



CORPORATE GOVERNANCE

DX (GROUP) PLC

- **Terms of reference of the Audit and Risk, Remuneration and Nomination Committees.**
- **Schedule of matters specifically reserved for decision by the full board.**
- **Procedure for directors to take independent professional advice.**

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PART A
Terms of reference of the Audit & Risk Committee
(approved at a meeting of the board of directors of the Company
(the “Board”) held on 15th July 2022).

1. Membership

- 1.1 The Board has resolved to establish a committee of the Board to be known as the audit and risk committee (the “**Audit & Risk Committee**”).
- 1.2 Membership of the Audit & Risk Committee shall consist of at least two members, each being an independent non-executive director. At least one member of the Audit & Risk Committee shall have recent and relevant financial/accounting experience ideally with a professional qualification from one of the professional accountancy bodies.
- 1.3 The members of the Audit & Risk Committee for the time being shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Audit & Risk Committee (the “**Chairman of the Audit & Risk Committee**”). The chairman of the Board may be a member of, but not chair, the Audit & Risk Committee.
- 1.4 Appointments to the Audit & Risk Committee shall be for a period of up to three years, which may be extended by the Board for no more than two additional three year periods, so long as the member continues to meet the criteria in paragraph 1.2 above for membership of the Committee and wishes to continue with their appointment.
- 1.5 Care shall be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 1.6 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as their alternate.

2. Secretary

The Company secretary, or his or her nominee, shall act as the Secretary of the Audit & Risk Committee and will ensure that the Audit & Risk Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Audit & Risk 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 Audit & Risk Committee.

4. Chairman

- 4.1 The Board shall appoint one of the members of the Audit & Risk Committee to be Chairman of the Audit & Risk Committee. If the Chairman of the Audit & Risk Committee is not present at a meeting of the Audit & Risk Committee, then the remaining members present shall elect one of themselves to chair the meeting.
- 4.2 The Chairman of the Audit & Risk Committee shall be available to answer questions through the chairman of the Board on the report on the Audit & Risk Committee’s activities and matters falling within its terms of reference at the annual general meeting of the Company.

5. Frequency of meetings

- 5.1 The Audit & Risk Committee shall meet as frequently as the Chairman of the Audit & Risk Committee shall require and also at regular intervals to deal with routine matters and, in any event, not less than five times in each financial year.
- 5.2 Meetings will be arranged to coincide with key dates within the Company's financial reporting and audit cycle where appropriate. A sufficient interval should be allowed between meetings of the Audit & Risk Committee and meetings of the Board to allow any work arising from a meeting of the Audit & Risk Committee to be carried out and reported to the Board as appropriate.

6. Notice of meetings

- 6.1 Meetings of the Audit & Risk Committee shall be convened by the secretary of the Audit & Risk Committee at the request of any of its members or at the request of the external audit lead partner or its internal auditors (if any) if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit & Risk Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

7. Attendance

No one other than the Chairman of the Audit & Risk Committee and its members is entitled to be present at a meeting of the Audit & Risk Committee. Attendance at meetings of the Audit & Risk Committee by non-members, such as the chairman of the Board, the chief executive and other members of the Board, shall be at the discretion of the Audit & Risk Committee, but the CFO and the Company's external auditor ("**Company's auditor**") and the Director of Security, Risk & Audit and the internal auditors (if any) will normally be invited to attend meetings of the Audit & Risk Committee. The Audit & Risk Committee shall each year have at least one meeting, or part of a meeting, with the Company's auditor and its internal auditors (if any) without any member of the Company's management present to discuss matters relating to the remit of the Audit & Risk Committee and any issues arising from the audit.

8. Minutes of meetings

- 8.1 The secretary shall minute the proceedings and decisions of all meetings of the Audit & Risk Committee, including recording the names of those present and in attendance.
- 8.2 Draft minutes of the Audit & Risk Committee meetings shall be circulated promptly to all members of the Audit & Risk Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Audit & Risk Committee chairman. At the beginning of each meeting, the secretary shall ascertain the existence of any conflicts of interest and minute them accordingly.

9. Responsibilities

The Audit & Risk Committee has the responsibilities set out below for the Company and also for its major subsidiary undertakings and for the group as a whole as appropriate.

10. Duties

The Audit & Risk Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group, as appropriate.

10.1 *Financial reporting*

- 10.1.1 The Audit & Risk Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
- 10.1.2 The Audit & Risk Committee shall agree the interpretation of any new accounting standard with the Company and shall keep its implementation under review.
- 10.1.3 In particular, the Audit & Risk Committee shall review and challenge where necessary:
 - 10.1.3.1 the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;
 - 10.1.3.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 10.1.3.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 10.1.3.4 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
 - 10.1.3.5 all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management.
- 10.1.4 Where the Audit & Risk Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.2 *Narrative reporting*

The Audit & Risk Committee should review the content of the annual report and accounts and advise the Board on whether, taken, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

10.3 *Internal controls and risk management systems*

The Audit & Risk Committee shall

- 10.3.1 annually review the adequacy and effectiveness of the Company's internal financial controls (including but not limited to the Company's delegated authority matrix and articles of association) and internal control and risk management systems (including but not limited to the Company's business continuity plans);
- 10.3.2 annually review the Group risk register and any amendments to it and assess the Company's ability to identify and manage risk;
- 10.3.3 seek appropriate assurance on non-financial risks (including but not limited to risks associated with health & safety, fleet compliance, cyber security, and legal & regulatory compliance);
- 10.3.4 review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- 10.3.5 meet with the CFO, Director of Security, Risk & Audit quarterly or as requested.

10.4 Compliance, whistleblowing and fraud

The Audit & Risk Committee shall at least annually

- 10.4.1 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 Audit & Risk Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 10.4.2 review the Company's procedures for detecting fraud; and
- 10.4.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

10.5 Internal audit

The Audit & Risk Committee shall

- 10.5.1 approve the appointment or termination of appointment of the Director of Security, Risk & Audit and of the Internal Audit team;
- 10.5.2 at least annually:
 - 10.5.2.1 review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;
 - 10.5.2.2 agree the annual internal audit work plan and any changes to it; and
 - 10.5.2.3 monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system.
- 10.5.3 ensure the internal audit team have direct access to the Board chairman and to the Audit & Risk Committee chairman, and is accountable to the Audit & Risk Committee;
- 10.5.4 receive a report on the results of the internal audit team's work on a semi-annual basis;
- 10.5.5 review and monitor management's responsiveness to the internal audit team's findings and recommendations; and
- 10.5.6 meet with the Director of Security, Risk & Audit and the internal auditors at least twice a year without the presence of management.

10.6 External Audit

The Audit & Risk Committee shall

- 10.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 10.6.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Audit & Risk Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process

- and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 10.6.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
 - 10.6.4 oversee the relationship with the external auditor including (but not limited to):
 - 10.6.4.1 recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - 10.6.4.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 10.6.4.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 10.6.4.4 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;
 - 10.6.4.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor, and monitoring the implementation of this policy;
 - 10.6.4.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - 10.6.4.7 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;
 - 10.6.4.8 seeking to ensure co-ordination with the activities of the internal audit function; and
 - 10.6.4.9 evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.
 - 10.6.5 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
 - 10.6.6 review and approve the annual audit plan 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; and
 - 10.6.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 10.6.7.1 a discussion of any major issues which arose during the audit;
 - 10.6.7.2 key accounting and audit judgements;

- 10.6.7.3 levels of errors identified during the audit; and
- 10.6.7.4 the effectiveness of the audit process. The Audit & Risk Committee shall also
- 10.6.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.6.9 review the management letter and management's response to the auditor's findings and recommendations; and
- 10.6.10 develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

11. Reporting responsibilities

- 11.1 The Chairman of the Audit & Risk Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and how it has discharged its responsibilities. This report shall include:
 - (a) the significant issues that it considered in relation to the financial statements (required under paragraph 11.1) and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process (required under paragraph 11.6) and its recommendation on the appointment or reappointment of the external auditor; and
 - (c) any other issues on which the Board has requested the Audit & Risk Committee's opinion.
- 11.2 The Audit & Risk Committee shall make whatever recommendations of any changes it considers necessary or deems appropriate on any area within its remit where action or improvement is needed to the Board.
- 11.3 The Audit & Risk Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Audit & Risk Committee has addressed the effectiveness of the external audit process, the significant issues that the Audit & Risk Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor, and all other information requirements set out in the QCA Code (the "**Code**").
- 11.4 In compiling the reports referred to in paragraphs 8.1 and 8.3, the Audit & Risk Committee should exercise judgment 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12. Other matters

The Audit & Risk Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 12.3 give due consideration to laws and regulations, the provisions of the Code and the

requirements of the AIM Rules for Companies, the UK Listing Authority's Listing, Prospectus, Disclosure and Transparency Rules and any other applicable rules, as appropriate;

- 12.4 be responsible for co-ordination of the internal and external auditors;
- 12.5 investigate or oversee any investigation of activities which are within its terms of reference including any matters requiring investigation relating to a member of senior management, including the members of the Operating Board of DX Network Services Limited;
- 12.6 work and liaise as necessary with all other Board committees;
- 12.7 arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

13. Authority

- 13.1 The Audit & Risk Committee is authorised by the Board to:
 - 13.1.1 investigate any activity within its terms of reference;
 - 13.1.2 seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its duties;
 - 13.1.3 obtain, at the Company's expense, any independent legal or other professional advice on any matter it believes necessary to do so;
 - 13.1.4 call any employee to be questioned at a meeting of the Audit & Risk Committee as and when required; and
 - 13.1.5 have the right to publish the Company's annual report, details of any issues that cannot be resolved between the Audit & Risk Committee and the Board.
- 13.2 Although the Audit & Risk Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.

PART B
Terms of reference of the Remuneration Committee
(approved at a meeting of the board of directors of the Company
(the “Board”) held on 15th July).

1. Membership

- 1.1. The Board has resolved to establish a committee of the Board to be known as the remuneration committee (the “**Remuneration Committee**”).
- 1.2. Membership of the Remuneration Committee shall consist of at least two members, each being an independent non-executive director.
- 1.3. The members of the Remuneration Committee for the time being shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the Remuneration Committee (the “Chairman of the Remuneration Committee”). The Chairman of the Board may also serve on the Remuneration Committee as a member.
- 1.4. Appointments to the Remuneration Committee are made by the Board and shall be for a period up to three years which may be extended by no more than two additional three year periods, so long as the member meets the criteria in paragraph 1.2 above for membership of the Committee and wishes to continue with their appointment.
- 1.5. Care shall be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 1.6. If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as their alternate.

2. Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Remuneration Committee and will ensure the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

4. Chairman

The Board shall appoint one of the members of the Remuneration Committee to be the Chairman of the Remuneration Committee (who shall be an independent non-executive director). The Chairman of the Board may also be the Chairman of the Remuneration Committee if (s)he was considered independent on appointment as Chairman. If the Chairman of the Remuneration Committee is not present at a meeting of the Remuneration Committee, then the remaining members present shall elect one of themselves to chair the meeting.

5. Frequency of meetings

The Remuneration Committee shall meet as frequently as the Chairman of the Remuneration Committee, in consultation with the Company Secretary, shall require and also at regular intervals to deal with routine matters and, in any event, at least twice in each financial year.

6. Notice of meetings

- 6.1. Meetings of the Remuneration Committee shall be convened by the secretary of the Remuneration Committee at the request of any of its members or at the request of the external audit lead partner or its internal auditors (if any) if they consider it necessary.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors, normally no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

7. Attendance

- 7.1. Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals such as the Chief Executive, the Head of Personnel and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 7.2. Any member may participate in a meeting of the Committee by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other. Resolutions and decisions of the kind normally made or taken at a physical meeting of the Committee in accordance with these terms of reference can accordingly be made or taken even if no persons participating are physically present with each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Head Office is located.

8. Minutes of meetings

- 8.1. The secretary shall minute the proceedings and resolutions at all Remuneration Committee meetings including the names of those present and in attendance.
- 8.2. Draft minutes of the Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee. Once approved, minutes should be circulated to other members of the Board, unless in the opinion of the Chairman of the Remuneration Committee it would be inappropriate to do so.

9. Annual General Meeting

The Chairman of the Remuneration Committee should attend the annual general meeting to answer shareholder questions on the Remuneration Committee's activities.

10. Duties

The Remuneration Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The Remuneration Committee shall:

- 10.1. Have responsibility for setting the remuneration policy for all executive directors and the Company's Chairman, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set

in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.

- 10.2. Recommend and monitor the level and structure of remuneration for senior management.
- 10.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (where deemed relevant for an AIM-listed company) and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- 10.4. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group, especially when determining annual salary increases.
- 10.5. Review the on-going appropriateness and relevance of the remuneration policy.
- 10.6. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of:
(i) each executive director, (ii) the Company Chairman, (iii) the management tier directly below the Board; and (iv) any other executive receiving a material remuneration package¹, including salary, benefits, pension, bonuses, incentive payments and share options or other share awards.
- 10.7. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Remuneration Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board.

¹ A material remuneration package is defined as an annual base salary in excess of £150,000 and/or total remuneration (i.e. salary, benefits, pension, maximum bonus and share awards) in excess of £500,000

- 10.8. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.
- 10.9. Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- 10.10. Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives (as per para 10.6) and the performance targets to be used.
- 10.11. Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 10.12. Ensure that, for those individuals under the Committee's remit as per para 10.6, contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 10.13. Oversee any major changes in employee benefits structures throughout the Company or group.
- 10.14. Agree the policy for authorising claims for expenses from the directors.
- 10.15. Work and liaise as necessary with all other Board Committees.

11. Reporting responsibilities

- 11.1. The Chairman of the Remuneration Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2. The Remuneration 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 Remuneration Committee shall ensure a report of the Company's remuneration policy and practices is included in the Company's annual report each year.
- 11.4. Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

12. Other matters

The Remuneration Committee shall:

- 12.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 12.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

- 12.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding remuneration of directors of AIM listed companies and formation and operation of share schemes, including but not limited to the provisions of the UK Corporate Governance Code (where deemed relevant for an AIM-listed company), the requirements of the London Stock Exchange's rules for AIM companies as any guidelines for AIM-listed companies published by the Quoted Companies Alliance and other major shareholder representatives.
- 12.4. Arrange for periodic reviews of its own performance and, at least annually, review its consultation and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

13. Authority

- 13.1. The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director of the Company or any consultant or other provider of services to the Company.
- 13.2. The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, such outside legal or other independent professional advice in relation to any matters within its terms of reference.
- 13.3. Although the Remuneration Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.

PART C
Terms of reference of the Nomination Committee
(approved at a meeting of the Board held on 27th May 2021)

1. Membership

- 1.1 The Board has resolved to establish a committee of the Board to be known as the nomination committee (the “**Nomination Committee**”).
- 1.2 Membership of the Nomination Committee shall consist of at least two members, at least one of whom shall be an independent non-executive director.
- 1.3 The members of the Nomination Committee for the time being shall be appointed by the Board in consultation with the Committee Chairman. The initial members of the Committee shall be Russell Black and Ronald Series.
- 1.4 Appointments to the Nomination Committee are made by the Board and shall be for a period of up to three years which may be extended by no more than two additional three year periods, so long as the member meets the criteria in paragraph 1.2 above for membership of the Committee and wishes to continue with their appointment.
- 1.5 Care shall be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 1.6 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as their alternate.

2. Secretary

The Company secretary, or his or her nominee, shall act as the Secretary of the Nomination Committee and will ensure that the Nomination Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Nomination 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 Nomination Committee.

4. Chairman

- 4.1 The Board shall appoint one of the members of the Nomination Committee or an independent non-executive director to be the chairman of the Nomination Committee (the “**Chairman of the Nomination Committee**”). If the chairman of the Board is appointed Chairman of the Nomination Committee, he/she should not chair the Nomination Committee when it is dealing with the appointment of a successor to his/her chairmanship. If the Chairman of the Nomination Committee is not present at a meeting of the Nomination Committee, then the remaining members present shall elect one of themselves to chair the meeting.
- 4.2 The Chairman of the Nomination Committee shall be available to answer questions through the chairman of the Board on the report on the Nomination Committee’s activities and matters falling within its terms of reference at the annual general meeting

of the Company.

5. Frequency of meetings

The Nomination Committee shall meet as frequently as the Chairman of the Nomination Committee, in consultation with the Company secretary, shall require and also at regular intervals to deal with routine matters and, in any event, not less than once in each financial year. Any member of the Nomination Committee may request a meeting if he/she considers that one is necessary or expedient.

6. Notice of meetings

6.1 Meetings of the Nomination Committee shall be convened by the secretary of the Nomination Committee at the request of any of its members or at the request of the external audit lead partner or its internal auditors (if any) if they consider it necessary.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Nomination Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

7. Attendance

7.1 No one other than the Chairman of the Nomination Committee and its members is entitled to be present at a meeting of the Nomination Committee. Attendance at meetings of the Nomination Committee by non-members, the chairman of the Board (if not a member), the chief executive and other members of the Board shall be at the discretion of the Nomination Committee.

7.2 Professional advisers and other persons with relevant experience, including the chief executive and other executive directors of the Company and the head of Personnel, may attend all or part of a meeting of the Nomination Committee by invitation.

7.3 The Company secretary shall be the secretary of the Nomination Committee and shall attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues. The Company secretary shall prepare minutes of the Nomination Committee meetings and shall circulate them to all members of the Nomination Committee and to the chairman and other members of the Board, unless a conflict of interest exists.

8. Minutes of meeting

8.1 The secretary shall minute the proceedings and resolutions at all Nomination Committee meetings including the names of those present and in attendance.

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

9. Annual General Meeting

The Chairman of the Nomination Committee should attend the annual general meeting to answer shareholder questions on the Nomination Committee's activities.

10. Duties

The Nomination Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The Nomination Committee shall:

- 10.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- 10.2 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- 10.3 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 10.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 10.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 10.6 before any appointment is made by the Board, evaluate the balance of skills, knowledge, 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 Board Committee shall:
 - 10.6.1 use open advertising or the services of external advisers to facilitate the search;
 - 10.6.2 consider candidates from a wide range of backgrounds
 - 10.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- 10.7 for the appointment of a chairman, the Board Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise.

- 10.8 prior to the appointment of a director, 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.
- 10.9 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, Board Committee service and involvement outside Board meetings.
- 10.10 review the results of the Board performance evaluation process that relate to the composition of the Board.
- 10.11 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 10.12 work and liaise as necessary with all other Board Committees.
- The Board Committee shall also make recommendations to the Board concerning:
- 10.13 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive.
- 10.14 suitable candidates for the role of senior independent director.
- 10.15 membership of the audit and remuneration Board Committees, and any other Board Committees as appropriate, in consultation with the chairman of those Board Committees.
- 10.16 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 knowledge, skills and experience required.
- 10.17 the re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years).
- 10.18 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.
- 10.19 the appointment of any director to executive or other office.

11. Reporting responsibilities

- 11.1 The Nomination Committee shall report to the Board after each meeting on all matters within its terms of reference. The Nomination Committee shall identify any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.
- 11.2 A summary of the Nomination Committee's duties and work shall be included each year in the Company's annual report, including the process used for appointments and an explanation if external advice or open advertising has not been used, the

membership of the Committee, the number of Committee meetings held and attendance over the course of the year.

- 11.3 The Nomination Committee shall conduct an annual review of its constitution, its performance and effectiveness, its work and these terms of reference and make recommendations of any changes it considers necessary to the Board.

12. Other matters

The Nomination Committee shall:

- 121 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 122 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.
- 123 Give due consideration to laws, regulations and any published guidelines or recommendations regarding remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.
- 124 Arrange for periodic reviews of its own performance and, at least annually, review its consultation and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

13. Authority

- 131 The Nomination Committee is authorised by the Board to investigate any activity within its terms of reference. The Nomination Committee is authorised to seek any information it requires from any employee or director of the Company or any consultant or other provider of services to the Company. All employees, directors, consultants and other providers of services are directed to co-operate with requests for information made by the Nomination Committee including requests to attend meetings of the Nomination Committee.
- 132 The Nomination Committee is authorised by the Board to obtain such outside legal or other independent professional advice at the cost of the Company as it considers appropriate in relation to matters within its terms of reference and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary or expedient.
- 133 Although the Nomination Committee can seek the advice and assistance of the executive management, it must, ensure that this role is clearly separated from their role within the business.

PART D
**List of matters specifically reserved for decision by the full
board (approved at a meeting of the Board held on 25th April
2018)**

In general, the Board should consider all important management and policy matters in relation to the Company which should include, amongst other things, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board should also set the Company's values and standard and ensure that its obligations to its shareholders and other are understood and met. The Board as a whole is responsible for the management of the Company. Without prejudice to that general rule, the Board has specifically resolved (subject to any applicable provisions of the Company's articles of association that provide for certain matters to be determined or approved by the Company's shareholders in a general meeting) that the following matters should be reserved for decision by it:

Strategy and management

1. Responsibility for the overall management of the group and setting out the Company's values and standards.
2. Approval of the group's long term objectives and commercial strategy.
3. Approval of the annual operating and capital expenditure budgets and any material changes to them.
4. Oversight of the group's operations ensuring:
 - competent and prudent management;
 - sound planning;
 - maintenance of sound management and internal control systems;
 - adequate accounting and other records; and
 - compliance with statutory and regulatory obligations.
5. Review of performance in the light of the group's strategy, objectives, business plans and budgets and to ensure that any necessary corrective action is taken.
6. The commencement of a material new trade or business or material change in strategic direction of the Company or any subsidiary.
7. Extension of the group's activities into new business or geographic areas.
8. Any decision to cease to operate all or any material part of the group's business for example change of Head Office or new office/service centre openings or closures.

Structure and capital

9. Changes relating to the group's financial or capital structure including reduction of capital, share issues (except under employee share plans), share buy backs including the use of treasury shares subject to the rights of the General Meeting.
10. Any 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 in question (taking into account initial and deferred consideration).
11. Changes to the group's management and control structure.

12. Subject to the approval of the General Meeting, offer or grant or agreement to offer or grant any option to subscribe or other right to call for shares in the Company.
13. Issue or agreement to issue any stock in the Company or any securities convertible into stock of the Company.
14. Any changes to the Company's listing or its status as a plc.
15. The formation of any subsidiaries of the Company.

Financial reporting and controls

16. Approval of the half-yearly report, interim management statement and any preliminary announcement of the final results.
17. Approval of the annual report and accounts including the corporate governance statement and remuneration report.
18. Approval of the dividend policy.
19. Declaration of the interim dividend and recommendation of the final dividend.
20. Approval of any significant changes in accounting policies or practices.
21. Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
22. Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
23. Material changes in banking arrangements, including charge of bankers, facilities and signatory category limits.

Internal controls

24. Ensuring maintenance of a sound system of internal control and risk management including:
 - approving the company and/or group's risk appetite statements;
 - receiving reports on, and reviewing on a regular basis the effectiveness of, the group's risk management and control processes to support its strategy and objectives;
 - approving procedures for the detection of fraud and the prevention of bribery;
 - undertaking an annual assessment of these processes; and
 - approving an appropriate statement for inclusion in the annual report.

Contracts

25. Giving of any guarantee by the Company for the obligations or liabilities of any third party or granting (other than in the ordinary course of business) to any agent, attorney or similar representative, any power of attorney.

26. Major capital projects.
27. Contracts which are material strategically or by reason of size or duration entered into by the Company or, in the case of subsidiary, recommendations for approval in the ordinary course of business for example, bank borrowings above £10 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £10 million.
28. Contracts of the Company or any subsidiary not in the ordinary course of business for example, loans and repayments above £10 million, foreign currency transactions above £10 million, major acquisitions or disposals above £10 million.
29. Major investments, including (i) in the case of a public limited company, the acquisition or disposal of interests of more than 3% in the voting rights or (ii) in the case of a private limited company, holding or controlling, directly or indirectly, a majority of the voting rights.
30. Acquisition or disposal of any material subsidiaries or material businesses of the Company or any of its subsidiaries.
31. Entering into a contract which could have a material impact on any member of the group.
32. Creation or assumption of any significant indebtedness out of the ordinary course of its business by the Company or any member of the group.
33. Creation of any mortgage, charge (whether fixed or floating), pledge, hypothecation or any other encumbrance of a similar nature over all or over part of the assets, business or undertaking of the Company or any member of the group out of the ordinary course of business.
34. Where the matter is or may reasonably be expected to be of public interest or will impact upon the Company's reputation (including actual or potential litigation) or as to which there may be doubt over propriety.
35. If a proposed transaction or agreement is with related parties.
36. Where any material contract is not on an arm's length basis.

Communication

37. Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
38. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
39. Approval of all circulars, prospectuses and listing particulars.
40. Approval of press releases concerning matters decided by the Board.
41. Approval of all material public documents or announcements.
42. Disclosure of directors' interests.

Board membership and other appointments

43. Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
44. Ensuring adequate succession planning, training, development and appraisal for the Board and senior management so as to maintain an appropriate balance of skills and experience within the company and on the board.
45. Appointments to the Board, following recommendations by the Nomination Committee.
46. Selection of the chairman of the Board and the chief executive.
47. Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
48. Membership and chairmanship of Board Committees.
49. 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 annual general meeting and otherwise as appropriate.
50. 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 their service contract.
51. Appointment or removal of the Company secretary.
52. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meetings, following the recommendation of the Audit Committee.
53. Appointments to the boards of subsidiaries.

Remuneration

54. Determining the remuneration policy for the directors, Company secretary and other members of the executive management.
55. Determining the remuneration of the executive and the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
56. The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

Delegation of authority

57. The division of responsibilities between the chairman of the Board, the chief executive and other executive directors, which should be clearly established, set out in writing and agreed by the board.
58. Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).
59. Establishing board committees and approving their terms of reference, and approving material changes thereto.

60. Receiving reports from board committees on their activities.
61. Approval of terms of reference of Board Committees.
62. Receiving reports from Board Committees on their activities.
63. Delegation of the Board's powers and establishment of managerial authority limits for smaller transactions.

Corporate governance matters

64. Undertaking a formal and rigorous review annually of its own performance, that of its Committees and of individual directors and the division of responsibilities.
65. Determining the independence of non-executive directors in light of their character, judgment and relationship.
66. Considering the balance of interests between shareholders, employees, customers and the community.
67. Review of the group's overall corporate governance arrangements.
68. Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the board as a whole.
69. Authorising conflicts of interest where permitted by the Company's articles of association.

Policies

70. Approval of policies, including:
 - code of conduct;
 - share dealing code;
 - bribery prevention policy;
 - whistleblowing policy;
 - health and safety policy;
 - environmental and sustainability policy;
 - Personnel policy
 - communications policy including procedures for the release of price- sensitive information;
 - corporate social responsibility policy; and
 - charitable donations policy.

Other

71. The making of political donations.
72. Approval of the appointment of the group's principal professional advisers.

73. Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism involving a sum greater than 10% of the Company's EBITDA from the preceding year or being otherwise material to the interests of the group.
74. Approval of the overall levels of insurance for the group including directors' and officers' liability insurance and indemnification of directors.
75. Major changes to the rules of the group's pension scheme or changes of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.
76. 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.
77. This list of matters reserved for Board decisions.

Subject to the grant of such Board approval, certain of these matters also require regulatory, shareholders', London Stock Exchange plc or other consent or notification.

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 on any matter which it considers significant to the group.

PART E
Procedure for directors to take independent professional advice

1. Introduction

Occasions may arise when directors have to seek legal or financial advice in furtherance of their duties. Directors are always able to consult the Company's advisers and it is not intended to restrict or discourage this in any way. However, the Board has adopted the procedure set out below for circumstances where a director of the Company considers it necessary to take independent professional advice in the furtherance of his/her duties, at the Company's expense.

Any advice taken will be in his/her capacity as a director, not on behalf of the Company or of the entire Board. Advisers should be notified accordingly. Failure to follow these procedures will mean that the director concerned will be responsible for any costs incurred.

The procedure set out below does not cover advice concerning the personal interests of a director including matters relating to his/her service contract or his/her dealings in the Company's securities or in relation to disputes with the Company; in such cases, the director concerned will be personally responsible for the cost of obtaining such advice.

2. Procedure

21 Where a director considers it necessary to take independent professional advice in furtherance of his/her duties, he/she should first consult with the Company's advisers through the Company secretary to clarify their advice and to identify his/her concerns with them directly unless, in the circumstances, he/she reasonably considers that such consultations would be inappropriate.

22 If:

221 a director reasonably considers it necessary to take professional advice in furtherance of his/her duties from independent advisers and not from the Company's professional advisers; or

222 following consultations with the Company's advisers or where consultation is reasonably considered to be inappropriate as outlined in paragraph 2.1, the director reasonably considers it necessary to take independent professional advice;

the director may take independent professional advice at the Company's expense (up to a limit of £35,000 per matter excluding value added tax and disbursements or such higher figure as the Board may determine) after first giving notice in writing to the Company secretary with details of the matter on which he/she is proposing to seek advice and the advisers he/she is proposing to consult together with the fee arrangements and an estimate of the costs to be incurred. The Company Secretary will provide a written acknowledgement of receipt of the notification.

23 Where either paragraph 2.2.1 or 2.2.2 applies and the expenses of taking independent advice are likely to exceed £35,000 per matter excluding value added tax and disbursements or the higher figure (if any) determined by the Board, the director should discuss his/her concerns with the Chairman of the Audit Committee (having first given

him/her and the Company secretary notice in writing containing the same details as are required for a notice given under paragraph 2.2) and explain why he/she considers it necessary to take independent professional advice. Following discussions with the director, the Chairman of the Audit Committee shall either:

- 231 authorise in writing the payment by the Company of the reasonable fees of such independent advisers as he/she approves (with or without a limit at his/her discretion) for advising the director on those matters raised by that director which the Chairman of the Audit Committee considers appropriate; or
 - 232 set out in writing the reasons why he/she considers that there is no arguable case for the Company to pay the cost of obtaining the independent professional advice in question. The director may then require that the matter be considered by the full Audit Committee which shall determine whether or not the director should be authorised to obtain independent professional advice on the matters raised at the Company's expense. Any authority given by the Audit Committee should be in the form of an Audit Committee Chairman's authority as set out in paragraph 2.3.1.
- 24 In his/her own case, the Chairman of the Audit Committee should discuss his/her concerns with the other members of the Audit Committee (having first given them and the Company secretary notice in writing containing the same details as are required for a notice given under paragraph 2.2) who shall deal with the matter in accordance with the procedure for an Audit Committee Chairman's authority as set out in paragraph 2.3.1 or the first sentence of paragraph 2.3.2.
 - 25 Where a director considers it necessary to seek independent professional advice, the matter will be included on the agenda for every meeting of the Board until the issue requiring independent advice is resolved. For the avoidance of doubt, this restriction shall not apply to executive directors acting in the furtherance of their executive responsibilities and within their delegated powers.
 - 26 Independent professional advice for the purposes of paragraph 2.5 shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting and other regulatory matters but shall exclude advice concerning the personal interests of the director concerned (such as his service contract with the Company or his dealings in the Company's securities or disputes with the Company).
 - 27 Any advice obtained under paragraph 2.5 shall be made available to other members of the Board, if the Board so requests.