



THE CHAIR, THE CHIEF EXECUTIVE OFFICER AND SENIOR INDEPENDENT DIRECTOR TERMS OF REFERENCE

Adopted by the Board on 29 January 2020

INTRODUCTION

The UK Corporate Governance Code expects the responsibilities of certain Board members to be clearly set out, agreed by the Board and made publicly available. This document sets out the guiding principles with respect to the relationship of the Chair and the Chief Executive Officer and the key aspects of the role of each of the Chair, Chief Executive Officer and the Senior Independent Director.

RELATIONSHIP OF THE CHAIR AND THE CHIEF EXECUTIVE OFFICER – GUIDING PRINCIPLES

1. The two roles should be complementary. The Chair is responsible for managing the business of the Board whilst the Chief Executive Officer runs the business. The Chair and the Chief Executive Officer should ensure that each is appropriately informed of the other's current areas of activities. They should be seen to work closely together as a team.
2. Their relationship should be based on mutual respect and trust. It should be frank and open, with problem areas being addressed openly.
3. The Chair has direct access to senior executives, as the Chair deems necessary.
4. The Chair and the Chief Executive Officer should agree on their respective roles in setting major tasks and in taking new initiatives.
5. There should be shared vision for the long-term future of the Company.
6. There should be shared views on the fundamental strategy for the Company and for the application of cash flow.
7. There should be a shared approach to employee relations and public affairs.
8. These guiding principles will only be modified by mutual agreement between the Chair and the Chief Executive Officer and with the prior approval of the Board.

A. TERMS OF REFERENCE FOR THE CHAIR

The Chair is responsible for:

1. General

- Promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level
- Leading the Board and its overall effectiveness in directing the Company; ensuring that the Board as a whole is enabled to play a full and constructive part in the development and determination of the Company's strategy and overall objectives



- Facilitating constructive Board relations and the effective contribution of all Non-Executive Directors; setting expectations for the style and tone of Board discussions
- Making certain that the Board determines the nature, and extent, of the significant risks the Company is willing to embrace in the implementation of its strategy, and that there are no 'no go' areas which prevent the directors from operating effective oversight in this area
- Consulting the senior independent director on Board matters in accordance with the UK Corporate Governance Code
- Proposing to the Board, in consultation with the Chief Executive Officer, Company Secretary and Committee Chairmen as appropriate:
 - a Schedule of Matters Reserved for the Board for its decision;
 - Terms of Reference for each Board Committee; and
 - other Board policies and procedures

and amendments thereto

- Ensuring, with the advice of the Company Secretary where appropriate, compliance with the Board's approved procedures, including the Schedule of Matters Reserved for the Board for its decision and each Committee's Terms of Reference
- Demonstrate ethical leadership

2. Meetings

- Chairing Board and general meetings and those of the Nomination Committee
- Running the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings
- Setting the Board's agenda, ensuring it takes full account of the issues and concerns of all Board members. The agenda should be forward looking, concentrating on strategic matters, performance, value creation, culture, accountability and stakeholder engagement
- Ensuring the Board have regard to the interests of stakeholders and review the mechanisms for engagement with stakeholders
- Ensuring there is appropriate delegation of authority from the Board to executive management
- Ensuring that the directors receive accurate, timely and clear information, including that on the:
 - the Company's performance;
 - the issues, challenges and opportunities facing the Company; and
 - matters reserved to it for decision



to enable the Board to make sound decisions, monitor effectively and provide advice to promote the success of the Company

- Managing the Board to allow enough time for discussion of complex or contentious issues. The Chair should ensure that Directors (particularly non-executive Directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making and that the Board applies sufficient challenge to major proposals

3. Directors

- Facilitating the effective contribution of non-executive Directors and encouraging active engagement by all members of the Board, drawing on their skills, experience, knowledge and, where appropriate, independence
- Ensuring constructive relations founded on mutual respect and open communication, both in and outside the boardroom, between the executive and non-executive Directors
- Holding meetings with the non-executive Directors if needed without the executives present
- To ensure that relationships between the Directors are of a positive nature and that Board members work as a team to ensure that the outcome of interactions will contribute to the long term success of the Company
- To facilitate the resolution of any differences of opinion or approach between Directors and ensuring that they have the opportunity and are encouraged to participate in open and frank debate and discussion in Board meeting and to work to prevent any factions emerging and dividing the Board. Should factions develop they must be dealt with at the discretion of the Chair in the best interest of the Company and its long term success.
- In the role as chair of the Nomination Committee, initiating change and succession planning in Board appointments to retain and build an effective and complementary Board, and to facilitate the appointment of effective and suitable members and Chairmen of Board Committees
- Proposing, in conjunction with the Nomination Committee, the membership of Board Committees and their Chairs

4. Induction, development and performance evaluation

- Ensuring that new Directors participate in a full, formal and tailored induction programme, facilitated by the Company Secretary
- Ensuring that the development needs of Directors are identified and, with the Company Secretary having a key role, that those needs are met. The Directors should be able to continually update their skills and the knowledge and familiarity with the Company required to fulfil their role on the Board and its Committees
- Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team



- Ensuring the performance of the Board, its Committees and individual Directors is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the Board. Where appropriate, through the Nomination Committee, proposing that new members be appointed to the Board or seeking the resignation of others.

5. Relations with shareholders

- Ensuring effective communication with shareholders by the Company, including the Chief Executive Officer and Chief Financial Officer, by consulting directly with major shareholders from time to time
- In addition to formal general meetings, seeking a regular open dialogue with major shareholders to understand their views on governance and performance against strategy
- Ensuring that the views of shareholders are communicated to the Board as a whole so that all Directors develop a clear understanding of their views

6. AGM

- Arranging for the Chairs of Board Committees to be available to answer questions at the AGM and for all Directors to attend

B. TERMS OF REFERENCE FOR THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is accountable and reports to the Board and is responsible for running the Company's business consistent with the primary objective of creating shareholder value by promoting the long-term success of the Company [and is responsible for all executive management team matters affecting the Company. All members of the executive management team report, either directly or indirectly to the Chief Executive.]

The Chief Executive Officer is responsible for the following, within the authority limits delegated to him by the Board:

1. Business strategy and management

- Leading the executive management team in the day to day running of the Company's business, consistent with the strategy and commercial objectives agreed by the Board
- Developing and proposing the Company objectives and strategy and delivering the strategy as agreed by the Board
- Leading the executive management team in ensuring the effective implementation of Board, or its Committee's, decisions
- Recommending to the Board an annual budget and financial plan and ensuring the achievement following Board approval
- Optimising as far as reasonably possible the use and adequacy of the Company's resources



- Regularly reviewing the operational performance and strategic direction of the Company's business
- Maintaining a productive relationship with the Chair
- Leading on the Company's culture, vision and purpose
- Leading the Company's processes for communicating to, and consulting with, employees
- In delivering the Company's strategic and commercial objectives the Chief Executive is responsible for the maintenance and protection of the reputation of the Company

2. Investment and financing

- Examining all investments and major capital expenditure proposed by the Company and recommending to the Board which are material either by nature or cost
- Identifying and executing acquisitions and disposals and approving major proposals
- Leading geographic diversification initiatives
- Identifying and executing new business opportunities outside the current core activities

3. Risk management and controls

- Managing the Company's risk profile in line with the extent and categories of risk identified as acceptable by the Board
- Ensuring appropriate internal controls are in place

4. Communication

- Ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the Company of which the Chair might not otherwise be aware
- Providing a means for timely and accurate disclosure of information, including an escalation route for issues
- In conjunction with the Chief Financial Officer, leading the communication programme with shareholders and ensuring effective communications with shareholders
- Ensuring the Board knows the views of the senior management on business issues in order to improve the standard of discussion in the boardroom and, prior to final decision on an issue, explain in a balanced way any divergence of view

5. Other

- Promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance. This includes communicating with the workforce the expectations in respect of the Company's culture and purpose, and for ensuring that



operational policies and practices drive appropriate behavior.

- Ensuring, in consultation with the Chair and the Company Secretary as appropriate, that they and the executive team comply with the Board's approved procedures, including the Schedule of Matters Reserved for the Board for its decision and each Committee's Terms of Reference
- Providing input to the Chair and the Company Secretary on appropriate changes to the Matters Reserved to the Board and Committee Terms of Reference
- Ensuring that the executive team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information
- Maintaining a dialogue with the Chair on the important and strategic issues facing the Company, and proposing Board agendas to the Chair which reflect these
- Providing information and advice on succession planning to the Chair and the Nomination Committee, and other members of the Board (as applicable)
- Commenting on induction programmes for new directors and ensuring that appropriate management time is made available for the process
- Welcoming with the Chair constructive challenge from NEDs as an essential aspect of good governance, and encouraging NEDs to test proposals in the light of their wider experience
- Setting HR policies, including management development and succession planning for the executive management team and approving the appointment and termination of employment of members of that team
- Formalising the roles and responsibilities of the executive management team
- Keeping the Chair informed on all important matters

C. TERMS OF REFERENCE FOR THE SENIOR INDEPENDENT DIRECTOR

1. Shareholders

- The senior independent Director will be available to shareholders if they have concerns which contact through the normal channels of Chair, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate

2. Main Duties

- The senior independent Director will act as a sounding board for the Chair, to discuss confidential issues related to governance, Board performance and the performance of individual Directors and concerns raised by Directors, shareholders or employees
- The senior independent Director will support the Chair on all governance issues
- The senior independent Director will chair the Nomination Committee when it is considering



succession to the role of Chair of the Board

- The senior independent Director will meet with the non-executive Directors at least once a year to appraise the Chair's performance and on such other occasions as are deemed appropriate
- Be available as an intermediary for confidential discussions with Directors who may have concerns which they believe have not been properly considered by the Board as a whole, or which they feel may not be appropriate to raise in open forum or with the Chair directly
- Attend meetings with major shareholders, if requested, to listen to their views to help develop a balanced understanding of their issues and concerns.