

Plus500 Ltd

Plus500

World's Trading Machine



CORPORATE GOVERNANCE

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

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SECTION 1
TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1 MEMBERSHIP

- 1.1 The board of directors (the "**Board**") of Plus500 Ltd (the "**Company**") has established a committee of the Board known as the Audit Committee.
- 1.2 The Audit Committee shall comprise of at least three members. Membership shall include at least one member of the Regulatory and Risk Committee. The initial members of the Audit Committee shall be Charles Fairbairn, Daniel King and Steven Baldwin. The chairman of the Audit Committee shall be Charles Fairbairn. Charles Fairbairn is also a member of the Regulatory and Risk Committee. Members of the Audit Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Audit Committee.
- 1.3 All members of the Audit Committee shall be independent non-executive directors and at least one member of the Audit Committee shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The directors of the Company consider that Charles Fairbairn has such recent and relevant financial experience.
- 1.4 In accordance with Israel's Companies Law, 5759-1999 ("**Israel's Companies Law**"), (i) all External Directors (within the meaning of Israel's Companies Law) shall be members of the Audit Committee, (ii) the External Directors shall constitute a majority of the members of the Audit Committee, (iii) the chairman of the Audit Committee shall be an External Director, and (iv) the chairman of the Board shall not be a member of the Audit Committee. Charles Fairbairn and Daniel King currently serve as the Company's External Directors.
- 1.5 Only members of the Audit Committee have the right to attend Audit Committee meetings. However, the internal and external auditors and chief financial officer will be invited to attend meetings of the Audit Committee on a regular basis and other non-members, including the Company's legal advisers, may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.6 Appointments to the Audit Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 1.7 The Board shall appoint the chairman of the Audit Committee who shall be an External Director. In the absence of the Audit Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 SECRETARY

The company secretary, or his or her nominee, shall act as the secretary of the Audit Committee and will ensure that the Audit 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.

4 **FREQUENCY OF MEETINGS**

4.1 The Audit Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

4.2 Outside of the formal meeting programme, the Audit Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board chairman, the chief executive, the chief financial officer, the external audit lead partner and the head of internal audit. At least once a year, the Audit Committee may, if it so requires, meet privately with the external auditors.

5 **NOTICE OF MEETINGS**

5.1 Meetings of the Audit Committee shall be convened by the secretary of the Audit Committee at the request of any of its members or at the request of the external audit lead partner or the head of internal audit if they consider it necessary.

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 Audit Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Audit Committee members and to other attendees as appropriate, at the same time.

5.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the chairman of the Audit Committee.

6 **MINUTES OF MEETINGS**

6.1 The secretary of the Audit Committee shall minute the proceedings and decisions of all Audit Committee meetings, including recording the names of those present and in attendance.

6.2 Draft minutes of Audit Committee meetings shall be circulated promptly to all members of the Audit 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 Committee chairman.

7 **ANNUAL GENERAL MEETING**

The Audit Committee chairman should attend the Company's annual general meeting to answer shareholder questions on the Audit Committee activities.

8 **DUTIES**

The Audit Committee should carry out the duties below for the Company and, as appropriate, for its subsidiary undertakings and the group as a whole.

8.1 **Financial reporting**

8.1.1 The Audit Committee shall monitor the integrity of the financial and narrative statements of the Company, including its annual and half yearly reports, any 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.

- 8.1.2 In particular, the Audit Committee shall review and challenge where necessary:
- (a) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company or group, as appropriate;
 - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (c) any significant adjustments resulting from the audit;
 - (d) the going concern assumption;
 - (e) whether the Company has followed applicable regulatory and legal requirements and appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (f) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
 - (g) 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.
- 8.1.3 Where the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.2 **Narrative reporting**

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

8.3 **Internal audit**

The Audit Committee shall:

- (a) approve and recommend to the Board the appointment or termination of appointment of the head of internal audit;
- (b) review and approve the charter of the internal audit function including the lines of reporting and its independence 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;
- (c) ensure the internal auditor has direct access to the chairman of the Board and to the chairman of the Audit Committee and is accountable to the Audit Committee;
- (d) review and assess the annual internal audit work plan;
- (e) receive a report on the results of the internal auditor's work on a periodic basis;

- (f) review and monitor management's responsiveness to the internal auditor's findings and recommendations; and
- (g) meet with the head of internal audit at least once a year without the presence of management.

8.4 **External Audit**

8.4.1 The Audit Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re appointment and removal of the Company's external auditor;
- (b) at least once every ten years, conduct a tender process in respect of the audit services contract, to enable the Audit 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;
- (c) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) oversee the relationship with the external auditor including (but not limited to):
 - (i) approval of 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;
 - (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 their independence and objectivity taking into account relevant legal, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial, business or other personal relationship) 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 and processes on the employment of former employees of the Company's auditor, and monitoring compliance with the relevant requirements;
 - (vi) 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;

- (vii) assessing annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality control 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;
- (e) 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;
 - (f) 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
 - (g) review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) key accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the audit process.

8.4.2 The Audit Committee shall also:

- (a) review any representation letter(s) requested by the external auditor before they are signed by management;
- (b) review the management letter and management's response to the auditor's findings and recommendations; and
- (c) develop and implement policy on the supply of non-audit services by the external auditor, ensuring there is prior approval of non-audit services and considering the impact this may have on the external auditor's independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

9 **REPORTING RESPONSIBILITIES**

- 9.1 The Audit Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- (a) the significant issues that it considered in relation to the financial and narrative statements (required under paragraph 8.1.1) and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process (required under paragraph 8.4.1(d)(vii)) 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 Committee's opinion.
- 9.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Audit Committee shall compile a report on its activities to be included in the Company's annual report. The report should include:
- (a) the significant issues that the Audit Committee considered relating to the financial and narrative statements, and how these issues were addressed, having regard to matters communicated to it by the external auditor;
 - (b) an explanation of how the Audit Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current external auditor, when a tender was last conducted and advance notice of any retendering plans;
 - (c) if the external auditor provides non-audit services, an explanation of how external auditor objectivity and independence are safeguarded;
 - (d) in the event of the Board not accepting the Audit Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Audit Committee explaining its recommendation and the reasons why the Board has taken a different position;
 - (e) as regards the Competition & Markets Authority Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "**CMA Order**"), a statement of compliance with its provisions and if the Company has not completed a competitive tender process for auditor appointments in the last consecutive five years, a statement of when the Company next proposes to complete a tender, and the reason why a tender in that financial year is in the best interest of the Company's members; and
 - (f) and all other information requirements set out in the UK Corporate Governance Code (the "**Code**").
- 9.4 In compiling the reports referred to in paragraphs 8.1 (*Financial reporting*) and 9.3, the Audit 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.

9.5 The Audit Committee shall, as requested by the Board, assist the Board in discharging its duties as regards:

- (a) the directors' confirmation in the Company's annual report that they have carried out a robust assessment of the emerging and principal risks facing the Company and their explanation of how those risks are being managed or mitigated;
- (b) the directors' explanation of how they have assessed the prospects of the Company, over what period and why; and their statement that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, drawing attention to any qualifications or assumptions as necessary; and
- (c) the directors' statement regarding the adoption of the going concern basis of accounting and any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

10 **OTHER MATTERS**

The Audit Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- (b) 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;
- (c) give due consideration to relevant laws and regulations, the provisions of Israel's Companies Law, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules, the CMA Order and any other applicable rules, as appropriate;
- (d) be responsible for co-ordination of the internal and external auditors;
- (e) oversee any investigation of activities which are within its terms of reference;
- (f) work and liaise as necessary with all other Board committees;
- (g) review, classify and approve related party transactions and extraordinary transactions (within the meaning of Israel's Companies Law);
- (h) establish and monitor whistle blower procedures operated by the Regulatory and Risk Committee; and
- (i) 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.

AUTHORITY

The Audit Committee is authorised to:

- (a) seek any information it requires from any employee of the Company in order to perform its duties;
- (b) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- (c) call any employee to be questioned at a meeting of the Audit Committee as and when required; and
- (d) have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Audit Committee and the Board.

SECTION 2
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1 MEMBERSHIP

- 1.1 The Board has established a committee of the Board known as the Remuneration Committee.
- 1.2 The Remuneration Committee shall comprise of at least three members. The initial members of the Remuneration Committee shall be Daniel King, Charles Fairbairn and Steven Baldwin. The chairman of the Remuneration Committee shall be Daniel King. All members of the Remuneration Committee shall be independent non-executive directors. In accordance with Israel's Companies Law (i) all External Directors shall be members of the Remuneration Committee, (ii) the External Directors shall constitute a majority of the members of the Remuneration Committee, (iii) the chair of the Remuneration Committee shall be an External Director, and (iv) the chairman of the Board shall not be a member of the Remuneration Committee. Charles Fairbairn and Daniel King currently serve as the Company's External Directors. Members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee.
- 1.3 Only members of the Remuneration Committee have the right to attend committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.4 Appointments to the Remuneration Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 1.5 The Board shall appoint the Remuneration Committee chairman who shall be an independent non-executive director and an External Director. In the absence of the Remuneration Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

2 SECRETARY

The company secretary or his or her nominee shall act as the secretary of the Remuneration Committee and will ensure that 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.

4 MEETINGS

The Remuneration Committee shall meet at least twice a year and otherwise as required.

5 **NOTICE OF MEETINGS**

- 5.1 Meetings of the Remuneration Committee shall be called by the secretary of the committee at the request of the Remuneration Committee chairman.
- 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 Remuneration Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Remuneration Committee members and to other attendees, as appropriate, at the same time.
- 5.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Remuneration Committee chairman.

6 **MINUTES OF MEETINGS**

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

7 **ANNUAL GENERAL MEETING**

The Remuneration Committee chairman should attend the Company's annual general meeting to answer any shareholder questions on the Remuneration Committee's activities.

8 **DUTIES**

- 8.1 The Remuneration Committee should carry out the duties detailed below for the Company and, as appropriate, for its subsidiary undertakings and the group as a whole (the "**Group**").
- 8.2 The Remuneration Committee shall:
- (a) have responsibility for setting and recommending to the Board and shareholders of the Company for approval the remuneration policy for all executive directors, senior management and the Company's chairman, including pension rights and any compensation payments or benefits such as share options, share schemes or any other benefit. In doing so, the Remuneration Committee shall review workforce remuneration and related policies and take these into account when setting and recommending the policy for executive director remuneration. In accordance with Israel's Companies Law, the Board and the shareholders of the Company shall determine the remuneration of the non-executive and executive directors within the guidelines set out in the Company's Remuneration Policy for Directors and Executives, based on the recommendation of the Remuneration Committee. No director or senior manager shall be involved in any decisions as to their own remuneration and care should be taken to recognise and manage conflicts of interest when considering views from other members of the Board on its proposals;

- (b) recommend, monitor and approve the level and structure of remuneration for senior management;
- (c) review and approve, and recommend to the Board and shareholders of the Company for approval, the Company's Remuneration Policy for Directors and Executives in accordance with Israel's Companies Law; in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions of Israel's Companies Law, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-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;
- (d) performance elements should be transparent, stretching and vigorously applied;
- (e) when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases;
- (f) review the on-going appropriateness and relevance of the remuneration policy;
- (g) within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine and recommend to the Board and shareholders of the Company for approval, the total individual remuneration package of each executive director, the Company chairman and the chief executive, including bonuses, incentive payments and share options or other share awards;
- (h) within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine and recommend to the Board for approval, the total individual remuneration package of each non-director senior executive who reports to the chief executive, including bonuses, incentive payments and share options or other share awards;
- (i) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in Israel's Companies Law and in the Code and the UK Listing Authority's Listing Rules and associated guidance;
- (j) judge where to position the Company relative to other companies, including obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity, but be mindful of the need to use such comparisons with caution, in view of the risk of an upwards ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than is necessary. 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;

- (k) 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;
- (l) approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code). Schemes should enable the Company to recover sums paid or withhold payment in certain circumstances;
- (m) review the design of all share incentive plans for approval by the Board and (if required or deemed appropriate) shareholders of the Company. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company secretary and other designated senior executives and the performance targets to be used;
- (n) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (o) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (p) oversee any major changes in employee benefits structures throughout the Group;
- (q) agree the policy for authorising claims for expenses from the directors; and
- (r) work and liaise as necessary with all other Board committees.

9 **REPORTING RESPONSIBILITIES**

- 9.1 The Remuneration Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 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.
- 9.3 The Remuneration Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be include in the Company's annual report and ensure each year that it is put to shareholders for approval at the Company's annual general meeting. If the Remuneration Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.4 Through the chairman of the Board, ensure that the committee chairman Company maintains contact as required with its principal shareholders about remuneration.

OTHER MATTERS

The Remuneration Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- (b) 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;
- (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of Israel's Companies Law, provisions of the Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules 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; and
- (d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

AUTHORITY

The Remuneration 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.

SECTION 3
TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

1 MEMBERSHIP

- 1.1 The Board has established a committee of the Board known as the Nomination Committee.
- 1.2 The initial members of the Nomination Committee shall be Steven Baldwin, Daniel King, Charles Fairbairn and Gal Haber. The chairman of the Nomination Committee shall be Steven Baldwin. A majority of the members of the Nomination Committee are required to be independent non-executive directors and at least one member shall be an External Director. The directors of the Company consider that Daniel King and Charles Fairbairn are independent for this purpose. Charles Fairbairn and Daniel King currently serve as the Company's External Directors.
- 1.3 Only members of the Nomination Committee have the right to attend Nomination Committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 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 for further periods of up to three-years, provided the director still meets the criteria for membership of the Nomination Committee.
- 1.5 The Board shall appoint the Nomination Committee chairman who should be either the chairman of the Board or an independent non-executive director. In the absence of the Nomination Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship.

2 SECRETARY

The Company secretary or his or her nominee shall act as the secretary of the Nomination Committee.

3 QUORUM

The quorum necessary for the transaction of business shall be two members.

4 FREQUENCY OF MEETINGS

The Nomination Committee shall meet at least twice a year and otherwise as required.

5 NOTICE OF MEETINGS

- 5.1 Meetings of the Nomination Committee shall be called by the secretary of the Nomination Committee at the request of the Nomination Committee chairman.
- 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 Nomination Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Nomination Committee members and to other attendees as appropriate, at the same time.

- 5.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Nomination Committee chairman.

6 **MINUTES OF MEETINGS**

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

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

7 **ANNUAL GENERAL MEETING**

The Nomination Committee chairman should attend the Company's annual general meeting to answer any shareholder questions on the Nomination Committee's activities.

8 **DUTIES**

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

- 8.2 The Nomination Committee shall:

- (a) 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;
- (b) 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 and developing a diverse pipeline for succession;
- (c) 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;
- (d) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (e) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (f) 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 Nomination Committee shall:

- (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (g) for the appointment of a chairman, the Nomination 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;
 - (h) 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;
 - (i) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
 - (j) review the results of the Board performance evaluation process that relate to the composition of the Board;
 - (k) 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; and
 - (l) work and liaise as necessary with all other Board committees.

8.3 The Nomination Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit Committee, Remuneration Committee and Regulatory and Risk Committee, and any other Board committees as appropriate, in consultation with the chairman of those committees;
- (d) 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;
- (e) 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);

(f) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and

(g) the appointment of any director to executive or other office.

9 **REPORTING RESPONSIBILITIES**

9.1 The Nomination Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

9.3 The Nomination Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline, and explain if external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.

9.4 The report referred to in paragraph 9.3 above should include a statement of the Board's policy on diversity and inclusion for the Board, senior management and their direct reports, including in relation to gender balance and social and ethnic backgrounds, any measurable objectives that it has set for implementing that policy, and progress on achieving the objectives.

10 **OTHER MATTERS**

The Nomination Committee shall:

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

(b) 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;

(c) give due consideration to laws and regulations, the provisions of Israel's Companies Law, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules as appropriate; and

(d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11

AUTHORITY

The Nomination 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.

SECTION 4
TERMS OF REFERENCE OF THE REGULATORY AND RISK COMMITTEE

1 MEMBERSHIP

- 1.1 The Board has established a committee of the Board known as the Regulatory and Risk Committee.
- 1.2 The Regulatory and Risk Committee shall comprise at least three members. The activities of the Regulatory and Risk Committee should involve participation by the chairman of the Audit Committee. The initial members of the Regulatory and Risk Committee shall be Penny Judd, Charles Fairbairn and Elad Even-Chen. The chairman of the Regulatory and Risk Committee shall be Penny Judd. Members of the Regulatory and Risk Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Regulatory and Risk Committee, and at least one member shall be an External Director. Charles Fairbairn and Daniel King currently serve as the Company's External Directors.
- 1.3 The Chief Financial Officer shall be a committee member or in attendance at all meetings.
- 1.4 Only members of the Regulatory and Risk Committee have the right to attend committee meetings. However, other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5 Appointments to the Regulatory and Risk Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.
- 1.6 The Board shall appoint the chairman of the Regulatory and Risk Committee. In the absence of the Regulatory and Risk Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 SECRETARY

The Company secretary or his or her nominee shall act as the secretary of the Regulatory and Risk Committee.

3 QUORUM

The quorum necessary for the transaction of business shall be two members.

4 FREQUENCY OF MEETINGS

The Regulatory and Risk Committee shall meet at least three times a year and otherwise as required.

5 NOTICE OF MEETINGS

- 5.1 Meetings of the Regulatory and Risk Committee shall be convened by the secretary of the Regulatory and Risk Committee at the request of any of its members or at the request of the external audit lead partner or head of internal auditor if they consider it necessary.

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 Regulatory and Risk Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Regulatory and Risk Committee members and to other attendees as appropriate, at the same time.

5.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Regulatory and Risk Committee chairman.

6 **MINUTES OF MEETINGS**

6.1 The secretary of the Regulatory and Risk Committee shall minute the proceedings and decisions of all Regulatory and Risk Committee meetings, including recording the names of those present and in attendance.

6.2 Draft minutes of Regulatory and Risk Committee meetings shall be circulated promptly to all members of the Regulatory and 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 Regulatory and Risk Committee chairman.

7 **ANNUAL GENERAL MEETING**

The Regulatory and Risk Committee chairman should attend the Company's annual general meeting to answer shareholder questions on the Regulatory and Risk Committee's activities.

8 **DUTIES**

The Regulatory and Risk Committee should carry out the duties below.

8.1 **Internal controls and risk management systems**

The Regulatory and Risk Committee shall:

- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management strategy and systems;
- (b) review and submit to the Board for approval the statements to be included in the annual report concerning internal controls and risk management;
- (c) advise the Board on the Company's overall risk appetite, tolerance and strategy, taking into account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority ("**FCA**"), Cyprus Securities and Exchange Commission ("**CySEC**"), Australian Securities and Investment Commission ("**ASIC**") and other authoritative sources that may be relevant for the Company's risk policies;
- (d) oversee and advise the Board on current and emerging risk exposures of the Company and future risk strategy;
- (e) review the Company's capability to identify and manage new risk types;

- (f) review the most significant risks to the achievement of strategic objectives;
- (g) review incident reports to monitor incidents and remedial activity;
- (h) agree, with the Board, and monitor the risk assessment programme;
- (i) review the Company's risk policy and receive reports on non-compliance with the Company's risk policy;
- (j) ensure that the Board's ethics are being adhered to and the Company continues its commitment to issues concerning social responsibility;
- (k) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available;
- (l) provide qualitative and quantitative advice to the Remuneration Committee on risk weighting to be applied to performance objectives incorporated in executive remuneration; and
- (m) consider and approve the remit of the risk management function and ensure that 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.

8.2 **Compliance whistleblowing and fraud**

The Regulatory and Risk Committee shall:

- (a) 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 Regulatory and Risk Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate following up action;
- (b) review the Company's procedures for detecting fraud;
- (c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance with the Company's anti-bribery policy;
- (d) review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- (e) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function; and
- (f) report to the Audit Committee on the establishment and maintenance of the whistleblowing procedures.

8.3 **Internal audit**

Monitor and assess the role and the effectiveness of the Company's internal audit function in the overall context of the Company's risk management system.

8.4 **Regulation**

The Regulatory and Risk Committee shall:

- (a) review relationships with the FCA, CySec, ASIC and other regulatory authorities, where appropriate, in other jurisdictions where the Company has a significant presence;
- (b) review the adequacy and quality of the Company's systems and procedures for compliance with regulatory requirements within the UK, Cyprus, the rest of the EEA, Gibraltar, Australia and other regulatory authorities, where appropriate, in other jurisdictions where the Company has a significant presence. Such regulatory requirements include, but are not limited to, requirements under the Financial Services and Markets Act 2000, the Principles for Businesses, the FCA Rules, the GENPRU and BIPRU chapters in the FCA's handbook of rules and guidance, the Israel Securities Law, 5728-1968, and the regulations thereunder, the Investment Services and Activities and Regulated Markets Laws of 2007 to 2014, the pan-European regime established by The Markets in Financial Instruments Directive ("**MIFID**") and the regulatory capital and disclosure requirements imposed by the ASIC;
- (c) review significant breaches, or potential breaches, of regulation and risk limits and the steps taken to ensure that the underlying root causes of any regulatory control failures are being adequately addressed;
- (d) review developments and prospective changes in the regulatory environment, and the Company's plans to help influence future regulatory policies; and
- (e) review the adequacy and quality of any legal opinions which the Company has obtained or does obtain in respect of its business in the UK, Cyprus, Australia, Israel, the United Arab Emirates, Hong Kong, Saudi Arabia, Singapore and any other jurisdictions for which a legal opinion may be necessary, and obtain updated or new legal opinions where required.

9 **REPORTING RESPONSIBILITIES**

9.1 The Regulatory and Risk Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including how the Regulatory and Risk Committee has addressed the effectiveness of the structures, processes and responsibilities for identifying and managing risks.

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

9.3 The Regulatory and Risk Committee shall compile a report on its activities to be included in the Company's annual report, which confirms a robust assessment of the Company's emerging and principle risks has been completed, describes what the Company's principle risks are and explains what procedures are in place to identify emerging risks and how these are being managed or mitigated.

10

OTHER MATTERS

The Regulatory and Risk Committee shall:

- (a) work and liaise as necessary with all other Board committees;
- (b) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- (c) 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;
- (d) give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules, Israel's Companies Law and any other applicable rules, as appropriate;
- (e) oversee any investigation of activities which are within its terms of reference; and
- (f) 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.

11

AUTHORITY

The Regulatory and Risk 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.

SECTION 5
TERMS OF REFERENCE OF THE DISCLOSURE COMMITTEE

1 MEMBERSHIP

- 1.1 The Board has established a committee of the Board known as the Disclosure Committee.
- 1.2 The Disclosure Committee shall comprise at least two members. The initial members of the Disclosure Committee shall be Elad Even-Chen and Charles Fairbairn. The chairman of the Disclosure Committee shall be Elad Even-Chen.
- 1.3 Only members of the Disclosure Committee have the right to attend committee meetings. However, other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the Disclosure Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.
- 1.5 The Board shall appoint the chairman of the Disclosure Committee, who shall be the Chief Financial Officer or his/her nominee. In the absence of the Disclosure Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 SECRETARY

The Company secretary or his or her nominee shall act as the secretary of the Disclosure Committee.

3 QUORUM

The quorum necessary for the transaction of business shall be two members, one of whom must be an executive director.

4 FREQUENCY OF MEETINGS

- 4.1 The Disclosure Committee will meet at such times and in such manner (including by telephone) as shall be necessary or appropriate, as determined by the chairman of the Disclosure Committee or, in his/her absence, by any other member of the Disclosure Committee.
- 4.2 In addition, the Committee shall meet at least annually to review the operation, adequacy and effectiveness of the Disclosure Procedures (defined below) and its own procedures.

5 NOTICE OF MEETINGS

- 5.1 Unless otherwise permitted at the discretion of the Disclosure Committee chairman, 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 Disclosure Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting.

Supporting papers shall be sent to Disclosure Committee members and to other attendees as appropriate, at the same time.

- 5.2 Late submission or circulation of supporting papers will be permitted at the discretion of the Disclosure Committee chairman.

6 **MINUTES OF MEETINGS**

- 6.1 The secretary of the Disclosure Committee shall minute the proceedings and decisions of all Disclosure Committee meetings, including recording the names of those present and in attendance.

- 6.2 Draft minutes of Disclosure Committee meetings shall be circulated promptly to all members of the Disclosure 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 Disclosure Committee chairman.

7 **ANNUAL GENERAL MEETING**

The Disclosure Committee chairman should attend the Company's annual general meeting to answer shareholder questions on the Disclosure Committee's activities.

8 **DUTIES**

- 8.1 The purpose of the Disclosure Committee is to assist the Board in fulfilling its responsibilities in respect of:

(a) the requirement to make timely and accurate disclosure of all information that is required to be disclosed to meet the legal and regulatory obligations and requirements arising under the Market Abuse Regulation (EU) No. 596/2014 ("**MAR**"), the AIM Rules for Companies (the "**AIM Rules**") (for such time as the Company's shares are admitted to trading on AIM) and the Disclosure Guidance and Transparency Rules sourcebook published by the FCA from time to time (the "**DTRs**") and, for such time as the Company's shares are admitted to the premium listing segment of the Official List of the FCA (the "**Official List**"), the FCA Listing Rules, the Listing Principles and the Premium Listing Principles (as each such term is defined in the FCA Handbook as published by the FCA from time to time); and

(b) the requirement for the Company to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations in this regard.

- 8.2 In accordance with MAR, the AIM Rules (for such time as the Company's shares are admitted to trading on AIM), the DTRs and, for such time as the Company's shares are admitted to the premium listing segment of the Official List, the Listing Rules, the Listing Principles and the Premium Listing Principles, the Company is required to disclose in the prescribed manner, as soon as possible, any inside information directly concerning the Company, unless an exemption from disclosure is available. For this purpose, "inside information" is information of a precise nature which:

(a) has not been made public;

(b) relates, directly or indirectly to an issuer or to one or more financial instruments; and

- (c) which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.
- 8.3 The Company is allowed to delay disclosure of inside information provided that all of the following conditions are met: (a) immediate disclosure is likely to prejudice the legitimate interests of the Company; (b) delay of disclosure is not likely to mislead the public; and (c) the Company is able to ensure the confidentiality of that information. The Disclosure Committee must make an informed assessment, on advice from internal and external advisers (as appropriate) on whether the information is inside information and then evaluate whether the above conditions are met to permit delayed disclosure. If the conditions are not met, the Company must announce the information without delay. If the conditions are met, the Company must prepare a holding announcement for immediate release if the confidentiality of that inside information can no longer be ensured. The Company must monitor satisfaction of the conditions on an ongoing basis.
- 8.4 In certain limited circumstances, the Company is permitted to selectively disclose inside information prior to announcement of the information to the market. The Disclosure Committee will make an informed assessment (taking advice from internal and external advisers (as appropriate)) as to whether selective disclosure is justified (for example, to seek shareholder support and/or bank financing for a major transaction) and ensure that it is undertaken in compliance with applicable regulation including that recipients are bound by a duty of confidentiality.
- 8.5 The Company is also subject to requirements relating to denying access to inside information and keeping insider lists.
- 8.6 In addition, the Company has a range of other announcement obligations under MAR, the AIM Rules, the DTRs and the Listing Rules. the Listing Principles and the Premium Listing Principles, including in relation to:
 - (a) transactions conducted by persons discharging managerial responsibility and persons closely associated with them on their own account;
 - (b) transactions (including potential related party transactions);
 - (c) Board changes; and
 - (d) financial reporting.
- 8.7 The Disclosure Committee shall carry out the following duties:
 - (a) draw up and maintain procedures, systems and controls for the identification, treatment and disclosure of inside information and for complying with other disclosure obligations falling on the Company under MAR, the AIM Rules, the DTRs and the Listing Rules, the Listing Principles and the Premium Listing Principles ("**Disclosure Procedures**");
 - (b) implement the Disclosure Procedures, including where appropriate arranging for the dissemination of guidelines and training;
 - (c) keep the adequacy of the Disclosure Procedures under review;
 - (d) monitor compliance with the Disclosure Procedures;

- (e) determine whether information that is submitted to it is inside information which requires disclosure and determine any other issue relating to the application of the Disclosure Procedures that is required to be submitted to it for determination; and
- (f) ensure that all regulatory announcements, shareholder circulars, prospectuses and other documents issued by the Company under any legal or regulatory requirement are scrutinised in order to ensure that they comply with applicable requirements.

The duties of the Disclosure Committee will include, without limitation:

- (a) if it is decided that an announcement relating to inside information or price sensitive information is to be made by the Company to the market:
- (b) supervise the preparation of the announcement;
- (c) oversee the verification process (if considered appropriate) to be undertaken in respect of the contents of the announcement;
- (d) review and amend, where appropriate, the text of the announcement to avoid any inaccurate or misleading statements being made to the market; and
- (e) approve such announcement (unless the announcement has already been approved by the Board;
- (f) if other action is appropriate, for example, to agree a delay in announcing the information, to prepare a holding announcement or seek a suspension from listing pending clarification of uncertainties, decide to take that action;
- (g) overseeing the implementation and operation of appropriate procedures for the verification of financial statements, annual reports, circulars and other relevant documents which are to be publicly disclosed;
- (h) reviewing the form and content of financial statements, annual reports, circulars and other relevant documents which are to be publicly disclosed, to ensure that they are true, accurate and complete;
- (i) maintaining a record of the Company's disclosures;
- (j) maintaining a record of matters considered for disclosure but not disclosed;
- (k) assessing whether it is permissible to delay disclosure of inside information;
- (l) maintaining a record of any decision to delay disclosure of inside information;
- (m) assessing whether inside information may be disclosed selectively to third parties when it is permissible to delay disclosure;
- (n) maintaining a record of its meetings;
- (o) preparing and monitoring leak announcements;

- (p) monitoring its share price, in particular, for any untoward movements;
- (q) assessing relevant and substantive market rumours or speculation concerning the Group and making recommendations as to what response, if any, should be made;
- (r) monitoring analysts' expectations as to the Group's performance and recommending any necessary corrective action;
- (s) monitoring the Group's performance against its own forecasts and analyst expectations;
- (t) supervising the verification process for regulatory announcements;
- (u) recommending appropriate employee training in respect of the handling of inside information and the Group's Disclosure Policy; and
- (v) periodically reviewing the Group's Disclosure Policy and recommending changes to the Disclosure Policy to the Board.

9 **ACCESS TO RECORDS AND PERSONNEL**

The Disclosure Committee shall have full access to the Company's records and personnel.

10 **REPORTING**

The Disclosure Committee shall submit the results of its annual review of the operation, adequacy and effectiveness of the Disclosure Procedures and its own procedures to the Board. Minutes of all meetings of the Disclosure Committee shall be circulated to all members of the Disclosure Committee.

11 **AUTHORITY**

The Disclosure 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.

SECTION 6

Terms of reference of the Environmental, Social & Governance ("ESG") Committee

1 MEMBERSHIP

- 1.1 The ESG Committee comprises not less than three members to be selected by the company's Board of directors. At least two of the members of the ESG Committee should be non-executive directors who are independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the ESG Committee member's judgement and should be independent within the meaning of the UK Corporate Governance Code in effect and applicable to the Company from time to time.
- 1.2 Appointments to the ESG Committee shall be for a period of up to three years which may be extended for two further three-year periods, provided that the majority of the ESG Committee remains independent. The initial members of the ESG Committee shall be Steven Baldwin, Anne Grim and Daniel King, and is chaired by Mr. King. The Board may from time to time review the composition of the ESG Committee to ensure that membership of the ESG Committee rotates amongst the Company's non-executive directors.
- 1.3 If any member of the ESG Committee is unable to act for any reason, the chairman of the ESG Committee may appoint any other non-executive director of the Company to act as his or her alternate.
- 1.4 The chairman of the ESG Committee shall be appointed by the Board. In the absence of the chairman of the ESG Committee, the remaining members present shall elect one of their numbers to chair the meeting.
- 1.5 Any member of the ESG Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the ESG Committee upon ceasing to be a director.
- 1.6 The Company Secretary (or his or her nominee) shall be the secretary of the ESG Committee.
- 1.7 The quorum for meetings of the ESG Committee is two of its members, one of whom must be an independent non-executive director.
- 1.8 No one other than a ESG Committee member is entitled to attend meetings of the ESG Committee, but others may attend by invitation.
- 1.9 Meetings of the ESG Committee are proposed to be held four times, but not less than twice, a year and at such other times as the chairman of the ESG Committee shall require. Any of the ESG Committee members may request a meeting of the ESG Committee if he or she considers it necessary, to be arranged by the secretary.

2 NOTICE OF MEETINGS

- 2.1 Meetings of the ESG Committee shall be convened by the secretary at the request of any of its members.
- 2.2 Unless otherwise agreed by the ESG Committee, 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 ESG Committee no later than five working days before the date of the meeting. Supporting papers shall be sent to ESG Committee members at the same time.
- 2.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.
- 2.4 Meetings may be held by video conference, telephone or by any other manner permitted by the company's constitution.

3 AUTHORISATION

- 3.1 The ESG Committee is authorised by the Board:
- (a) at the Company's expense, to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities; and
 - (b) to secure the attendance of other persons at its meetings if it considers this necessary, including appropriate employee representation.

4 DUTIES OF THE ESG COMMITTEE

The duties of the ESG Committee are to assess the following:

- (a) **Environmental:** the Group's impact on the natural environment and its adaptation to climate change including greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and the status of water bodies, pollution, resources efficiency, the reduction and management of waste, and the environmental impact of the Group's supply chain;
 - (b) **Social:** the Group's interactions with employees, commercial counterparties, stakeholders and the communities in which it operates and the role of the Group in society, workplace policies (for example, employee relations and engagement, diversity, non-discrimination and equality of treatment, health and safety and well-being), ethical procurement, any social or community projects undertaken by the Group and social aspects of the supply chain, community and stakeholder engagement or partnerships; and
 - (c) **Governance:** the ethical conduct of the Group's business including its business ethics policies and codes of conduct and counterparty due diligence.
- 4.2 In particular, the ESG Committee shall consider the adequacy of the Group's ESG policies and processes by reviewing reports prepared by management on:
- (a) review any key learnings from internal or external reviews and investigations of any marketing, advertising campaigns and promotional activities which have had a significant negative impact on the brand or image of the Group;

- (b) diversity in the workplace;
 - (c) security and health and safety in respect of the Group's employees and premises;
 - (d) charitable donations and pro bono programmes; and
 - (e) the Company's impact on the environment.
- 4.3 The Committee shall endeavour to ensure that sufficient focus and resource is given to implementing, monitoring and managing the Company's ESG policies and processes and that these remain effective.
- 4.4 The Committee shall, in consultation with the executive management team, consider the appointment of third parties to advise on ESG policies and practices and / or audit the Company's ESG policies. In relation to any such programme the Committee shall, with the executive management team, evaluate potential third parties, agree the scope of the advisory/audit process and review the results of the exercise and agree the action to be taken.
- 4.5 The ESG Committee shall liaise and work with the Board's other Committees and the non-executive director discharging the employee engagement function (unless that director is a member of the ESG Committee) to the extent necessary for the Committee and/or another Board Committee to carry out its duties and responsibilities.
- 4.6 The ESG Committee shall prepare an ESG report for inclusion in the Company's annual report and accounts and oversee that any public disclosures on ESG made by the Group accurately reflect the Group's actual policies and processes.

5 **CHAIRMAN**

- 5.1 The ESG Committee chairman shall:
- (a) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and its compliance with these terms of reference; and
 - (b) attend the Company's annual general meeting prepared to answer shareholders' questions on the ESG Committee's activities.

6 **SECRETARY**

- 6.1 The secretary shall:
- (a) minute the proceedings and resolutions of all meetings of the ESG Committee, including recording the names of those present and in attendance;
 - (b) ascertain, at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly; and
 - (c) promptly circulate minutes of ESG Committee meetings to all members of the ESG Committee and, once agreed, to all members of the Board, unless in the opinion of the ESG Committee chairman, a conflict of interest exists.

7 **OTHER MATTERS**

7.1 The ESG Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to laws and regulations including the provisions of the UK Corporate Governance Code, the Market Abuse Regulation and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- (d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

SECTION 7
MATTERS SPECIFICALLY RESERVED FOR DECISION BY THE FULL BOARD

1 STRATEGY AND MANAGEMENT

- 1.1 Responsibility for the overall leadership of the Group and setting the Company's values and standards.
- 1.2 Approval of the Group's strategic aims and objectives.
- 1.3 Approvals of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
 - (a) competent and prudent management;
 - (b) sound planning;
 - (c) maintenance of sound management and internal control systems;
 - (d) adequate accounting and other records; and
 - (e) compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group's business.

2 STRUCTURE AND CAPITAL

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- 2.2 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 in question (taking into account initial and deferred consideration).
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the Company's listing or its status as a plc.

3 FINANCIAL REPORTING AND CONTROLS

- 3.1 Approval of the half-yearly report, any interim management statements and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report.
- 3.3 Approval of the dividend policy.

- 3.4 Declaration of the interim dividend and recommendation of the final dividend.
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.7 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

4 **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 reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
- (c) approving procedures for the detection of fraud and the prevention of bribery;
- (d) undertaking an annual assessment of these processes; and
- (e) approving an appropriate statement for inclusion in the annual report.

5 **CONTRACTS**

- 5.1 Approval of major capital projects.
- 5.2 Contracts which are material strategically or by reason of size, entered into by the Company or, in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings above £2 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £1 million, pension funding and contracts in excess of one year's duration.
- 5.3 Contracts of the Group not in the ordinary course of business, for example loans and repayments above £2 million; foreign currency transactions above £2 million; major acquisitions or disposals above £2 million/five per cent of net assets.
- 5.4 Major investments including the acquisition or disposal of interests of more than five per cent in the voting shares of any company or the making of any takeover offer.

6 **COMMUNICATION**

- 6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of all circulars, prospectuses and listing particulars.
- 6.4 Approval of press releases concerning matters decided by the Board.

7 **BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- 7.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 7.2 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.
- 7.3 Appointments to the Board, following recommendations by the Nomination Committee.
- 7.4 Selection of the chairman of the Board and the chief executive.
- 7.5 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.
- 7.6 Membership and chairmanship of Board committees following recommendations from the Nomination Committee.
- 7.7 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 Company's annual general meeting and otherwise as appropriate.
- 7.8 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.
- 7.9 Appointment or removal of the company secretary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.
- 7.11 Appointments to the board of directors of the Company's subsidiaries.

8 **REMUNERATION**

- 8.1 Determining the remuneration policy for the directors, company secretary and other senior executives following recommendations by the Remuneration Committee (subject to shareholder approval).
- 8.2 Determining the remuneration of the non-executive directors following recommendation by the Remuneration Committee, subject to the articles of association and shareholder approval, as appropriate.
- 8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

9 **DELEGATION OF AUTHORITY**

- 9.1 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.
- 9.2 Approval of the delegated levels of authority, including the chief executive's authority limits (which must be in writing).

9.3 Establishing Board committees and approving their terms of reference, and approving material changes thereto.

9.4 Receiving reports from Board committees on their activities.

10 **CORPORATE GOVERNANCE MATTERS**

10.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.

10.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.

10.3 Considering the balance of interests between shareholders, employees, customers and the community.

10.4 Review of the Group's overall corporate governance arrangements.

10.5 Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.

10.6 Authorising conflicts of interest where permitted by the Company's articles of association.

11 **POLICIES**

Approval of all policies adopted by the Company including (if applicable):

- (a) Code of Conduct;
- (b) Share dealing code;
- (c) Bribery prevention policy;
- (d) Whistleblowing policy;
- (e) Health and safety policy;
- (f) Environment and sustainability policy;
- (g) Human resources policy;
- (h) Communications policy;
- (i) Corporate social responsibility policy; and
- (j) Charitable donations policy.

12 **OTHER**

12.1 The making of political donations.

12.2 Approval of the appointment of the Group's principal professional advisers.

12.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £1 million or being otherwise material to the interests of the Group.

- 12.4 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- 12.5 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.
- 12.6 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.
- 12.7 This schedule of matters reserved for Board decisions.
- 12.8 Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.
- 12.9 In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

SECTION 8
PROCEDURE FOR DIRECTORS TO TAKE INDEPENDENT PROFESSIONAL ADVICE

1 INTRODUCTION

- 1.1 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.
- 1.2 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.
- 1.3 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

- 2.1 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.

- 2.2 If:

- (a) 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
- (b) 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 £10,000 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.

- 2.3 Where either paragraph 2.2(a) or paragraph 2.2(b) applies and the expenses of taking independent advice are likely to exceed £10,000 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:

- (a) 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
- (b) 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(a).

- 2.4 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(a) or the first sentence of paragraph 2.3(b).
- 2.5 Independent professional advice should only be sought from a professional of good standing who is duly qualified and experienced in the matter at issue.
- 2.6 Any director who seeks such advice must make the professional whose advice is sought aware of the terms of this procedure before he or she is formally instructed.
- 2.7 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.