any service that:

- Is prohibited under the FRC Ethical Standard (as applicable)
- Creates a self-review threat, a management threat, or a conflict of interest
- Is inconsistent with the role of an independent auditor

The following services are expressly prohibited, regardless of materiality or safeguards:

- Preparation of accounting records or financial statements
- Bookkeeping and payroll services
- Design or implementation of financial information systems
- Valuation services (unless related to audit and clearly insignificant)

- Tax calculation, strategy, or compliance services for senior management
- Internal audit services
- Legal services or advocacy on behalf of the Company
- Services linked to the Company's investment decisions or financing structure

#### **5. Permitted Non-Audit Services**

Subject to prior approval, the External Auditor may be engaged to provide limited, clearly permissible non-audit services, provided they:

- Are closely related to the audit (e.g. assurance services on regulatory returns)
- Do not compromise independence or objectivity
- Are not prohibited under this policy or applicable regulations

Examples of potentially acceptable services include:

- Assurance services related to regulatory or contractual requirements
- Agreed-upon procedures in connection with specific transactions
- Reporting on non-financial disclosures (e.g. ESG data assurance)
- Comfort letters and consents for securities filings

#### **6. Approval Process**

All proposed engagements of the External Auditor for non-audit services must be reviewed and pre-approved by the Audit & Risk Committee.

The Committee shall consider:

- The nature and scope of the proposed service
- The potential impact on the auditor's independence
- Whether the service could reasonably be provided by a firm other than the External Auditor
- Whether appropriate safeguards are in place

All approved services shall be formally recorded, including the rationale for approval.

#### **7. Fee Cap and Monitoring**

To ensure the External Auditor remains primarily engaged in the audit function, the total fees for non-audit services in any financial year shall not exceed 70% of the average audit fees paid to the auditor over the previous three financial years.

The Audit & Risk Committee shall:

- Monitor audit vs. non-audit fees
- Disclose relevant ratios in the Annual Report

- Review trends and challenge excessive reliance on the External Auditor for ancillary services

## **8. Reporting and Disclosure**

The following disclosures shall be made annually in the Company's Annual Report or relevant regulatory filings:

- The total fees paid to the External Auditor, analysed by audit and non-audit services
- A description of the nature of non-audit services provided
- Confirmation that the Audit & Risk Committee is satisfied that auditor independence was not compromised

## **9. Responsibilities**

Management is responsible for ensuring that any proposed engagement with the External Auditor is referred to the Audit & Risk Committee in advance and is supported by sufficient information for assessment.

The Audit & Risk Committee is responsible for:

- Reviewing and approving all permitted non-audit services
- Monitoring compliance with this policy
- Overseeing the overall relationship with the External Auditor

## **10. Review of the Policy**

This policy shall be reviewed at least annually by the Audit & Risk Committee to ensure continued compliance with:

- Regulatory and listing requirements
- Evolving market and investor expectations
- Developments in professional standards (e.g. FRC Ethical Standard updates)

Any material amendments shall be approved by the Board and communicated appropriately.

## **11. Related Documents**

- Audit & Risk Committee Terms of Reference
- FRC Ethical Standard (as applicable)
- UK Companies Act 2006
- EU Audit Regulation (Regulation (EU) No 537/2014) – where applicable
- International Code of Ethics for Professional Accountants (IESBA Code)

## **ANNEX H. Policy on employment of Former Employee from Audit Firm**

### **1. Purpose**

This policy is established to safeguard the independence, objectivity, and integrity of the Company's external audit process. The Audit & Risk Committee (the "Committee") is responsible for maintaining oversight of the relationship between the Company and its external auditors, including the employment of former audit firm personnel. This policy ensures compliance with the UK Corporate Governance Code, the Financial Reporting Council ("FRC") Ethical Standard, and other applicable regulatory frameworks.

### **2. Policy Statement**

The Company acknowledges that the employment of individuals previously engaged by its external audit firm may present actual, potential, or perceived threats to the independence of the external auditor. This policy sets forth clear restrictions, governance procedures, and disclosure requirements to mitigate such threats and uphold the integrity of the Company's financial reporting and audit processes.

### **3. Scope**

This policy applies to the appointment or employment of individuals who were previously employed by the Company's current or former external audit firm and were involved in the statutory audit of the Company or its subsidiaries.

### **4. Restrictions and Cooling-Off Periods**

#### **4.1 Key Audit Partners**

An individual who has served as a lead audit engagement partner, key audit partner, or in an equivalent capacity in relation to the Company's audit shall not be eligible for appointment to any of the following positions within the Company or its subsidiaries for a minimum period of two (2) years from the date of their last involvement in the audit:

- Member of the Board of Directors
- Chief Executive Officer (CEO), Chief Financial Officer (CFO), or equivalent executive positions
- Any other senior management or key leadership role with direct or indirect influence over financial reporting, controls, or audit outcomes

#### **4.2 Other Audit Engagement Team Members**

An individual who participated in the external audit engagement team but was not a key audit partner shall not be eligible for appointment to the following positions for a minimum period of one (1) year from the conclusion of their involvement in the audit:

- Group Financial Controller, Head of Finance, or equivalent roles in the finance function
- Any role that has responsibility for, or influence over, the preparation or presentation of the Company's financial statements
- Any internal audit or compliance function where their previous role may create a self-review or familiarity threat

### **5. Approval Process**

Any proposed appointment of a former audit firm employee to a senior or financially significant position must be pre-approved by the Audit & Risk Committee.

In evaluating such proposals, the Committee shall:

- Assess the potential threat to auditor independence, including any self-review, advocacy, or familiarity threats
- Consider whether additional safeguards or mitigations are necessary to protect the integrity of the audit process
- Confirm compliance with the FRC Ethical Standard and other applicable regulations
- Ensure that the recruitment process has been conducted fairly and transparently

The Committee's decision, including its rationale and any safeguards adopted, shall be formally documented.

## **6. Oversight and Monitoring**

The Audit & Risk Committee shall retain overall oversight of the implementation and effectiveness of this policy. Responsibilities include:

- Reviewing compliance on an ongoing basis
- Evaluating the impact of any relevant appointments on the external auditor's independence as part of the annual review of audit quality
- Reporting any breaches of this policy to the Board, along with recommended remedial actions

## **7. Disclosure Requirements**

To ensure transparency and uphold stakeholder trust, the Company shall:

- Disclose this policy, or a summary thereof, in its Annual Report or corporate governance disclosures
- Where a former audit firm employee is appointed to a senior position, disclose:
  - The individual's previous role in the audit firm
  - The position to which they have been appointed within the Company
  - The timing of the appointment relative to their audit involvement
  - The safeguards implemented to ensure continued auditor independence

## **8. Exceptions**

In exceptional circumstances, and where there is a demonstrable business need, the Audit & Risk Committee may approve an appointment within the specified cooling-off period, provided that:

- The Committee is satisfied that auditor independence will not be compromised
- Appropriate safeguards are implemented and documented
- The decision and rationale are disclosed in the Annual Report, where required

Such exceptions should be rare and must not conflict with any statutory or regulatory prohibition.

## **9. Review and Updates**

This policy shall be reviewed by the Audit & Risk Committee at least annually, and more frequently if required by changes

in:

- The FRC Ethical Standard
- The UK Corporate Governance Code
- Applicable laws and regulations
- Best practices in audit and corporate governance

Any updates or amendments shall be approved by the Board and communicated to relevant stakeholders.

**10. Related Policies and References**

- Code of Conduct
- Conflicts of Interest Policy
- Recruitment and Selection Policy
- UK Corporate Governance Code (2024)
- FRC Ethical Standard (2022)