

## **TERMS OF REFERENCE OF THE BOARD AND ITS COMMITTEES**

1. The Board of Directors is responsible to the shareholders for the effective operation of the company and its subsidiaries. It must be able to lead and control the business. Its general responsibilities and processes are stated in the Articles of Association. As a quoted plc its conduct is also affected by its undertakings to the London and Euronext Stock Exchanges, which include acknowledgement of the practices recommended by the Cadbury, Hampel, Turnbull and Higgs Committees on Corporate Governance.
2. It meets on at least six regular occasions in the year. Urgent matters may require special meetings of the Board or of a duly constituted sub-committee. Board committees have been established with delegated authority to approve or examine in detail certain matters. Currently there are Remuneration, Audit, Nomination, Allotment, Banking, Sealings and Conflicts of Interest Committees. The Audit and Remuneration Committees will each meet at least three times per annum. The Chairman of the Audit, Nomination and Remuneration Committees are required to attend the Company's annual general meeting to respond to shareholder queries regarding Committee activities.
3. The non-executive Chairman liaises with the Chief Executive Officer on strategic issues and runs the Board and the annual general meeting.
4. The Board delegates to the Chief Executive Officer matters relating to the day-to-day operation of the company and the Chief Executive Officer is responsible for its financial performance, with all executive directors/executive committee members reporting to him. The Chief Executive Officer leads the interfaces with the financial community and customers, proposes strategy and the budget to the Board for approval and holds delegated authority from the Board.
5. The Chief Executive Officer has prime responsibility for ensuring that matters requiring Board or Committee review are presented in a timely and adequate fashion. The Chairman and Chief Executive Officer will normally agree agendas taking into consideration requests made by the Board. The effectiveness of the Board depends on directors being adequately informed about the Company's business. The executive management must ensure that the company information system is capable of meeting the needs of the directors. The Board reserves for its collective decision or for the decision of its Committees certain matters. These matters are contained in the attached "Schedule of Matters Reserved for Board Decision or Review" and in the Terms of Reference of the Committees.
6. The Board shall appoint one of the independent non-executive directors to be the senior independent director. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels, of Chairman, Chief Executive Officer or Chief Financial & Operations Officer has failed to resolve or for which such contact is inappropriate. Led by the senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate.
7. As part of the aforementioned information system, directors receive on a monthly basis:
  - the Chief Financial & Operation Officer's report and financial statements;

- such other regular reports from executive directors as the Board determines from time to time.
8. At regular Board meetings the Board considers the Chief Executive Officer's report. Other matters arise from reporting or the seeking of approval on matters in the attached schedule. The schedule is long but many of the matters only occur annually. They have been grouped into four broad categories. The first group are subjects that would normally be considered by the Board annually. The second category will be considered on an *ad hoc* basis. The third and fourth categories are event driven.
  9. Any director of the Company may, in the furtherance of their duties, take independent professional advice at the company's reasonable expense. However, the director shall advise in advance the Chairman, or in his absence the Company Secretary, that such advice is to be sought and provide an estimated cost.
  10. All directors shall have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board and corporate governance procedures are complied with.