



## CORPORATE GOVERNANCE HANDBOOK

7 October 2019

## Index

A	Introduction .....	3
B.	Schedule of matters reserved for the Board .....	4
C.	Committee Terms of Reference .....	8
D.	Disclosure Policy.....	23
E.	Securities Dealing Code .....	35
F.	Insider List Templates.....	50
G.	Anti-Bribery Policy .....	53

## A Introduction

Intosol Holdings Plc. (the “**Corporation**”) is a Corporation incorporated in United Kingdom with a standard listing on the UK Listing Authority’s Official List, and is admitted to trading on the Main Market of the London Stock Exchange and a co-listing on the Frankfurt Stock Exchange.

The Corporation and its directors are subject to various continuing obligations, many of which are set out in a Memorandum on Directors’ Responsibilities dated October 5, 2019 and which is attached at Appendix 1 to this Handbook (the “**Memorandum**”).

Attached as an Appendix to the Memorandum is a copy of the UK Corporate Governance Code which sets out a code of best practice for listed companies. Although the UK Corporate Governance Code does not apply to companies with a standard listing, the Corporation has publicly stated it will comply its provisions so far as they are applicable to a Corporation of its size and nature.

In order to assist with compliance with the UK Corporate Governance Code, this handbook sets out:

- Certain **matters reserved for the Corporation’s directors**, to ensure that key issues are only actioned with board approval; and
- The **terms of reference** of each of Corporation’s audit, remuneration and nomination committees.

In addition, certain recommendations are set out in the Sections 3 and 4 of the Memorandum, including for the Corporation to:

- have a **Disclosure Policy** in place to determine what information is inside information and put in place the relevant procedures for releasing such information to the market;
- to create a list of persons working for the Corporation who have access to inside information (an **Insider List**);
- to adopt a **share dealing code** in line with the Market Abuse Regulation in Annex 1 to Rule 9 of the Listing Rules; and
- to put in place adequate procedures in relation to the UK Bribery Act for the purposes of good corporate governance (even though the Act may not strictly apply to the Corporation) in the form of a **Bribery Policy**.

This Handbook implements the above recommendations and should be made available to all directors and senior management.

The share dealing code and the Bribery Policy should be shared with all employees. The Handbook is up to date as at October 5, 2019 but should be kept under regular review.

## **B. Schedule of matters reserved for the Board**

This section sets out certain matters which the Corporation has determined should be reserved for the Board. Such matters should only be acted upon following a board meeting of the Corporation.

### **1 Strategy and Management**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval of the Group's long-term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.5 Extension of the Group's activities into new business or geographic areas.
- 1.6 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), share buy backs (including the use of treasury shares) and offering or granting options or rights to subscribe for shares.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the Corporation's listing or its status as a public Corporation.
- 2.5 Alteration of the Corporation's constitution.
- 2.6 Change in the Corporation's:
  - 2.6.1 accounting reference date;
  - 2.6.2 registered name; or
  - 2.6.3 business name.

### **3 Financial Reporting and Controls**

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

## **4 Internal Controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - 4.1.1 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - 4.1.2 undertaking an annual assessment of these processes; and
  - 4.1.3 approving an appropriate statement for inclusion in the annual report.

## **5 Contracts**

- 5.1 Major capital projects.
- 5.2 Contracts which are material strategically or by reason of size, entered into by the Corporation or any subsidiary in the ordinary course of business, for example bank borrowings above £250,000 and acquisitions or disposals of fixed assets other than those contained in the budget.
- 5.3 Contracts of the Corporation or any subsidiary outside of the approved budget and not in the ordinary course of business, for example all loans and repayments; foreign currency transactions above £250,000; all major acquisitions or disposals.
- 5.4 Major investments including the acquisition or disposal of interests of more than (5) percent in the voting shares of any Corporation or the making of any takeover offer.

## **6 Communication**

- 6.1 Ensuring 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 and calling of general meetings.
- 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.
- 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.
- 7.6 Membership and chairmanship of Board committees.
- 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 AGM 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 Corporation, subject to the law and their service contract.
- 7.9 Appointment or removal of the Corporation secretary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.
- 7.11 Appointments to boards of subsidiaries.
- 8 Delegation of Authority**
- 8.1 The division of responsibilities between the chairman, the chief executive and executive directors.
- 8.2 Approval of the delegated levels of authority, including the chief executive's authority limits.
- 8.3 Establishment of Board committees and approval of terms of reference of Board committees.
- 8.4 Receiving reports from Board committees on their activities.
- 9 Corporate Governance Matters**
- 9.1 Undertaking a rigorous review of its own performance, that of its committees and individual directors.
- 9.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 9.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 9.4 Review of the Group's overall corporate governance arrangements.
- 9.5 Authorising conflicts of interest where they are permitted by the Corporation's constitution.
- 10 Other**
- 10.1 Approval of policies including share dealing policy, Disclosure Policy and Bribery Policy.
- 10.2 Approval of the appointment or change of the Group's principal professional advisers and auditors.
- 10.3 Approval of the overall levels of insurance for the Corporation including liability insurance for and indemnification of directors and other officers.
- 10.4 Prosecution, defence or settlement of material litigation.
- 10.5 Any decision likely to have a material impact on the Corporation or Group from any perspective including, but not limited to, financial, operational, strategic or reputational.

10.6 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

## C. Committee Terms of Reference

### AUDIT COMMITTEE

#### 1. Audit Committee Purpose

The Audit Committee (the "Committee") is a committee selected from the board of directors (the "Board") of Intosol Holdings Plc. (UK) (the "Corporation") whose primary function is to manage and maintain the effectiveness of the financial aspects of the governance structure of the Corporation.

#### 2. Committee Composition, Appointment and Procedures

##### 2.1. *Structure and Composition of Committee*

The Committee shall be comprised of not less than two directors, all of whom must be independent directors in accordance with applicable regulatory and stock exchange requirements.

##### 2.2. *Financial Literacy*

All members of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.

##### 2.3. *Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board, upon the recommendation of the Corporate Governance and Nominating Committee.

##### 2.4. *Vacancies*

- a) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- b) The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

##### 2.5. *Committee Chairman*

The Board shall appoint a Chairman for the Committee.

##### 2.6. *Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

##### 2.7. *Secretary of Committee*

The Secretary of the Corporation shall serve as the secretary of the Committee.



## 2.8. *Meetings*

- a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.
- b) The Committee shall meet at such times during each year as it deems appropriate.
- c) The Committee will ordinarily meet in camera at the end of each of its formal meetings and may meet in camera at any other time as required.
- d) There shall be three senior management personnel available for meetings of the Committee at the invitation of the Chairman of the Committee. These three persons will be those holding the positions of Chief Executive Officer, Chief Financial Officer and Corporate Secretary.
- e) Representatives of the external auditors shall be available for Committee meetings at the invitation of the Chairman of the Committee.

## 2.9. *Quorum*

A majority of the members of the Committee shall constitute a quorum.

## 2.10. *Notice of Meetings*

- a) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.
- b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## 2.11. *Review*

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

# **3. Responsibilities of the Committee**

## 3.1. The Committee shall:

- a) Review all quarterly un-audited and annual audited financial statements and acCorporation reports to the shareholders, MD&A, related annual and interim earnings press releases, earnings guidance disclosure or any other disclosure based on the Corporation's financial statements prior to the release of those statements.
- b) Make recommendations to the Board for approval with respect to the annual audited financial statements and, in each case, review:
  - (i) The appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

- (ii) The existence and substance of significant accruals, estimates, or accounting judgments, and the level of conservatism.
  - (iii) Unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.
  - (iv) Asset and liability carrying values.
  - (v) Income tax status and related reserves.
  - (vi) Qualifications contained in letters of representation.
  - (vii) Assurances of compliance with covenants in trust deeds or loan agreements.
  - (viii) Business risks, uncertainties, commitment, and contingent liabilities.
  - (ix) The adequacy of explanations for significant financial variances between years.
- c) Review the Corporation's Annual Information Form and management proxy circular and make a recommendation for approval thereof to the Board.
- d) Oversee the external audit process, including:
- (i) The selection and appointment of an auditing firm to conduct the annual audit of the Corporation's annual financial statements and review of the Corporation's quarterly financial statements (and related notes and management's discussion and analysis in each case).
  - (ii) Assessing the independence of appointed auditing firm.
  - (iii) Reviewing of the external audit plan comprising a fee estimate, objectives scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with Internal Audit.
  - (iv) Reviewing of audit reports and reviews and findings, including corresponding management responses.
  - (v) Approving the audit fee.
  - (vi) Establishing, from time to time, pre-approval arrangements for specific categories of permitted audit related services.
  - (vii) Private discussions regarding the quality of financial personnel, the level of co-operation received unresolved material differences of opinion or disputes, and the effectiveness of the work of Internal Audit.
- e) Oversee the external non-audit process, including:
- (i) Approving the nature of any non-audit services provided and any material mandates by the auditing firm to the Corporation or its subsidiary entities, the fees charged by the firm for such services and the impact on the independence of the auditor provided that the auditing firm is prohibited from providing appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions or human resources, bookkeeping or other

services relating to the accounting records or financial statements of the Corporation or financial information systems designed in implementation.

- (ii) Information as to the non-audit services provided by the auditing firm, the fees charged by the firm for such services and the impact on the independence of the auditor.
- f) Oversee the internal audit function including:
- (i) Reviewing the annual audit plan including risk assessment, the location and activities selected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure.
  - (ii) Reviewing audit progress, findings, recommendations, responses and follow up actions.
  - (iii) Private discussions as to internal audit independence, cooperation received from management, interaction with external audit, and any unresolved material disagreements with management.
  - (iv) Annual approval of audit mandate.
  - (v) Monitoring of compliance with the Corporation's financial code of conduct.
- g) Review the effectiveness of control and control systems utilized by the Corporation in connection with financial reporting and other identified business risks.
- h) Review with senior management and the external auditors the audits of subsidiaries performed by different external auditors, including significant issues and recommendations.
- i) Review incidents of fraud, illegal acts and conflicts of interest.
- j) Review documents filed with securities commissions, including the Corporation's annual information form and annual report.
- k) Review material valuation issues.
- l) Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.
- m) Review with senior management, the external auditors and legal counsel any litigation claim or other contingency that could have a material effect upon the financial position or operating results of the Corporation with a view to appropriate disclosure.
- n) Review the expenses and perquisites, including the use of Corporation assets, by senior officers
- o) Review material matters that come before audit committees of subsidiaries.

- p) Review cases where management has sought accounting advice on a specific issue from an accounting firm other than the one appointed as Auditor.
  - q) Review policies and practices concerning officers' expenses and perquisites and, where appropriate, refer any issue to the Compensation Committee or to the Board of Directors.
  - r) Establish financial procedures for:
    - (i) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
    - (ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
  - s) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- 3.2. The Committee may, at the request of the Board, investigate such other matters as the Board considers appropriate in the circumstances.

#### **4. Resources Meetings and Reports**

- 4.1. The Committee shall have adequate resources to discharge its responsibilities. The Committee may, for and on behalf of the Corporation and at the Corporation's sole expense, engage such consultants as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities.
- 4.2. The Committee shall meet not less than four times per year.
- 4.3. The meetings of the Committee shall ordinarily include the auditors and the Chairman of the Board shall be an ex officio member of the Committee if not otherwise appointed as a member of the Committee. The Committee may request the attendance of other officers at its meetings from time to time.
- 4.4. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.
- 4.5. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.
- 4.6. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.

## COMPENSATION COMMITTEE TERMS OF REFERENCE

### 1. Compensation Committee Purpose

- 1.1. The Compensation Committee (the "Committee") is a committee selected from the board of directors (the "Board") of Intosol Holdings Plc. (UK) (the "Corporation") to ensure that the Corporation's directors and senior executives are fairly rewarded for their individual contributions to the Corporation's overall performance by determining their pay and other remuneration.
- 1.2. To demonstrate to all shareholders that the remuneration of the senior executive members of the Corporation is set by a committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Corporation.

### 2. Committee composition, appointment and procedures

#### 2.1. *Structure and Composition of Committee*

The Committee is a sub-committee of the Board and as such exercises such powers of the Board as have been delegated to it and is answerable to the Board.

Subject to paragraph 0, the Compensation Committee shall be comprised of not less than two non-executive directors all of whom must be independent directors in accordance with applicable regulatory and stock exchange requirements.

The membership of this Committee is to be set out in the annual report and accounts of the Corporation.

In order to fulfil the Committee's overall objectives and to demonstrate that the remuneration of such directors is independently approved and monitored, the members of the Compensation Committee shall:-

- a) have no personal financial interest, other than as shareholders, in the Compensation Committee's decisions;
- b) have no "cross-directorships" with the executive directors which could be thought to offer scope for mutual agreements to bid up each other's remuneration;
- c) be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment;  
and
- d) have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the areas of Compensation Committee business.

#### 2.2. *Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board, upon the recommendation of the Corporate Governance and Nominating Committee.

### 2.3. *Vacancies*

- a) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- b) The Board shall fill any vacancy if the membership of the Committee is less than two Directors.

### 2.4. *Committee Chairman*

The Board shall appoint a Chairman for the Committee. The Chairman of the Committee shall be available at the Annual General Meeting to answer questions.

### 2.5. *Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

### 2.6. *Secretary of Committee*

The Secretary of the Corporation shall serve as the secretary of the Committee.

### 2.7. *Meetings*

- a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.
- b) Notwithstanding the quorum requirements, all members of the Compensation Committee should endeavour to attend all meetings at which matters of general remuneration policy or the contents of the Compensation Committee's annual report to shareholders are discussed.
- c) Meetings of the Compensation Committee shall be held as and when appropriate, normally immediately before or after regular meetings of the full Board, at least twice a year but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone.
- d) The Corporation's Chief Executive and/or Finance Director may be invited to attend relevant meetings (or part thereof) of the Compensation Committee to discuss the performance of other executive directors and make proposals as necessary.
- e) The Compensation Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully.

- f) All decisions of the Compensation Committee in respect of the remuneration of the executive directors shall be referred to the Board of Directors and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Corporation's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Compensation Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.

#### 2.8. *Quorum*

The quorum for any meeting and/or decision of the Compensation Committee shall be any two members.

#### 2.9. *Notice of Meetings*

- a) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.
- b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### 2.10. *Review*

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

### **3. Responsibilities of the Committee**

3.1. In particular the Compensation Committee has the authority to carry out the following duties:-

- a) to decide upon the remuneration of its Chief Executive and the executive directors of the main Board and, to maintain and assure their independence, the Secretary of the Corporation;
- b) to decide upon the remuneration of senior executives of the Corporation and its subsidiaries whose remuneration may have implications for that of the executive directors;
- c) to approve all service contracts between the Corporation and its executive directors or between the Corporation and any subsidiary and any such senior executive;
- d) subject to Schedule C to the Combined Code (which is attached at appendix B) to consider what details of directors' remuneration should be reported in the

Corporation's annual report and accounts in addition to those required by law, and how these details should be presented including by way of a report to shareholders to form a separate section within, or annex to, the Corporation's annual report and accounts;

- e) to assist in the preparation of Form 51-102F6 (Statement of Executive Compensation) which requires the disclosure of compensation provided to certain executive officers and directors in order to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and to help investors understand how decisions about executive compensation are made;
- f) to consider what compensation commitments (including pension contributions) the directors' contracts of service, if any, would entail in the event of early termination. In particular, the Compensation Committee should consider the advantages of providing explicitly in the initial service contract for such compensation commitments except in the case of removal for misconduct, and should ensure that any payments made are fair to the individual and the Corporation;
- g) to review the design of all share and/or management incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used; and
- h) to agree with the Board the policy for authorising claims for expenses for the Chief Executive and Chairman.

3.2. In deciding remuneration policy the Compensation Committee should:-

- a) consider whether it is appropriate to structure a proportion of executive directors' remuneration so as to link rewards to corporate and individual performance;
- b) judge where to position their Corporation relative to other comparable companies (in terms of remuneration of directors);
- c) provide the packages to attract, retain and motivate executive directors of the quality required but should avoid paying more than is necessary for this purpose; and
- d) be sensitive to the wider scene, including pay and employment conditions elsewhere in the group, especially when determining annual salary increases.

3.3. If the Compensation Committee think it is appropriate to incorporate into executive directors' service contracts performance related remuneration then it should follow the provisions of Schedule A to the Combined Code (which are attached at appendix A).

3.4. The consideration of directors' and senior executives' remuneration shall extend to all elements of such remuneration including any performance related elements (including



bonus schemes and profit share schemes), any share options, pension entitlements and any other benefits awarded to the directors and senior executives.

- 3.5. It is the responsibility of the Chairman of the Compensation Committee to decide what data he considers necessary in order to fulfil the duties outlined above, and to ensure that this is circulated to all members of the Committee. The Board of Directors has agreed to provide the Compensation Committee with full co-operation in the fulfilment of its duties.
- 3.6. The Compensation Committee shall have access to professional advice inside and outside the Corporation at the cost of the Corporation, and be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any outside advisors who advise the Committee.
- 3.7. The Compensation Committee shall report to the Board of Directors on remuneration policy and all matters listed as being within its remit as set out in Clause 3.1 above.
- 3.8. The remuneration of non-executive directors shall not be a matter for the Compensation Committee, but for the Chairman of the Board and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration.

#### **4. Resources, Meetings and Reports**

- 4.1. The minutes of the meetings of the Compensation Committee shall be made available to all members of the Board.
- 4.2. The Compensation Committee Chairman shall be available at the Annual General Meeting of the Corporation to answer questions arising from the Compensation Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Corporation maintains good contact with shareholders about remuneration in the same way as for other matters.
- 4.3. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.

Adopted by resolution of the Board on [ ] 2019

## **NOMINATION COMMITTEE TERMS OF REFERENCE**

### **1. Nomination Committee Purpose**

The Nomination Committee (the "Committee") is a committee selected from the board of directors (the "Board") of Intosol Holdings Plc. (the "**Company**") to lead the process for Board appointments and make recommendations to the Board.

### **2. Committee composition, appointment and procedures**

#### *2.1. Structure and Composition of Committee*

The Committee is a sub-committee of the Board and as such exercises such powers of the Board as have been delegated to it and is answerable to the Board.

The Compensation Committee shall be comprised of not less than two non-executive directors all of whom must be independent directors in accordance with applicable regulatory and stock exchange requirements.

#### *2.2. Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.

#### *2.3. Vacancies*

- c) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- d) The Board shall fill any vacancy if the membership of the Committee is less than two Directors.

#### *2.4. Committee Chairman*

The Board shall appoint a Chairman for the Committee. The Chairman of the Committee shall be available at the Annual General Meeting to answer questions. The Chairman should not chair the Nomination Committee when it is dealing with the appointment of a successor to the Chairmanship.

#### *2.5. Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

#### *2.6. Secretary of Committee*

The Secretary of the Company or such other person as the Nomination Committee may appoint shall serve as the secretary of the Committee.

#### *2.7. Meetings*

- a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.

- b) Notwithstanding the quorum requirements, all members of the Nomination Committee should endeavour to attend all meetings at which matters of general nomination policy or the contents of the Nomination Committee's annual report to shareholders are discussed.
- c) Meetings of the Nomination Committee shall be held as and when appropriate, normally immediately before or after regular meetings of the full Board, at least twice a year but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone.
- d) The Company's Chief Executive and/or Finance Director may be invited to attend relevant meetings (or part thereof) of the Nomination Committee to make proposals as necessary.
- e) Each member of the Nomination Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Nomination Committee. If a matter that is considered by the Nomination Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Save where he has a personal interest, the Chairman will have a casting vote.
- a. All decisions of the Nomination Committee shall be referred to the Board of Directors and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Nomination Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own nomination.

#### 2.8. *Quorum*

The quorum for any meeting and/or decision of the Nomination Committee shall be any two members.

#### 2.9. *Notice of Meetings*

- c) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.
- d) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### 2.10. *Review*

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

### **3. Responsibilities of the Committee**

#### *3.1. Authority*

The Nomination Committee is authorised by the Board:

- a) to investigate any activity within its terms of reference;
- b) to obtain any information it requires from any employee of the Company, in order to perform its duties; and
- c) to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference.

#### *3.2. Duties*

The duties of the Nomination Committee shall be:

- a) to regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board, compared to its current position and make recommendations to the Board with regard to any changes;
- b) to 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 what skills and expertise are therefore needed on the Board in the future;
- c) to be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- d) before any appointment is made to the Board, to evaluate the balance of skills, knowledge and experience 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:
  - a. use open advertising or the services of external advisers to facilitate the search;
  - b. consider candidates from a wide range of backgrounds; and
  - c. consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- e) to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- f) to keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- g) to 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;

- h) to 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;
- i) to make whatever recommendations to the Board it deems appropriate on any area within its remit, where action or improvement is needed;
- j) to make a statement in the Company's annual report about the activities of the Nomination Committee, the process used to make appointments and explain if any external advice or open advertising has not been used; and
- k) to annually review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary to the Board for approval.

### 3.3. *Recommendations*

The Nomination Committee shall be responsible for making 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 of the Board and chief executive;
- b) suitable candidates for the role of senior independent director;
- c) membership of the audit and remuneration committees, in consultation with the chairmen 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 continuation (or not) of service of any director who has reached the age of 70 , if required by the Company's articles of association;
- f) the re-election by shareholders of any director under the 'retirement by rotation' provisions of 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;
- g) 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
- h) the appointment of any director to executive or other office.

## **4. Resources, Meetings and Reports**

- 4.1. The minutes of the meetings of the Nomination Committee shall be made available to all members of the Board.
- 4.2. The Nomination Committee Chairman shall be available at the Annual General Meeting of the Company to answer questions.

- 4.3. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

## D. Disclosure Policy

### 1 Inside Information

“Inside Information” is any non-public information which, if made public, could have an effect on the price of a Corporation’s securities. More specifically, the Financial Services and Markets Act 2000 (“FSMA”) defines “inside information” as being information of a precise nature which is not generally available, relates, directly or indirectly, to one or more issuers of investments or to one or more relevant investments, and would, if generally available, be likely to have a significant effect on the price of the investments or on the price of related investments.

- 1.1 For these purposes information is precise if it indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur and is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of the investments or related investments.
- 1.2 Information would be likely to have a significant effect on price if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions. In addition, the information must be such that it is possible to predict the direction of the price movement. “Likely” when used above means there must be a real (and not fanciful) prospect of the information having an effect on the price of the securities. Information which is not likely to move the price appreciably will not be inside information even though it might be relevant to a reasonable investor.
- 1.3 It is not possible to provide an exhaustive list of information which, if made public, would be likely to affect the market price of securities, but it includes the following:
  - (a) any yearly, half-yearly or quarterly financial results or any financial or business forecasts (including cash flow forecasts);
  - (b) any financial or strategic information about local operations, which goes beyond the level of detail set out at the corporate level;
  - (c) any corporate action such as, but not limited to:
    - (i) a decision to declare or pay any dividend or other distribution;
    - (ii) a rights issue;
    - (iii) a dissolution or liquidation;
    - (iv) a stock split;
    - (v) an issuance of warrants, convertible bonds or bonds with warrants attached;
    - (vi) a corporate restructuring such as a merger or demerger;
  - (d) any other material event or decision which may have a significant influence on the share price such as, but not limited to:

- (i) any confirmation of any material take-over discussions, acquisitions, disposals of interests, joint venture or profit and loss pooling agreements;
- (ii) the acquisition of own shares by the Corporation ('share buyback');
- (iii) the announcements in connection with annual or extraordinary shareholders' meetings;
- (iv) any change of business year;
- (v) any change of corporate form;
- (vi) any material decision of anti-trust or other regulatory authorities (including securities, stock exchange, environmental or tax authorities) relating to the Corporation;
- (vii) any material extraordinary gains or losses;
- (viii) any significant financing measures;
- (ix) any material investments/disinvestments;
- (x) any material new, or loss of, licenses affecting the Corporation financials;
- (xi) any material litigation, tax or other proceedings;
- (xii) any intellectual property acquisition, disposal, dispute or claim;
- (xiii) any important change in regulatory or tax environment;
- (xiv) any changes in management or composition of the Board of Directors;
- (xv) any material provisions and write-offs;
- (xvi) any material collective labour dispute;
- (xvii) any significant rationalisation measures;
- (xviii) any significant production stoppage;
- (xix) any acquisition or loss of material supply agreements affecting the Corporation financials; or
- (xx) any sale of shares by Directors.

1.4 Given that Inside Information includes information which "directly or indirectly" concerns a Corporation, even if information does not relate directly to the Corporation's business, but is likely to affect a reasonable investor's investment decision, it may constitute Inside Information (for example, a major shareholder planning to sell a large stake).

1.5 Note that the following factors should be considered when assessing whether or not information is Inside Information:



- (a) whether the information is likely to be used by a reasonable investor as part of his investment decision and whether it would therefore have a significant effect on the price of the Corporation's securities; and
- (b) whether there is any set percentage change in the share price which would indicate that information is price sensitive – this will depend on the Corporation's market capitalisation, recent developments and market sentiment about the Corporation and the sector in which it operates; sometimes a development effecting 5% of earnings and/or materially impacting valuation is used as a rough rule of thumb.

## **2 Identification of Inside Information**

It is a question of judgement as to whether or not information amounts to Inside Information. If information is Inside Information, its dissemination will need to be controlled by the Corporation both internally and externally and the Corporation may be required to make a stock exchange announcement.

- 2.1 If any employee becomes aware of any new developments which they consider may be Inside Information, or they want or need to disclose information (internally or externally) and are not sure whether or not the information is Inside Information, they should contact the Group Disclosure Officer.
- 2.2 The Group Disclosure Officer is responsible for ensuring that all material information is reported internally so that, if required, the Disclosure Committee (see below) can make a determination as to the requirement to make a stock exchange announcement. The Disclosure Committee has developed a list of indicative events to be used by the Group Disclosure Officer to assess information in order to determine if it is material.

## **3 Role of Disclosure Committee**

A committee has been established to assist and inform the decisions of the Board concerning the identification of Inside Information and to make recommendations about how and when the Corporation should disclose such information in accordance with the Corporation's disclosure policy (the "Disclosure Committee"). In doing so, the Disclosure Committee will have regard, in particular, to information previously disclosed.

- 3.1 The Disclosure Committee consists of:
  - (i) the Chief Financial Officer;
  - (ii) the Chairman; and
  - (iv) the Nominated Broker;
- 3.2 The CEO may also participate in the Disclosure Committee where required.
- 3.3 For a list of current members of the Disclosure Committee and other key individuals and their contact details, please see Appendix 2.
- 3.4 The main responsibilities of the Disclosure Committee are:
  - (a) maintaining a record of the Corporation's disclosures to the LSE;
  - (b) maintaining a record of matters considered for disclosure but not disclosed;

- (c) preparing and monitoring leak announcements (see section 15);
- (d) assessing relevant and substantive market rumours or speculation concerning the Corporation and making recommendations to the CEO and/or the Chairman as to what response, if any, should be made;
- (e) monitoring analysts' expectations as to the Corporation's performance and recommending any necessary corrective action;
- (f) monitoring the materiality of any variance between the Corporation's performance and its forecasts;
- (g) appointing the Group Disclosure Officer, who will be responsible for ensuring that all material information is reported to the Disclosure Committee;
- (h) if deemed appropriate by the Disclosure Committee or if the Group Disclosure Officer otherwise requests, developing a list of indicative events to be to assess information that might be Inside Information;
- (i) periodically reviewing the Corporation's Disclosure Policy and recommending changes to the Disclosure Policy to the Board for approval; and
- (j) reviewing and approving any announcements dealing with significant developments in the Corporation's business and ensuring their accuracy.

#### **4 Control of Inside Information**

- 4.1 The Board is required to protect the confidentiality of the Corporation's confidential information and to limit access to Inside Information to those employees of the Corporation that strictly require the information to carry out their functions within the Corporation.
- 4.2 The existence of a confidentiality agreement may not be enough so Inside Information should only be disclosed on a "need to know" basis.
- 4.3 Consequently, the following processes will be adopted:
  - (a) lists of those employees and advisers with access to Inside Information will be maintained by the Corporation Secretary (or an appropriate designee) and the list will be kept for a period of five years;
  - (b) the Corporation will maintain two insider lists: a permanent insider list for persons with regular access to Inside Information and, where appropriate, transaction specific insider lists which identify persons with Inside Information relating to a certain material transaction;
  - (c) insider employees are required to acknowledge their legal and regulatory duties and must be aware of the sanctions of market abuse;
  - (d) advisers to the Corporation should maintain their own insider lists of persons working for them and who have access to Inside Information. Such lists should be available to the Corporation as soon as possible upon request;
  - (e) wherever possible written acknowledgement of confidentiality and status as an insider restricted from dealing (or disclosing) should be obtained;

- (e) the Corporation Secretary must be informed immediately if Inside Information is disclosed to any person (internal or external) whose name is not on an insider list;
- (f) all communications with analysts and the media should be handled/coordinated by Chairman; and
- (g) the Disclosure Committee should be kept fully informed at all times and should monitor the status, with the assistance of the relevant project manager, of projects and transactions that potentially could constitute Inside Information.

## **5 Dealings by Persons Discharging Managerial Responsibilities/ Directors and Employee Insiders**

- 5.1 Dealings by certain restricted persons are dealt with in Section D below (the "Share Dealing Code"). At no time can any Restricted Person (as defined in the Share Dealing Code) deal in the Corporation's securities if the Corporation is in a Close Period (as defined below).
- 5.2 Any Director of the Corporation (executive or non-executive) or any other Person Discharging Managerial Responsibilities (as defined in the Share Dealing Code) who deals in Corporation securities (e.g. purchases or sells even one share in the Corporation) is required to notify the Corporation of such dealing in such securities in accordance with the Share Dealing Code and the Corporation will be required to disclose this to the market. Such person will also need to seek advance clearance in accordance with the Share Dealing Code.
- 5.3 Similar obligations fall on any senior manager who holds 3% or more of the issued share capital of the Corporation, should they deal in such securities in accordance with the Share Dealing Code.
- 5.4 All other employees will also be required to seek prior approval before dealing in the Corporation's securities should they be informed that they are on the Corporation's insider list or on any deal specific insider list.
- 5.5 For the purposes of the Policy, "Close Period" means:
  - (a) the period of 60 days immediately preceding a preliminary announcement of the full year results or, if shorter, the period from the end of the relevant financial year up to and including the time of announcement; or
  - (b) the period of 60 days immediately preceding the publication of the annual financial report or, if shorter, the period from the end of the relevant financial year up to and including the time of such publication; and
  - (c) if the Corporation reports on a half yearly basis, the period from the end of the relevant financial period up to and including the time of such publication; and
  - (d) if the Corporation reports on a quarterly basis, the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement.

## **6 Dissemination of Inside Information**

The general rule is that Inside Information relating directly to the Corporation must be disclosed (via a stock exchange announcement) as soon as possible, unless an exemption applies.

6.1 In the past delaying disclosure has only been permitted in certain limited circumstances (e.g. matters under negotiation or where there is a confidentiality obligation). Recent cases however suggest that it can be reasonable to delay an announcement if the Corporation is in an uncertain position and being forced into an early announcement could risk misleading the market. A Corporation may also reasonably delay an announcement of results until a planned publication date unless there is some exceptional event or fact that requires immediate announcement.

6.2 The decision whether or not an announcement is required should be taken by the Disclosure Committee. Paragraph 7.2.3(i), below, indicates the instances where Board approval is always needed prior to an announcement. Otherwise, the Disclosure Committee in conjunction with the CEO will decide if an announcement is required and the Board will be informed as soon as practicable, whether by email or otherwise.

## **7 Regulatory Announcements**

### **7.1 Content**

7.1.1 Regulatory announcements should be written so that the key content of the message is given due prominence – i.e. clearly visible (not relegated to the final paragraphs) and readily understandable by the reasonable investor.

7.1.2 The announcement headline should reflect the information that has greatest significance.

7.1.3 Announcements should not be false or misleading – particular care should be taken to ensure that they are not misleading by omission.

### **7.2 Verification and Approvals**

7.2.1 FSMA provides investors with an avenue to claim against the Corporation in respect of defects in information released or referred to in a stock exchange announcement if they can show that they have suffered loss, and that there was knowledge or recklessness, or dishonest concealment, on the part of one or more Directors regarding these defects, or dishonest delay in the release of information.

7.2.2 It is generally not necessary to prepare verification records, but in all cases, the person responsible for drafting any announcement must ensure that it is verified (before being released) by an appropriately qualified person who can confirm that the content is accurate and not misleading.

7.2.3 There are three main categories of announcements and the approvals in relation to them are set out below:

- (i) Announcements of the full year end results, interim results and quarterly results/interim management statements of the Corporation, as required under Rule 4 of the Disclosure and Transparency Rules (“DTRs”), will be approved by the Board or an authorised committee thereof. Chairman is responsible

for checking the underlying data and supporting facts and all parties are required to retain relevant records.

- (ii) Other major announcements (such as any price sensitive information relating to major transactions as required under Rule 2 of the DTRs) will be approved by the Disclosure Committee. As a general rule of thumb, save where the list of reserve matters require Board or Board committee approval, these announcements do not require Board approval but the Disclosure Committee shall consider the timing of any announcement and update the Board by email or otherwise prior to any announcement going out or as soon as practicable thereafter.
- (iii) Routine announcements (as required by other DTRs, other continuing obligations under Listing Rule 9 and the release of non-price sensitive information) should be authorised by Chairman.

7.2.4 A copy of all announcements released to the LSE along with a supporting control sheet signed by the Director or a senior executive authorising release of the announcement will be retained by the Corporation Secretary.

### 7.3 Timing

- 7.3.1 All Inside Information should be disclosed as soon as possible via an announcement on a regulatory information service ("RIS") (i.e. a news feed relating to companies listed on UK markets) by the Corporation.
- 7.3.2 In the event that it is necessary to release an announcement when a RIS is not open for business, the Corporation should observe the requirements of DTRs 1.3.6 and 1A.3.3.
- 7.3.3 Disclosure can be delayed for matters under negotiation or whilst the contents of the announcements are being verified or where the Corporation has a legitimate interest, provided that the market is not misled as a result and the Corporation can ensure the confidentiality of that information. See also 6.1 above for recent observations on this obligation.
- 7.3.4 If there is to be any delay in releasing information, a holding announcement should be prepared. Any holding announcement should detail as much of the subject matter as possible, set out the reasons why a fuller announcement cannot be made and include an undertaking to announce further details as soon as possible. Such announcement must be approved by the Board.
- 7.3.5 Information must be released if there is a leak, unless an exemption applies. See section 15 for more information regarding leaks.
- 7.3.6 The Board should refrain from "routine" market briefings during Close Periods. Details of when the Corporation is in a Close Period will be provided on the Corporation's intranet.

### 7.4 Website

- 7.4.1 Inside Information disclosed to the LSE must be put on the Corporation's website no later than by close of business on the day after its official announcement and must remain there for at least one year.
- 7.4.2 Inside Information must not be released on the Corporation's website before it has been officially announced through a RIS. However, it can be done simultaneously.
- 7.4.3 Chairman will be responsible for ensuring that all announcements which have been released are available on the Corporation's website.

## **8 Communications with Shareholders and other Interested Parties**

### **8.1 General Meetings**

- 8.1.1 A scripted presentation, including possible questions and answers, will be prepared by the Corporation Secretary for the formal part of any shareholder meeting, including Annual General Meetings.
- 8.1.2 Any areas of concern should be brought to the attention of the Chairman and the Chairman should be briefed concerning possible questions and answers prior to the meeting, with supporting notes in the Annual General Meeting pack.
- 8.1.3 Important developments which are to be announced at the Annual General Meeting or general meeting should be disclosed through a RIS announcement before or at the start of the meeting.
- 8.1.4 If Inside Information is inadvertently released at a general meeting, it should be fully disclosed through a RIS announcement as soon as possible thereafter.
- 8.1.5 Care should be taken in the question and answer sessions so as not to make any communication which could encourage or induce investment activity – areas of such concern include forward looking statements and opinions as to the value of the Corporation's shares, etc.

### **8.2 One-on-ones**

- 8.2.1 The general rule is that Inside Information should not be selectively disclosed to shareholders or other interested third parties.
- 8.2.2 However, there is an exception to this being that the Corporation can, in certain circumstances (e.g. before a major transaction requiring shareholder support), selectively disclose information to major shareholders, credit rating agencies, lenders, etc., provided that such shareholders, credit rating agencies, lenders, etc. have signed a confidentiality undertaking. In any event, advice should be sought from the Disclosure Committee (who will discuss the matter with the Corporation's external legal and/or financial advisers, as appropriate) before selectively disclosing any Inside Information to shareholders or other third parties.
- 8.2.3 A record will be kept by the Corporation Secretary and of all one-on-one meetings with shareholders.

## **9 Communications with Analysts**

All communications with analysts should be handled by Chairman.

## 9.1 Questions and Forecasts

9.1.1 Corporation representatives should not answer analysts' questions where cumulatively or individually the answers would provide Inside Information.

9.1.2 Corporation representatives are not required to correct analysts' forecasts or to make any correcting announcement, even where the Corporation knows the forecast is materially inaccurate. However, if a forecast leads to a widespread and serious misapprehension in the market the Corporation will probably have to make a correcting announcement. This is unlikely to be necessary if only one analyst has made an inaccurate forecast.

9.1.3 Knowledge that a forecast is inaccurate is more likely to be Inside Information if there are only a small number of analysts involved.

## 9.2 Analysts' Reports

9.2.1 Corporation representatives are under no obligation to comment on or correct analysts' reports. However, commenting is not prohibited, and certainly, where keeping silent would be materially misleading, representatives should comment, taking care not to disclose any Inside Information. The following general guidelines should be followed:

- (i) comment on reports prior to publication, correcting materially incorrect data;
- (ii) follow up incorrect statements after publication if the Corporation has not been given an opportunity to comment prior to publication;
- (iii) only correct underlying data on which the conclusions are based and not the conclusions and do not influence analysts to change conclusions reached;
- (iv) only use information which is in the public domain or unpublished information which is clearly not price sensitive in nature;
- (v) if unpublished price sensitive data is required to correct a fundamental misconception, make it public via a RIS announcement before disclosure to the analyst; and
- (vi) maintain consistency of treatment between analysts.

## 9.3 Analyst Meetings

9.3.1 To avoid being mistakenly accused of providing Inside Information at analyst meetings, more than one Corporation representative should be present at any analyst meeting and accurate records of all discussions should be kept.

9.3.2 A script is to be prepared for formal briefings with analysts and, if possible, a recording is to be retained.

## 9.4 General

- 9.4.1 Inside Information must not be disclosed to analysts unless such information has already been disclosed via a RIS announcement. If Inside Information is inadvertently released, an announcement should be made as soon as possible.
- 9.4.2 Chairman should brief employees on the extent and nature of information they can communicate when analysts visit the Corporation's premises.

## **10 Communications with the Media**

- 10.1 All communications with the media should be handled by Chairman.
- 10.2 Providing information to journalists under an embargo that prevents them using it until such information is released via a RIS announcement is prohibited.
- 10.3 A "Friday Night Drop" – i.e. information being sent to a stock exchange for Monday publication, but also released to a single newspaper for publication over the weekend, to encourage a favourable response – is prohibited.
- 10.4 A RIS should be used to publish Inside Information and other information required to be published by the Listing Rules and the DTRs. It should not be used for disseminating non-regulatory information.
- 10.5 If the RIS is closed at the time when information needs to be published, the information must be distributed to: (i) two national newspapers in the United Kingdom; (ii) two newswire services operating in the United Kingdom; and (iii) a RIS for release as soon as it opens.
- 10.6 Journalists should be notified of important developments after publication of a stock exchange announcement.
- 10.7 Selective briefing of newspapers about important price sensitive developments, whether under an embargo or not, should be avoided.

## **11 Media Speculation and Market Rumour**

- 11.1 Chairman will monitor media coverage to identify any prior speculation or market rumour in relation to the Corporation or its business.
- 11.2 Chairman will monitor daily the Corporation's share price to identify any unusual movement in it to determine whether or not there has been a leak of any Inside Information which gives rise to a disclosure obligation. See Section 15 for further guidance about leaks.
- 11.3 Where there is media speculation or market the Chairman in conjunction with the Disclosure Committee will need to assess whether an announcement is required.
- 11.4 Where the speculation or rumour is largely accurate and the information underlying the rumour is Inside Information, it is likely that the Corporation will not be able to delay disclosure.
- 11.5 Where it is known that the rumour is false, it will probably be possible to delay disclosure indefinitely, unless there is market distortion.
- 11.6 If the Corporation does not respond, a record should be kept of the reasons why the Corporation has not responded.



- 11.7 If the Corporation does issue a denial, this should be done through a RIS announcement, rather than through a single publication, unless making such a formal announcement would of itself cause market disruption.
- 11.8 A “no comment” approach is the preferable response to journalists pressing for Inside Information. This must be used consistently, both when in possession of Inside Information and when not.
- 11.9 The Financial Services Authority (the “FSA”) may contact the Corporation if there are rumours in the media concerning the Corporation. The Corporation will need to provide a full justification of the proposed course of action and confirmation of the true position.
- 11.10 In particular the Corporation should:
- 11.10.1 adopt a helpful approach towards FSA contact;
  - 11.10.2 give full disclosure of the position and reasons for actions (including inactions) taken; and
  - 11.10.3 determine future steps required by the FSA.
- 11.11 In any event, Chairman should be contacted immediately if the FSA contacts the Corporation and he will immediately notify the Board of such an approach.
- 11.12 The Corporation’s response to any rumours may also be investigated by the FSA, particularly where it is concerned that it may have been misled.

## **12 Communications with Employees**

- 12.1 Employees cannot be selectively pre-briefed about Inside Information, unless they need to know the information for the performance of their duties and function.
- 12.2 If employees need Inside Information for the performance of their duties and function their name should be placed on an insider list maintained by the Corporation Secretary as employee insiders and they should acknowledge their duties and responsibilities relating to such information (see the Share Dealing Code).
- 12.3 Unpublished Inside Information is not to be released to employees (unless they are employee insiders, as referred to above) before being released to the market, whether via a regular employee update, internal conference or any other channel.
- 12.4 Copies of stock exchange announcements concerning Inside Information are to be sent/made available to employees on the Corporation’s intranet after release on a RIS.

## **13 Communications at Industry Events (Internal and External)**

- 13.1 Participants/delegates at industry events, whether organised by the Corporation or externally, cannot receive Inside Information which has not been generally disclosed to the market via a RIS announcement.
- 13.2 Care must be taken in preparing presentations and any employee giving any presentation must be satisfied that the presentation does not contain Inside Information. If there is any doubt, the Group Disclosure Officer should be contacted.

## **14 Communications with Local Authorities**

- 14.1 At a motivated request by a state or local authority the Corporation shall provide them the required information and at the same time inform them that the information is confidential and is not to be disclosed to third parties.
- 14.2 The motivated request must be signed by an authorised person, indicate the purpose of the requested information and reference to the law that establishes the right to receive the information, as well as state the term for its provision. The motive for the provision should be a specific aim related to fulfilment by the respective authority of its statutory obligations if the fulfilment of the said obligations is impossible without such information.

## **15 Leaks**

- 15.1 The FSA has recommended that if there has been a clear leak of Inside Information, the Corporation should take the lead on a leak enquiry. The Corporation should request that all firms working for it, who received Inside Information before the leak, undertake a leak enquiry. The Corporation should robustly monitor the progress and seek regular updates from the firms involved in the leak enquiry.
- 15.2 In the event of a leak, the aim should be to avoid any coverage if possible, with a "no comment" strategy. If this is not possible, the Disclosure Committee should consider whether an announcement is required.
- 15.3 The FSA takes the view that "issuer-led" leak enquiries are likely to be effective at preventing future leaks due to the commercial pressure that issuers can bring to bear on their advisers and other contracted third parties.

## **16 Sanctions**

Sanctions for failing to comply with insider dealing, market abuse and market misconduct legislation include unlimited fines and public censure which can be imposed on both the Corporation and specific individuals within the Corporation. The criminal offence relating to market manipulation and insider dealing also continues to apply.

## E. Securities Dealing Code

### 1 Introduction

- 1.1 The freedom of Directors, senior managers and certain employees of the Corporation to deal its securities is restricted in a number of ways, including by statute and under common law.
- 1.2 Companies with a premium listing on the Official List of the UK Listing Authority are required to comply with the Market Abuse Regulation in relation to dealing in securities as set out in Annex 1 to Rule 9 of the Listing Rules. Although strictly the Market Abuse Regulation does not apply the Corporation, which has a standard rather than premium listing, the Directors have decided to adopt the Market Abuse Regulation and apply it nevertheless for the sake of good corporate governance.
- 1.3 The Market Abuse Regulation provides that the Corporation must ensure its Directors, senior managers and employees and their connected persons do not deal in any of the Corporation's securities during a "close period". The only general exception to this rule is where the individual has entered into a binding commitment prior to the Corporation being in such a close period, where it was not reasonably foreseeable at the time the commitment was made that a close period was likely (provided the commitment was notified to the Corporation's Regulatory Information Service at the time it was made). In addition, the London Stock Exchange may permit a Director or applicable employee to sell his securities during a close period to alleviate severe personal hardship (such as the urgent need for a medical operation or to satisfy a court order where no other funds are available).
- 1.4 The purpose of this code is to ensure that Directors, senior managers and employees do not abuse, and do not place themselves under suspicion of abusing, unpublished price-sensitive information, especially in periods leading up to an announcement of the Corporation's results or the announcement of other non-recurring events or matters of importance.
- 1.5 Corporation Directors, like other individuals, are prohibited from insider dealing by the Criminal Justice Act 1993. Under that act it is a criminal offence for an individual who has information as an insider to deal on a regulated market, or through a professional intermediary, in securities whose price would be significantly affected if the inside information were made public. It is also an offence to encourage insider dealing and to disclose information with a view to others profiting from it. Compliance with the code will not legalise a deal if it is prohibited by law nor will it constitute a defence in criminal proceedings. In view of this, any person subject to the code wishing to deal in the securities of the Corporation or any other Corporation should, in any event, be aware of criminal prohibitions on insider dealing. In addition, there are civil penalties under Part VIII of the Financial Services and Markets Act 2000 for committing, requiring or encouraging "market abuse". Market abuse covers a wide range of prohibited behaviour and includes behaviour, such as dealing in the Corporation's securities, which is based on relevant information which is not generally available to the market (such as inside information), and behaviour which is likely to create a false or misleading impression about the supply of, or demand for, or price or value of the Corporation's securities or to distort the market in those securities. In Schedule 2 to the Code there is an overview of the criminal and civil insider dealing regimes.

## 1.6 Securities Dealing Code

The paragraphs set out below are the Code to which all Directors, Senior Management and Employees must follow in respect of dealings in securities admitted to trading on the Main Market of the London Stock Exchange. In particular, no dealings should take place at any time when the person contemplating dealing is in possession of unpublished price-sensitive information or without prior permission from the specified person and all permitted dealings require prior disclosure to the Corporation.

### Introduction

This code imposes restrictions on dealing in the securities of the Corporation beyond those imposed by law. Its purpose is to ensure that persons discharging managerial responsibilities do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of the Corporation's results.

Nothing in this code sanctions a breach of section 118 of the Act (Market abuse), the insider dealing provisions of the Criminal Justice Act or any other relevant legal or regulatory requirements.

### Definitions

1. In this code the following definitions, in addition to those contained in the listing rules, apply unless the context requires otherwise:
  - a) *Act* refers to the Financial Services and Markets Act 2000;
  - b) *close period* means:
    - i) the period of 60 days immediately preceding a preliminary announcement of the Corporation's annual results or, if shorter, the period from the end of the relevant financial year up to and including the time of announcement; or
    - ii) the period of 60 days immediately preceding the publication of its annual financial report or if shorter the period from the end of the relevant financial year up to and including the time of such publication; and
    - iii) if the Corporation reports on a half yearly basis the period from the end of the relevant financial period up to and including the time of such publication; and
    - iv) if the Corporation reports on a quarterly basis the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement;
  - c) *connected person* has the meaning given in section 96B (2) of the Act as set out in the Schedule to this Code;
  - d) *persons discharging managerial responsibilities* means:
    - i) a director of the Corporation; or
    - ii) a senior executive of the Corporation who has regular access to inside information relating, directly or indirectly, to the Corporation, and has power to make managerial decisions affecting the future development and business prospects of the Corporation;
  - e) *dealing* includes:

- iii) any acquisition or disposal of, or agreement to acquire or dispose of any of the securities of the Corporation;
  - iv) entering into a contract (including a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference fluctuations in the price of any of the securities of the Corporation;
  - v) the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put or both) to acquire or dispose of any of the securities of the Corporation;
  - vi) entering into, or terminating, assigning or novating any stock lending agreement in respect of the securities of the Corporation;
  - vii) using as security, or otherwise granting a charge, lien or other encumbrance over the securities of the Corporation;
  - viii) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the securities of the Corporation; or
  - ix) any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any securities of the Corporation;
- f) *FCA* means the Financial Conduct Authority;
  - g) *inside information* as defined in section 118C of the Act;
  - h) *listing rules* are (in accordance with sections 73A(1) and 73A(2) of the Act) rules relating to admission to the Official List;
  - i) *prohibited period* means:
    - x) any close period; or
    - xi) any period when there exists any matter which constitutes inside information in relation to the Corporation
  - j) *restricted person* means a person discharging managerial responsibilities; and
  - k) *securities of the Corporation* means any publicly traded or quoted securities of the Corporation or any member of its group or any securities that are convertible into such securities.

#### **Dealings not subject to the provisions of this code**

2. The following dealings are not subject to the provisions of this code:
  - a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of securities of the Corporation in lieu of a cash dividend);
  - b) the take up of entitlements under a rights issue or other offer (including an offer of securities of the Corporation in lieu of a cash dividend);
  - c) allowing entitlements to lapse under a rights issue or other offer (including an offer of securities of the Corporation in lieu of a cash dividend);
  - d) the sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;
  - e) undertakings to accept, or the acceptance of, a takeover offer;

- f) dealing where the beneficial interest in the relevant security of the Corporation does not change;
- g) transactions conducted between a person discharging managerial responsibilities and their spouse, civil partner, child or step-child (within the meaning of section 96B(2) of the Act);
- h) transfers of shares arising out of the operation of an employees' share scheme: into a savings scheme investing in securities of the Corporation following:
  - i) exercise of an option under an approved SAYE option scheme; or
  - ii) release of shares from a HM Revenue and Customs approved share incentive plan;
- i) with the exception of a disposal of securities of the Corporation received by a restricted person as a participant, dealings in connection with the following employees' share schemes:
  - i) an HM Revenue and Customs approved SAYE option scheme or share incentive plan, under which participation is extended on similar terms to all or most employees of the participating companies in that scheme; or
  - ii) a scheme on similar terms to a HM Revenue and Customs approved SAYE option scheme or share incentive plan, under which participation is extended on similar terms to all or most employees of the participating companies in that scheme; or
- j) the cancellation or surrender of an option under an employees' share scheme;
- k) transfers of the securities of the Corporation by an independent trustee of an employees' share scheme to a beneficiary who is not a restricted person;
- l) transfers of securities of the Corporation already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the restricted person is a participant or beneficiary;
- m) an investment by a restricted person in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in the securities of the Corporation) or arrangement are invested at the discretion of a third party;
- n) a dealing by a restricted person in the units of an authorised unit trust or authorised contractual scheme or in shares in an open-ended investment Corporation; and
- o) bona fide gifts to a restricted person by a third party.

#### **Dealing by restricted persons**

3. A restricted person must not deal in any securities of the Corporation without obtaining clearance to deal in advance in accordance with paragraph 4 of this code.

#### **Clearance to deal**

4.
  - a) A director (other than the chairman or chief executive) or Corporation secretary must not deal in any securities of the Corporation without first notifying the chairman (or a director designated by the board for this purpose) and receiving clearance to deal from him.

- b) The chairman must not deal in any securities of the Corporation without first notifying the chief executive and receiving clearance to deal from him or, if the chief executive is not present, without first notifying the senior independent director, or a committee of the board or other officer of the Corporation nominated for that purpose by the chief executive, and receiving clearance to deal from that director, committee or officer.
  - c) The chief executive must not deal in any securities of the Corporation without first notifying the chairman and receiving clearance to deal from him or, if the chairman is not present, without first notifying the senior independent director, or a committee of the board or other officer of the Corporation nominated for that purpose by the chairman, and receiving clearance to deal from that director, committee or officer.
  - d) If the role of chairman and chief executive are combined, that person must not deal in any securities of the Corporation without first notifying the board and receiving clearance to deal from the board.
  - e) Persons discharging managerial responsibilities (who are not directors) must not deal in any securities of the Corporation without first notifying the Corporation secretary or a designated director and receiving clearance to deal from him.
5. A response to a request for clearance to deal must be given to the relevant restricted person within five business days of the request being made.
  6. The Corporation must maintain a record of the response to any dealing request made by a restricted person and of any clearance given. A copy of the response and clearance (if any) must be given to the restricted person concerned.
  7. A restricted person who is given clearance to deal in accordance with paragraph 4 must deal as soon as possible and in any event within two business days of clearance being received.

#### **Circumstances for refusal**

8. A restricted person must not be given clearance to deal in any securities of the Corporation:
  - a) during a prohibited period; or
  - b) on considerations of a short term nature. An investment with a maturity of one year or less will always be considered to be of a short term nature.

#### **Dealings permitted during a prohibited period**

##### ***Dealing in exceptional circumstances***

9. A restricted person, who is not in possession of inside information in relation to the Corporation, may be given clearance to deal if he is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) securities of the Corporation when he would otherwise be prohibited by this code from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the director designated for this purpose.
10. A person may be in severe financial difficulty if he has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the

Corporation. A liability of such a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the securities of the Corporation or there is some other overriding legal requirement for him to do so.

11. The FCA should be consulted at an early stage regarding any application by a restricted person to deal in exceptional circumstances.

#### ***Awards of securities and options***

12. The grant of options by the board of directors under an employees' share scheme to individuals who are not restricted persons may be permitted during a prohibited period if such grant could not reasonably be made at another time and failure to make the grant would be likely to indicate that the Corporation was in a prohibited period.
13. The award by the Corporation of securities, the grant of options and the grant of rights (or other interests) to acquire securities of the Corporation to restricted persons is permitted in a prohibited period if:
  - a) the award or grant is made under the terms of an employees' share scheme and the scheme was not introduced or amended during the relevant prohibited period; and
  - b) either:
    - i) the terms of such employees' share scheme set out the timing of the award or grant and such terms have either previously been approved by shareholders or summarised or described in a document sent to shareholders, or
    - ii) the timing of the award or grant is in accordance with the timing of previous awards or grants under the scheme; and
  - c) the terms of the employees' share scheme set out the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated and do not allow the exercise of discretion; and
  - d) the failure to make the award or grant would be likely to indicate that the Corporation is in a prohibited period.

#### ***Exercise of options***

14. Where a Corporation has been in an exceptionally long prohibited period or the Corporation has had a number of consecutive prohibited periods, clearance may be given to allow the exercise of an option or right under an employees' share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during a prohibited period and the restricted person could not reasonably have been expected to exercise it at a time when he was free to deal.
15. Where the exercise or conversion is permitted pursuant to paragraph 14, clearance may not be given for the sale of the securities of the Corporation acquired pursuant to such exercise or conversion including the sale of sufficient securities of the Corporation to fund the costs of the exercise or conversion and/or any tax liability arising from the exercise



or conversion unless a binding undertaking to do so was entered into when the Corporation was not in a prohibited period.

#### **Qualification shares**

16. Clearance may be given to allow a director to acquire qualification shares where, under the Corporation's constitution, the final date for acquiring such shares falls during a prohibited period and the director could not reasonably have been expected to acquire those shares at another time.

#### **Saving schemes**

17. A restricted person may enter into a scheme under which only the securities of the Corporation are purchased pursuant to a regular standing order or direct debit or by regular deduction from the person's salary, or where such securities are acquired by way of a standing election to re-invest dividends or other distributions received, or are acquired as part payment of the person's remuneration without regard to the provisions of this code, if the following provisions are complied with:

- a) the restricted person does not enter into the scheme during a prohibited period, unless the scheme involves the part payment of remuneration in the form of securities of the Corporation and is entered into upon the commencement of the person's employment or in the case of a non-executive director his appointment to the board;
- b) the restricted person does not carry out the purchase of the securities of the Corporation under the scheme during a prohibited period, unless the restricted person entered into the scheme at a time when the Corporation was not in a prohibited period and that person is irrevocably bound under the terms of the scheme to carry out a purchase of securities of the Corporation (which may include the first purchase under the scheme) at a fixed point in time which falls in a prohibited period;
- c) the restricted person does not cancel or vary the terms of his participation, or carry out sales of securities of the Corporation within the scheme during a prohibited period; and before entering into the scheme, cancelling the scheme or varying the terms of his participation or carrying out sales of the securities of the Corporation within the scheme, the restricted person obtains clearance in accordance with paragraph 4.

#### **Acting as a trustee**

18. Where a restricted person is acting as a trustee, dealing in the securities of the Corporation by that trust is permitted during a prohibited period where:
  - a) the restricted person is not a beneficiary of the trust; and
  - b) the decision to deal is taken by the other trustees or by investment managers on behalf of the trustees independently of the restricted person.
19. The other trustees or investment managers acting on behalf of the trustees can be assumed to have acted independently where the decision to deal:
  - a) was taken without consultation with, or other involvement of, the restricted person; or
  - b) was delegated to a committee of which the restricted person is not a member.

### **Dealing by connected persons and investment managers**

20. A person discharging managerial responsibilities must take reasonable steps to prevent any dealings by or on behalf of any connected person of his in any securities of the Corporation on considerations of a short-term nature.
21. A person discharging managerial responsibilities must seek to prohibit any dealings in the securities of the Corporation during a close period:
  - a) by or on behalf of any connected person of his; or
  - b) by an investment manager on his behalf or on behalf of any person connected with him where either he or any person connected has funds under management with that investment fund manager, whether or not discretionary (save as provided by paragraphs 17 and 18).
22. A person discharging managerial responsibilities must advise all of his connected persons and investment managers acting on his behalf:
  - a) of the name of the listed Corporation within which he is a person discharging managerial responsibilities;
  - b) of the close periods during which they cannot deal in the securities of the Corporation; and
  - c) that they must advise the listed Corporation immediately after they have dealt in securities of the Corporation.

### **Dealing under a trading plan**

23. A restricted person may deal in securities of a Corporation pursuant to a trading plan if clearance has first been given in accordance with paragraph 4 of this Code to the person entering into the plan and to any amendment to the plan. A restricted person must not cancel a trading plan unless clearance has first been given in accordance with paragraph 4 of this Code for its cancellation.
24. A restricted person must not enter into a trading plan or amend a trading plan during a prohibited period and clearance under paragraph 4 of this Code must not be given during a prohibited period to the entering into, or amendment of, a trading plan. Clearance under paragraph 4 of this Code may be given during a prohibited period to the cancellation of a trading plan but only in the exceptional circumstances referred to in paragraphs 9 and 10 of this Code.
25. A restricted person may deal in securities of a Corporation during a prohibited period pursuant to a trading plan if:
  - a) the trading plan was entered into before the prohibited period;
  - b) clearance under paragraph 4 of this Code has been given to the person entering into the trading plan and to any amendment to the trading plan before the prohibited period; and
  - c) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to effect dealings.
26. Where a transaction occurs in accordance with a trading plan, the restricted person must notify the issuer at the same time as he makes the notification required by the Purchase Rules:

- a) the fact that the transaction occurred in accordance with a trading plan; and
- b) the date on which the relevant trading plan was entered into.

## Schedule 1

### Definition of Connected Person

#### *Introduction*

- 1 (1) In this Schedule “manager” means a person discharging managerial responsibilities within an issuer.
- (2) This Schedule defines what is meant by references in the provisions of this Part relating to disclosure rules to a person being “connected” with a manager (or a manager being “connected” with a person).

#### *Meaning of “connected person”*

- 2 (1) The following persons (and only those persons) are connected with a manager—
- (a) members of the manager's family (see paragraph 3);
  - (b) a body corporate with which the manager is associated (as defined in paragraph 4);
  - (c) a person acting in his capacity as trustee of a trust—
    - (i) the beneficiaries of which include the manager or a person who by virtue of paragraph (a) or (b) is connected with him, or
    - (ii) the terms of which confer a power on the trustees that may be exercised for the benefit of the manager or any such person,other than a trust for the purposes of an employees' share scheme or a pension scheme;
  - (d) a person acting in his capacity as partner—
    - (i) of the manager, or
    - (ii) of a person who, by virtue of paragraph (a), (b) or (c), is connected with that manager;
  - (e) a firm that is a legal person under the law by which it is governed and in which—
    - (i) the manager is a partner,
    - (ii) a partner is a person who, by virtue of paragraph (a), (b) or (c) is connected with the manager, or
    - (iii) a partner is a firm in which the manager is a partner or in which there is a partner who, by virtue of paragraph (a), (b) or (c), is connected with the director.
- (2) References to a person connected with a manager do not include a person who is also a manager of the issuer in question.

#### *Family members*

- 3 (1) This paragraph defines what is meant by references to members of a manager's family.
- (2) The members of a manager's family are—
- (a) the manager's spouse or civil partner;
  - (b) any relative of the manager who, on the date of the transaction in question, has shared the same household as the manager for at least 12 months;
  - (c) the manager's children or step-children under the age of 18.

Associated bodies corporate

- 4
- (1) This paragraph defines what is meant by a manager being “associated” with a body corporate.
  - (2) A manager is associated with a body corporate if, but only if—
    - (a) the manager, or a person connected with the manager, is a director or senior executive who has the power to make management decisions affecting the future development and business prospects of the body corporate; or
    - (b) the manager and the persons connected with the manager together—
      - (i) are interested in shares comprised in the equity share capital of that body corporate of a nominal value equal to at least 20% of that share capital, or
      - (ii) are entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body.
  - (3) The rules set out in Part 2 of this Schedule (references to interest in shares or debentures) apply for the purposes of this paragraph.
  - (4) References in this paragraph to voting power the exercise of which is controlled by a manager include voting power whose exercise is controlled by a body corporate controlled by the manager.
  - (5) Shares in a Corporation held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this paragraph.

*Control of a body corporate*

- 5
- (1) This paragraph defines what is meant by a manager “controlling” a body corporate.
  - (2) A manager is taken to control a body corporate if, but only if—
    - (a) the manager or a person connected with the manager—
      - (i) is interested in any part of the equity share capital of that body, or
      - (ii) is entitled to exercise or control the exercise of any part of the voting power at any general meeting of that body, and
    - (b) the manager, the persons connected with the manager and the other managers of the issuer in question, together—
      - (i) are interested in more than 50% of that share capital, or
      - (ii) are entitled to exercise or control the exercise of more than 50% of that voting power.
  - (3) The rules set out in Part 2 of this Schedule (references to interest in shares or debentures) apply for the purposes of this paragraph.
  - (4) References in this paragraph to voting power the exercise of which is controlled by a manager include voting power whose exercise is controlled by a body corporate controlled by the manager.
  - (5) Shares in a Corporation held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this paragraph.

*Supplementary provisions*

- 6
- For the purposes of paragraphs 4 and 5 (associated bodies corporate and control of a body corporate)—
    - (a) a body corporate with which a manager is associated is not treated as connected with that manager unless it is also connected with that manager by virtue of sub-paragraph (1)(c) or (d) of that paragraph (connection as trustee or partner); and

- (b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a manager is associated is not treated as connected with a manager by reason only of that fact.

## Schedule 2

### The criminal insider dealing and civil market abuse offences

This is an outline of the criminal insider dealing offences in Part V of the Criminal Justice Act 1993 and civil insider dealing (market abuse) offence in Part VIII of the Financial Services and Markets Act 2000.

#### What are the offences?

If you do any of the following where you are in possession of inside information relating to the Corporation, you could be prosecuted for insider dealing or market abuse:

- (a) dealing in securities of the Corporation;
- (b) requiring or encouraging another to deal in those securities;
- (c) disclosing inside information about the Corporation or its securities to another otherwise than in the proper performance of your employment, profession or duties.

Importantly, it does not matter whether you are doing these acts on your own behalf, on behalf of someone else or if you have procured someone else to do them for you. They will all be treated as your actions. The meaning of "dealing" is very wide. It is not limited to buying and selling but also includes activities such as exercising options, spread betting and entering into contracts for differences (CFDi). Agreeing and attempting to deal are also caught.

#### What is the definition of inside information?

Broadly, inside information is information about the Corporation:

- (d) which has not been made public (e.g. it has not been the subject of a formal announcement by the Corporation); and
- (e) if it were to be made generally available, it is likely to have a significant effect on the price of the Corporation's securities.

#### Non-Exhaustive Guidance on Information to be Regarded as Unpublished Price-Sensitive Information

It is not possible to provide an exhaustive list of matters which are likely to constitute inside information about the Corporation or its securities. This depends on factors such as the financial and trading position of the Corporation.

However, unpublished information relating to the following matters will usually be classified as unpublished price-sensitive information:

- (a) major new developments in the Corporation's sphere of activity;
- (b) transactions required to be notified to the market
- (c) proposed changes to the board of Directors of the Corporation;
- (d) any changes to the holding of a shareholder who holds 3% or more of the shares of the Corporation which increase or decrease such holding through any single percentage;

- (e) any material change between the Corporation's actual trading performance or financial condition and any profit forecast, estimate or projection included in the Corporation's prospectus or otherwise made public by or on behalf of the Corporation;
- (f) any decisions by the Corporation to declare or pay any dividend or make any distribution or not to pay any dividend or interest payment;
- (g) a material acquisition or disposal of assets by the Corporation;
- (h) any take-over or merger of the Corporation;
- (i) material Corporation borrowing or funding arrangements;
- (j) any dealings by Directors in relation to the Corporation's securities;
- (k) any resignation, dismissal or change of the Corporation's nominated adviser or broker; and
- (l) the reasons for the issue or cancellation of any of the Corporation's securities.

Bear in mind that in some cases you can be convicted of an offence even where you do not know that the information you possess constitutes inside information. If in doubt, seek professional guidance from your legal advisors.

#### **What are the penalties?**

- (m) The Financial Conduct Authority ("FCA") is responsible for enforcing both the civil and criminal insider dealing regimes.
- (n) If you are convicted of criminal insider dealing, you could face a maximum sentence of seven years imprisonment or a substantial fine or both. If you are convicted of a civil offence under the market abuse regime, you could face substantial fines. For example, a recent fine for market abuse and improper disclosure of inside information by an individual who had acquired the information in the course of their employment was for £25,000. In serious or repeated cases, however, fines can reach six figures or more.
- (o) If you are convicted of market abuse, the FCA is also required to make a public statement to that effect. This is likely to damage your personal and professional reputation and could also lead to adverse publicity for the Corporation.
- (p) Finally, the FCA actively seeks out cases of market abuse. Unusual dealings in listed securities may lead to movements in price. The FCA monitors, and is likely to investigate, any suspicious price movements. It may contact the Corporation and its professional advisers asking them to provide detailed lists of employees who have had access to the Corporation's inside information in the relevant period. It will then investigate any suspicious dealings by those individuals or people connected with them. The FCA has wide investigatory powers including a power to detain suspects for questioning.

#### **Practical prevention**

- (q) The following practical steps will assist you in avoiding a breach of the insider dealing and market abuse regimes. They supplement and do not replace or amend your general duties of confidentiality as an employee:



- (i) do not discuss confidential work matters with anyone outside the group – not even with your partner, spouse or other members of your household;
- (ii) do not discuss confidential work matters with your colleagues except where you need to do so for the proper performance of your duties;
- (iii) do not discuss confidential work matters in public places (e.g. on public transport or in taxis). Take particular care when using mobile phones, lap tops etc. in public;
- (iv) take care when discussing confidential work matters in areas of the group's premises to which members of the public have access such as reception areas, meeting room areas, lifts and stairs;
- (v) do not enter into options, warrants, futures contracts, contracts for differences or spread bets or similar contracts relating to the Corporation's securities; and
- (vi) do not encourage anyone to do any of the above either directly or indirectly.

#### **Listed securities of other companies**

The same criminal and civil offences, rules and tips apply to the handling of inside information about (and dealings in the securities of) other companies whose securities are listed in the UK or Europe (and similar rules apply in many other jurisdictions including the USA). So, you should apply the same standards of care in relation to inside information about other listed companies (whether on AIM or the Official List) which you may come across in the course of your employment or otherwise.

## F. Insider List Templates

Date list created: [DATE]

Date list last updated: [DATE]

[Date list closed: [DATE]]

[List to be kept until at least [DATE WHICH IS FIVE YEARS AFTER LAST UPDATE OR CLOSURE OF LIST, WHICHEVER IS LATER]]

[Person(s) keeping the list: [NAME(S)]]

[Person(s) with authority to add or remove people on the list: [NAME(S)]]

### 1. Permanent List

Name	Reason for inclusion on insider list	Date put on list	Date the person ceased to have access to inside information
[NAME OF EMPLOYEE OR PRINCIPAL CONTACT AT FIRM ACTING ON ISSUER'S BEHALF. WHERE THE PERSON IS AN ADVISER, INCLUDE NAME OF FIRM/CORPORATION AND ADDRESS]	[REASON, SUCH AS ACCESS TO INSIDE INFORMATION IN QUESTION]	[THIS WILL BE EITHER THE DATE ON WHICH THE PERSON FIRST HAD ACCESS TO INSIDE INFORMATION OR THE DATE THE LIST IS CREATED]	[AT THIS DATE THE PERSON IS REMOVED FROM THE INSIDER LIST]

### 2. Transactional List

Name	Reason for inclusion on insider list	Date put on list	Date the person ceased to have access to inside information
[NAME OF EMPLOYEE OR PRINCIPAL CONTACT AT FIRM ACTING ON ISSUER'S BEHALF. WHERE THE	[REASON, SUCH AS ACCESS TO INSIDE INFORMATION IN QUESTION]	[THIS WILL BE EITHER THE DATE ON WHICH THE PERSON FIRST HAD ACCESS TO INSIDE INFORMATION OR	[AT THIS DATE THE PERSON IS REMOVED FROM THE INSIDER LIST]

PERSON IS AN ADVISER, INCLUDE NAME OF FIRM/CORPORATION AND ADDRESS]		THE DATE THE LIST IS CREATED]	
---------------------------------------------------------------------	--	-------------------------------	--

3. Drafting notes

3.1. Future Template Update:

3.1.1. The template above must be updated and strictly adhered to by 3 July 2016 to ensure the New Market Abuse Regulation (596/2014) is followed.

3.2. Name:

3.2.1. The first name and surname of each individual will be sufficient except where an issuer/firm has more than one individual of the same name. In those cases it will be necessary to be able to distinguish which individual of that name is being referred to.

3.2.2. The insider list should include the name(s) of the principal contact(s) at a firm or Corporation, if that firm or Corporation is acting on behalf of or on account of the issuer in relation to the transaction, and the issuer has made effective arrangements for that firm or Corporation to maintain its own list of persons with access to inside information on the issuer (DTR 2.8.8G).

3.3. Reason:

3.3.1. The issuer does not need to give a detailed description of the reason why the person has access to the relevant inside information. All that is required is a statement that the person is on the list because he has access to the inside information in question. This may extend to including categories of the types of information to which each person has access. The insider list must be promptly updated when there is a change in the reason why a person is already on the list (DTR 2.8.4R(1)).

3.4. Date put on list. There is no formal requirement to specify in the insider list the date on which a person first had access to inside information, although this appears to be an accidental omission from the Disclosure Rules since the date of first access to inside information may well be useful to know in the context of any investigation of misuse of inside information. The list must be updated when any person who is not already on the list is provided with access to inside information (DTR 2.8.4R(2)).

3.5. Date the person ceased to have access to inside information. The list must be updated to indicate the date on which a person already on the list no longer has access to inside information (DTR 2.8.4R(3)).

3.6. Additional information. Although not a formal requirement for an insider list, companies may wish to consider recording additional information on their insider lists such as:

3.6.1. Whether an acknowledgement and memorandum has been sent and returned in the case of employees (see DTR 2.8.9R) and whether a letter has been sent or contract has been drawn up with an adviser (see DTR 2.8.8G and 2.8.10G). In such cases, the issuer may wish to remove this additional information if required to send the list to the Financial Conduct Authority in accordance with DTR 2.8.2.R.

3.6.2. In addition to any relevant Corporation name and position, the insider's home address, telephone numbers, date and time he was aware of the event giving rise to inside information and the date and time he was aware of an announcement of the event. This additional information was suggested in Market Watch newsletter Issue No. 24 (October 2007) as an example of the type of detail required from a complete disclosure of information in relation to an investigation of suspected market abuse.

## G. Anti-Bribery Policy

### 1 Bribery Act

1.1 The Group is not strictly subject to the UK Bribery Act 2010 (the "**Bribery Act**"). However, the Directors believe that the principles of the Bribery Act should be adhered to on the basis it requires a high level of corporate governance in this respect. Breach of these principles could significantly impact the conduct of the Group's business, both in the UK and abroad, in that:

- 1.1.1 they extend the crime of bribery to cover all private sector transactions;
- 1.1.2 they contain a strict liability offence of failing to prevent bribery. An organisation will only have a defence to this offence if it can show it had "adequate procedures" in place to prevent bribery;
- 1.1.3 their scope is extensive - the offences are very broadly defined and it has significant extra-territorial reach; and
- 1.1.4 the offences contained in the Bribery Act carry criminal penalties for individuals and organisations. For individuals, a maximum prison sentence of ten years and/or an unlimited fine can be imposed; for companies, an unlimited fine can be imposed.

1.2 The board should continue to review its anti-corruption procedures to ensure they are significantly robust to prevent corruption and to mitigate the risk of committing an offence under the Bribery Act.

### 2 Bribery offences

2.1 The Bribery Act contains four offences:

- 2.1.1 a general offence covering offering, promising or giving a bribe;
- 2.1.2 a general offence covering requesting, agreeing to receive or accepting a bribe;
- 2.1.3 a distinct offence of bribing a foreign public official to obtain or retain business; and
- 2.1.4 a strict liability offence for commercial organisations where they fail to prevent bribery by those acting on their behalf.

### 3 The offence of failing to prevent bribery

3.1 A commercial organisation commits an offence if a person associated with it bribes another person for that organisation's benefit.

3.2 A person is "associated" with a commercial organisation if it performs services for or on behalf of the organisation, regardless of the capacity in which they do so. This can be construed broadly and could cover our agents, employees, subsidiaries, intermediaries, joint venture partners and suppliers, all of whom could render the Group guilty of this offence.

- 3.3 This is a strict liability offence: there is no need to prove negligence or the involvement and guilt of the 'directing mind and will' of the organisation. This makes the offence easier to prove and may lead to more corporate prosecutions and convictions.

#### **4 Adequate procedures defence**

- 4.1 The organisation has a defence if it can prove it had "adequate procedures" in place to prevent bribery. "Adequate procedures" are not defined in the Bribery Act but the Ministry of Justice has published guidance on what adequate procedures might involve.

- 4.2 The guidance sets out the following six principles for companies to follow:

- 4.2.1 proportionate procedures;
- 4.2.2 top level commitment;
- 4.2.3 risk assessment;
- 4.2.4 due diligence;
- 4.2.5 communication; and
- 4.2.6 monitoring and review.

- 4.3 The board needs to continue to review the guidance, conduct regular risk assessments, and ensure that it has adequate procedures to prevent bribery in place.

#### **5 Criminal penalties**

- 5.1 The potential consequences of being convicted of a bribery offence include criminal penalties for both individuals and companies:

- 5.1.1 individuals can be jailed for up to ten years and/or receive an unlimited fine; and
- 5.1.2 companies can receive unlimited fines.

- 5.2 Fines for companies are likely to be substantial.

#### **6 Particular risks for the Group**

- 6.1 Certain of the Group's activities and operations expose it to particular risks of being involved in corruption and leave us vulnerable. In particular:

- 6.1.1 **corporate hospitality and gifts:** there is a risk that corporate hospitality, such as customer or supplier entertainment, and the giving or receiving of gifts might be seen as bribery, especially in dealings with foreign public officials. Lavish hospitality or gifts must be avoided, both the giving and receiving.
- 6.1.2 **Facilitation payments:** These are payments demanded by officials (or others) simply to secure or expedite the performance of their normal duties (for example, granting a licence, allowing goods to cross a border, and so on). These are commonplace in some jurisdictions, but the making of such payments, regardless of how small, is an offence under the Act, (Note: the

equivalent US legislation (Foreign Corrupt Practices Act 1977) currently specifically exempts such payments provided they are not unlawful in the relevant jurisdiction, but the Bribery Act does not.)

- 6.1.3 **High Risk jurisdictions:** The Group operates in countries where corruption is perceived to be higher risk than in the UK, such as China and Africa.

## 7 Action points

- 7.1 The following actions, which are proportionate to the Group and consistent with the Ministry of Justice's guidance for commercial organisations about preventing bribery, should be carried out or considered:

- 7.1.1 conduct a comprehensive Group-wide risk assessment;
- 7.1.2 conduct a review of anti-corruption policies and procedures, especially taking into consideration corporate hospitality and facilitation payments;
- 7.1.3 adopt a code of conduct for the Group which sets out in detail how employees and other associated persons should behave from an anti-corruption point of view;
- 7.1.4 conduct due diligence on all "associated persons", especially third parties in high risk jurisdictions or sectors;
- 7.1.5 the Group's anti-corruption statement and policies should be clearly published and accessible, both internally and externally; and
- 7.1.6 provide budget to implement policy (for example, for extensive training and monitoring of staff in key risk areas and establishing disciplinary mechanisms).

## **INTOSOL Holdings PLC Bribery and Anti-Bribery Policy**

### **1 Introduction**

1.1 As an integral part of achieving its responsibilities, INTOSOL Holdings PLC Ltd. (INTOSOL) demands the highest standards of integrity, behaviour, practice, performance and accountability during the conduct of its business activities. INTOSOL intends to fully comply with the requirements of all United Kingdom (UK) fraud-related legislation, including the 'Bribery Act 2010', and all anti-bribery and corruption laws in the countries in which it conducts business.

1.1.1 The general standards required are outlined in the 'Code of Business Conduct' - these standards are applicable to all 'Workers' (which collectively includes permanent, contract, temporary and trainee staff; and any other person or organization 'associated' with INTOSOL's activities).

1.1.2 All Workers are required to contribute towards maintaining a culture of honesty and ethical behaviour, and to implement measures to ensure that fraud, bribery and corruption are pro-actively prevented, detected, managed and reported. Workers must also, at all times, seek to safeguard the resources for which they are responsible, and maximize INTOSOL's benefit from the use of these resources. Fraud, bribery and corruption may present threats to these resources (which include, but are not limited to, buildings, land, equipment, materials, cash, staff time, hardware, software, trade secrets, confidential information and intellectual property).

1.1.3 Any practices which are incompatible this 'Anti-fraud, Bribery and Corruption Policy' will not be tolerated. INTOSOL has a zero-tolerance approach to all forms of fraud, bribery and corruption within its business especially as our head office is located in Beijing, China. We expect our Workers and, where appropriate, associated third parties, to comply. INTOSOL will actively investigate all breaches or suspected breaches of this Policy and, if appropriate, invoke disciplinary measures against any Worker found to be involved in fraud, bribery or corruption, and take prompt action to remedy the breach and prevent any repetition of such breach. In appropriate circumstances, INTOSOL will also invoke contractual sanctions against any associated third party who is found to have committed bribery-related offences. Any attempted fraud, bribery or corruption will be treated as seriously as if such action had actually been committed.

### **2 Purpose**

2.1 The purposes of this 'Anti-fraud, Bribery and Corruption Policy' are as follows:

2.1.1 Summarise the obligations for INTOSOL imposed by the Bribery Act 2010;

2.1.2 Set out INTOSOL's zero-tolerance policy towards fraud, bribery and corruption;

2.1.3 Define the meanings of fraud, bribery and corruption, and provide some examples that could potentially be observed in the workplace;

2.1.4 Summarise INTOSOL's policies in relation to political and charitable donations sponsorship arrangements, facilitation payments, and the



prevention of bribery-related actions by associated third parties working on behalf of INTOSOL;

- f) Outline the responsibilities of all Workers, to ensure that appropriate actions are taken to prevent and detect fraud/corruption; and practical guidance for Workers who may be requested to make an inappropriate payment;
- g) Outline the procedures to be followed where fraud, bribery or corruption is suspected or detected

### **3 The Bribery Act 2010**

- 3.1 The Bribery Act 2010 (the 'Act'), came into force on July 2011. The Act, which covers the criminal law relating to bribery, has been described as one of the toughest pieces of anti-corruption legislation in the world, raising the bar above the standard set by the United States' Foreign Corrupt Practices Act (FCPA), which was adopted in 1977. The Act is a result of the UK committing to take on a leading role in reducing bribery and corruption, whilst supporting international trade by introducing clear rules on the conduct of business.
- 3.2 There are three specific criminal offences for an individual under the Act;
  - 3.2.1 Offence of offering, promising or giving a bribe;
  - 3.2.2 Offence of bribing a foreign public official;
  - 3.2.3 Offence of requesting, agreeing to receive, or accepting a bribe.
- 3.3 The Act also creates a new offence for a Corporation which fails to prevent a bribe being paid, by anyone 'associated' with that Corporation, to a foreign public official or other person, in order to obtain or retain a business advantage for the Corporation. A person will be deemed to be associated with the Corporation if that person provides services for, or on behalf of, the Corporation.
- 3.4 The definition of such an associate could include an employee, agent, supplier, contractor, consultant, subsidiary, intermediary, or business partner (joint venture or consortium). INTOSOL's only defence is to be able to prove that it had 'adequate procedures' in place to prevent bribery being committed by someone associated with it (in accordance with guidelines published by the UK's Ministry of Justice).
- 3.5 There are serious criminal penalties for committing a bribery offence under the Act, including up to 10 years in prison or an unlimited fine for individuals. In addition, organisations or persons convicted may also have to pay a fine, the level of which is unlimited.
- 3.6 Policy on Fraud, Bribery and Corruption
- 3.7 INTOSOL strictly prohibits any form of fraud, bribery and corruption, whether direct or indirect. INTOSOL regularly assesses its bribery-related risks in all aspects of its business/operations, and has identified the following main areas as particularly vulnerable to instances/allegations of bribery:
  - 3.7.1 Political donations (see section 7 below);
  - 3.7.2 Charitable contributions (see section 8 below);

- 3.7.3 Sponsorships (see section 9 below);
  - 3.7.4 Dealings with associates (see section 12 below);
  - 3.7.5 Gifts and hospitality (refer to the separate 'Gifts and Hospitality Policy').
- 3.8 It is important to note that this list is not exhaustive, and all Workers should be mindful of the general anti-bribery principle underpinning this Policy, throughout their conduct and dealings on behalf of INTOSOL. In addition, this list may be updated periodically, following re-assessments of INTOSOL's bribery-related risks.

#### **4 Definitions of Fraud, Bribery and Corruption**

- 4.1 'Fraud' is a broad term referring to the intentional use of deception, for the purpose of obtaining some kind of prestige; monetary profit or an unfair/dishonest advantage; or to avoid an obligation. It may result in loss or damage to another individual/organization.
- 4.2 'Bribery' refers to a deliberate act of offering, giving, receiving, or soliciting 'something of value', for the purpose of expecting to influence the 'action' of another person in the discharge of their employment, public or legal duties. The offering or giving of a bribe is referred to as 'active bribery', whilst the receiving or soliciting of a bribe is referred to as 'passive bribery'.
- 4.3 The 'something of value' refers to any inappropriate inducement or reward, but not necessarily money - it could include gifts; hospitality; loans; payment of fees; promises of employment or interests in business; and/or other advantage or favour that the recipient views as valuable.
- 4.4 The intention of the bribe could be to obtain services which the person receiving the bribe is prohibited from providing, or to obtain preferential treatment for something that the person receiving the bribe is required to do by law (this bribe is referred to as a 'facilitation payment' - see section 9 below for more details). It is worth noting that a bribe will still be an offence under UK law, even if the bribe is committed overseas.
- 4.5 'Corruption' involves the intention to abuse the entrusted power and official duties of another person, for the purpose of receiving 'something of value' (an inducement/reward) for personal gain. Corruption typically involves the payment of a bribe to induce someone in a powerful position to act inappropriately or illegally.

#### **5 Examples of Fraud, Bribery and Corruption**

- 5.1 There are many types of actions that may constitute fraud, bribery and/or corruption, but the following are a few examples:
  - 5.1.1 Any act, which is dishonest or contrary to INTOSOL's business interests;
  - 5.1.2 Forgery or alteration of any financial document, including those related to bank accounts and payment instruments;
  - 5.1.3 Misappropriation of funds, securities, supplies, or other assets;
  - 5.1.4 Impropriety in the handling/reporting of money or financial transactions;
  - 5.1.5 Profiteering as a result of insider knowledge;

- 5.1.6 Inappropriate disclosures to other persons regarding the activities engaged in, or contemplated by, INTOSOL
  - 5.1.7 Accepting or seeking anything of material value from vendors or persons providing
  - 5.1.8 Goods/services to INTOSOL. Please refer to the 'Gifts and Hospitality Policy' for further guidance in relation to the receiving or giving of gifts/hospitality;
  - 5.1.9 Inappropriate destruction or disappearance of records, furniture, fixtures, or equipment;
  - 5.1.10 Making a facilitation payment of any amount, even if the payment is a generally accepted practice in that particular country explained (except if the payment is made in the rare circumstance of duress, where strict rules apply)
- 5.2 If you are uncertain whether an action may potentially constitute fraud, bribery or corruption, you must contact the Head of Internal Audit or the Group General Counsel.
- 5.3 It should also be noted that there are other types of actions which may not necessarily constitute fraud, bribery or corruption, but would be considered as 'improprieties/irregularities' (whether moral, ethical or behavioural). These types of actions are not covered under this 'Anti fraud Bribery and Corruption Policy'

## **6 Political Donations**

- 6.1 Political donations refer to contributions of anything of value to support a political goal - including donations made to persons/organizations which are close to political parties or other political institutions. These donations present particularly high risks for bribery and corruption, and are illegal in many countries.
- 6.2 Consequently, it is prohibited for Workers to make any political contributions on behalf of INTOSOL, as it would be perceived as inappropriately 'buying influence'. Particular care should be taken in assessing requests for funding from organizations which may themselves provide funding to political parties, including trade unions and 'think tanks'.

## **7 Charitable Donations**

- 7.1 Charitable donations may often be made for reasons of a personal interest, and used to disguise bribes and corrupt payments.
- 7.2 Consequently, such donations on behalf of INTOSOL are not permitted, unless they are to established charities with recognized charitable aims, and formally approved by the Chief Executive (or properly approved in accordance with the, Delegations of Authority).

## **8 Sponsorships**

- 8.1 Commercial sponsorship occurs when a Corporation enters into a contractual agreement with a third party, under which the Corporation makes payments in return for the opportunity to advertise its products/services through logos, promotional flyers or advertisements. Commercial sponsorship agreements are a relatively high risk

area, particularly where they are agreed in countries which have a poor record of preventing corruption.

- 8.2 Consequently, it is prohibited to enter into any such sponsorship agreements, or make any sponsorship payments, on behalf of INTOSOL - unless formally approved by the Chief Executive Officer. Any such agreements would be formally documented; subject to appropriate due diligence; and provide specific advertising opportunities and commercial benefits for INTOSOL.

## **9 Facilitation Payments**

- 9.1 Facilitation payments are usually small payments made to secure or speed up routine actions - these actions (which are often undertaken by public officials) may include issuing permits, licenses, consents or immigration visas, or for releasing goods held in customs.

- 9.2 Facilitation payments of any amount (no matter how small) on behalf of INTOSOL are strictly prohibited, even if such payment is a generally accepted practice in a particular country. These types of payment must never be made to influence another person in carrying out their business duties (especially where a public official is not permitted or required, by written law, to be influenced by the payment), or to obtain/retain any business or business advantage. Facilitation payments are only permitted if made in the rare circumstance of duress, where you genuinely fear for your safety (loss of life, limb or liberty), where strict rules apply (see Practical Guidance in section 11).

## **10 Practical Guidance for Workers Being Requested to Make an Inappropriate Payment/Reward (a 'Facilitation Payment')**

- 10.1 DO:

10.1.1 Refer to this Policy in any situation where you suspect bribery or corruption may be occurring, or where there is an increased risk of corrupt activity.

10.1.2 Act in a transparent way, and only influence the decisions of business partners and public officials through formal commercial arguments.

10.1.3 Consider whether there are particular risks associated with a relationship or contract, which may require increased due diligence to prevent or identify corruption.

10.1.4 Be aware of situations which present a 'high risk' of potential bribery being encountered - such as the giving of gifts/hospitality; making any form of 'facilitation payment'; making any political or charitable donations; participating in any form of sponsorship; giving anything of value to a public official; and engaging agents, consultants or other third parties to undertake activities on behalf of INTOSOL.

- 10.2 DON'T:

10.2.1 Use your position within INTOSOL Group to ask for personal gifts, hospitality or other benefits.

10.2.2 Influence the decisions of business partners and public officials by paying bribes, giving gifts or arranging excessive hospitality.

- 10.2.3 Use third parties (such as consultants and agents) in connection with the offering, granting or accepting of bribes.
- 10.2.4 Conclude agreements with third parties (such as consultants and agents) whose integrity and qualifications were not reviewed in advance through appropriate due diligence.
- 10.2.5 Act in a way which you would not like to see reported in the media or to public authorities.

## **11 Practical Guidance for Workers Being Requested to Make an Inappropriate Payment**

11.1 The following guidance should assist Workers to deal with a situation in which they are faced with having to offer an inappropriate payment (or reward), in order to facilitate a business activity or transaction.

- 11.1.1 The payment/reward should be immediately refused, politely but firmly. You should make reference to INTOSOL's relevant policies, such as the 'Code of Business Conduct', 'Anti-fraud, Bribery and Corruption Policy' and the 'Gifts and Hospitality Policy'. It is important that you make it clear to the person making the demand that, if you make such a payment, it may mean that you, INTOSOL, and possibly the official's organization, may be committing an offence under UK law.
- 11.1.2 If the suggestion or demand for payment continues, you should ask for official documentary proof that the payment is payable. If such proof cannot be supplied (as evidence of the validity of the payment), you should again politely refuse, and ask to speak to a more senior official.
- 11.1.3 If it appears that the payment genuinely cannot be avoided (for example, if you are under duress and genuinely fear for your safety - loss of life, limb or liberty), you should contact the Chief Executive Officer for immediate guidance.
- 11.1.4 If you are unable to contact your Chief Executive Officer, or if it is determined that you have no option but to pay, you should make the payment. However, you must also endeavour to obtain some evidence of the transaction and immediately report it to the Chief Executive Officer. You should also document when, where, how and to whom the payment was made, including the names of any other senior officials involved or mentioned.
- 11.1.5 If any such situation ever occurs, you must report it to the Chief Executive Officer, as soon as practically possible. A full account of the incident should be provided, including details of the location, and the names of the involved Corporation/official. You must record the amount of the payment; the purpose of the payment and the reasons why the payment was genuinely unavoidable.
- 11.1.6 The Chief Executive Officer must ensure that the incident is promptly followed up with the relevant receiving Corporation/authority, to ensure that the payment can be properly investigated and documented/evidenced. The Chief Executive Officer should determine whether any further action needs

to be taken, to ensure that a similar incident is not repeated, and ensure that such action is documented on file.

11.1.7 If the receiving Corporation/authority refuses to take adequate action to investigate the incident, it must be promptly reported to the relevant Country Manager. A full account of the incident must be provided in writing, and this must be retained on file

11.1.8 The Chief Executive Officer will promptly report the incident to the Board so that the need for further action can be determined.

## **12 Prevention of Bribery by Associates**

12.1 Under the Act, INTOSOL may become criminally liable where an act of bribery has been committed by a person or organization associated with it. INTOSOL's only defence would be able to demonstrate that it had established 'adequate procedures' to prevent bribery being committed by someone associated with it.

12.2 Accordingly, INTOSOL requires screening and due diligence procedures to be carried out in respect of its associated third parties - agents, suppliers, contractors, consultants, subsidiaries, intermediaries, and business partners (joint venture or consortium). This is essential to ensure that the highest ethical standards are maintained, in order to protect INTOSOL from the risk of it being associated with illegal or corrupt payments/practices undertaken on its behalf. Workers, who engage any third parties (persons or organizations) to work on behalf of INTOSOL, must ensure that these parties are aware of, and acknowledge compliance with, this Anti-fraud, Bribery and Corruption Policy.

12.3 In order to determine which associates may present a bribery risk for INTOSOL, a risk assessment must be conducted on a potential associate. This risk assessment must be carried out by Workers in respect of all associates prior to the appointment of, or engagement with, the relevant associate. This risk assessment, which must be thoroughly documented, must consider the following non-exhaustive list of 'red flags' to identify possible bribery risks in relation to associates:

12.3.1 Dealings in countries with a history of bribery and corruption (see Transparency International's 'Corruption Perceptions Index' - in particular, higher risk countries are those with a score of 5 or less);

12.3.2 Close ties with the UK Government, any overseas Government, or any Government agency in the UK or overseas;

12.3.3 Poor or non-existent anti-bribery policy;

12.3.4 Poor or non-existent records of monitoring compliance with its own anti-bribery policy;

12.3.5 Extensive use of third party agents and intermediaries, particularly in countries with a history of bribery and corruption;

12.3.6 Adverse media comments on business dealings;

12.3.7 Evidence of extravagant gifts, hospitality or expenses;

12.3.8 Odd payments or unexplained accounts in financial records (where available for review).

12.4 Following completion of the risk assessment, Workers should promptly report any particular concerns about the relevant associate to their Chief Executive Officer, where there may potentially be a heightened bribery risk. Such associates will need further due diligence to be conducted prior to engagement. If it is subsequently determined that the associate should be engaged, they will be required to commit contractually to observing INTOSOL's Anti-fraud, Bribery and Corruption Policy throughout their duties on behalf of INTOSOL. Workers must keep compliance by associates under review, and report any suspected unlawful conduct or breaches of contractual obligations to their Manager.

### **13 Responsibilities for Managing the Risk of Fraud, Bribery and Corruption**

13.1 It is the responsibility of all Workers to ensure that risks related to fraud, bribery and corruption (in addition to general business/operational risks) are appropriately identified, managed and mitigated. Specifically, INTOSOL Board through the Chief Executive Officer is responsible for diligently endeavouring to promptly detect, and hopefully prevent, misappropriation and other irregularities. Consequently, it is essential that all Workers are familiar with the types of improprieties that might occur within their area of responsibility. It is essential that all Workers proactively consider the possibility that fraud, bribery and/or corruption may occur, and maintain continual alertness to any Indication of irregularity.

13.2 Once the key risks have been evaluated, appropriate on-going action must be taken to adequately mitigate those risks. Subsequently, any changes in operational procedures or the business environment must also be re-assessed, to ensure that any impacts which might increase or change the risk of improprieties are properly taken into account.

13.3 corporate governance procedures are a strong safeguard against fraud, bribery and corruption. Consequently, adequate supervision, scrutiny and healthy scepticism must not be seen as distrust, but simply as good management practice, which help to shape attitudes and create an environment opposed to inappropriate behaviour. Managers must set an example by refusing to endorse improper behaviour, and by dealing swiftly and robustly (in accordance with guidance from the Board with those who attempt to defraud or corrupt INTOSOL.

### **14 Reporting Suspected Fraud, Bribery and Corruption**

14.1 INTOSOL expects all Workers to be continuously vigilant, and to immediately report any concerns related to actual or suspected dishonesty; fraudulent activity; public interest issues (such as concern that the organization is not complying with legal obligations); or breach of INTOSOL's policies/procedures. A 'Whistle-blowing Procedure' ~ is in place to enable Workers to raise potential concerns, so that these can be appropriately Investigated and resolved. The 'Whistle blowing Procedure' provides guidance on what concerns should be reported, and the facilities available for reporting. Great care must be taken during the reporting (and subsequent investigation) of suspected wrong-doings. This is essential, in order to avoid mistaken accusations or alerting suspected individuals that an investigation is in progress. Workers should never attempt to personally conduct investigations, interviews or interrogations related to any suspected wrong-doing. All identified and reported cases

will be fully investigated and, where justified, disciplinary and/or legal action will be taken against any individual or group involved. All necessary steps will be taken to recover any losses and costs incurred.

## **15 Investigation Reporting and Follow-up**

15.1 The key steps and responsibilities involved in a typical investigation into alleged fraud, bribery or corruption are summarized in the following points and apply to all investigations:

- 15.1.1 At the conclusion of the investigation, Internal Audit will produce a report for the Chief Executive, relevant senior management and the Chairman of the Audit Committee. The report will give as much detail as possible, with particular focus on how the impropriety occurred and what improvements need to be made to avoid such occurrences in the future.
- 15.1.2 Any significant failure of supervision, or breakdown of stipulated controls, must be promptly rectified by the Board.
- 15.1.3 Any lessons learnt that have a wider applicability to other parts of INTOSOL will be to the Chairman of Audit Committee, in order to mitigate the risk of similar occurrences elsewhere.
- 15.1.4 Chief Executive Officer will prepare a periodic report for the Audit Committee summarizing paramount and most reporting will be at a summary-level only.
- 15.1.5 Throughout every investigation and reporting process, confidentiality will be paramount and most reporting will be at a summary-level only.