

## **Corporate governance**

There is no prescribed corporate governance regime in the UK for AIM companies. Although the UK Corporate Governance Code does not apply to companies whose shares are admitted to trading on AIM, the Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its shareholders.

The QCA has published the QCA Corporate Governance Code, a set of corporate governance guidelines for AIM companies, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Board has adopted the QCA Corporate Governance Code with effect from Admission, so far as it is practicable having regard to the size and nature of the Group.

## **The Board**

The Board is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. There is a formal schedule of matters reserved for the Board and the Board has an annual work plan identifying items for its consideration at each of its meetings.

## **Board meetings and information provided to the Board.**

The Board is scheduled to meet at least seven times a year and one of these meetings is set aside for a detailed consideration of strategy.

The papers circulated prior to Board meetings include the following:

- a report from the Managing Director covering performance and forecasts, an update on strategy and details of any matters referred for Board approval.
- a report from the Finance Director covering financial results, comparison of forecasts with published consensus. This report also covers financing and tax matters and confirmation of internal controls.
- reports from senior management responsible for key functions such as sales, marketing and human resources.
- capital expenditure approval requests and investment proposals.
- papers on issues scheduled for Board consideration for example, health and safety or insurance.

A full set of Board papers is circulated on a quarterly basis. In other months, the Directors receive a summary report providing an update on performance and flagging any issues for consideration by the Board.

## **External advisers**

The Board maintains regular contact with Investec, the company's nominated adviser and the Board obtains advice as required regarding compliance with its obligations under the AIM Rules. Advice is also taken as required from external legal and accountancy firms. The Remuneration Committee also intends to take advice from an independent remuneration consultant as referred to in the Remuneration Committee section.

The Board has delegated specific responsibilities to the committees described below. The full terms of reference of the committees are available on this website.

### **Audit Committee**

**Membership: Andrew Herbert (Committee Chairman) and Michael Ashley**

The Audit Committee will meet at least twice each year to consider and discuss audit and accounting related issues. The Committee is responsible for determining the application of the financial reporting and internal control principles, including reviewing regularly the effectiveness of the Company's financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

The Committee will receive reports from the auditors on the results of audits and reviews and their proposals for the structure and focus of future audits. The auditors will also provide reports on new developments within the scope of the Committee's responsibilities together with information to assist the Committee in assessing of the qualifications, expertise and independence of the auditors.

### **Remuneration Committee**

**Membership: Michael Ashley (Committee Chairman) and Andrew Herbert**

The Remuneration Committee will meet at least once a year to review the performance of the executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of shareholders. In determining the remuneration of executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of awards to executives under the Share Plans. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

The Committee intends to obtain information from external independent remuneration consultants to assist in the review of the remuneration of the Chairman and executive Directors.

### **Nomination Committee**

**Membership: Andrew Herbert (Committee Chairman), Stephen Fenby and Michael Ashley**

The Nomination Committee will meet at least once a year. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

### **Roles and responsibilities of Directors**

**Chairman - Andrew Herbert**

Leadership of the Board and setting its agenda.

Ensuring effective decision making processes through the Board and its committees

Developing strong working relationships between executive and non-executive Directors

Ensuring Directors are aware of and understand the views of major shareholders and other key stakeholders.

**Managing Director- Stephen Fenby**

Management of the business. Accountable to the Board for the best performance and results of the business

Proposing strategy and responsibility for the delivery of that strategy in line with the direction of the Board.

Leadership of the executive team.

**Finance Director- Anthony Bailey**

Supporting the Managing Director in developing and implementing strategy. Responsible for the financial performance of the Group.

**Independent non-executive Director -Michael Ashley**

Assisting in the development of strategy and monitoring its delivery

Responsible for bringing sound judgement and objectivity to the Board's decision-making process, and constructively challenging and supporting the Executive Directors.

Reviewing internal controls and the integrity of financial information.

Reviewing the performance of the Executive Directors.

**Company Secretary- Anthony Bailey**

Provision of timely, accurate and high quality information to the Board and its committees

Arranging for minutes to be taken of all Board and committee meetings

Advising on the Board's obligations

Proposal and management of the regular Board evaluation process.

The post of Company Secretary is currently held by Anthony Bailey, the Finance Director. The Board considers that the size and nature of the Company means that the two roles can effectively be carried out by Anthony Bailey. The position will be kept under review.

**Midwich Group plc – matters reserved for the Board**

## **1. Strategy**

- 1.1 Approval of the Group's long term objectives, strategy, and policies.
- 1.2 Acquisition, disposal or restructuring of any business
- 1.3 Expansion of the Group's activities into new business areas.
- 1.4 Any decision to cease to operate in any material part of the Group's business.

## **2. Structure and capital**

- 2.1 Changes to the Group's capital structure.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Any changes to the Company's listings or its status as a plc.

## **3. Financial controls and reporting**

- 3.1 Approval of preliminary announcements of interim and final results.
- 3.2 Approval of the Annual Report and Accounts
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of dividends.
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of annual budget
- 3.7 Approval of treasury policies.
- 3.8 Lending or borrowing outside the treasury policy of the Company
- 3.9 Changes to borrowing facilities
- 3.10 Capital expenditure in excess of £100,000

## **4. Risk Management and Internal controls**

- 4.1 oversight and review of risk management and internal control; and  
determining the appropriate level of risk exposure for the Company.

## **5. Contracts**

- 5.1 Approval of all material contracts and any contracts not in the ordinary course of business.

## **6. Communication**

- 6.1 Approval of resolutions and related documentation to be put forward to shareholders at a general meeting.

## **7. Board membership and other appointments**

- 7.1 Board appointments and removals; selection of the Chairman and Managing Director; membership and chairmanship of Board committees, following recommendations from the Nomination Committee.

7.2 Succession planning for the Board

7.3 Appointment or removal of the Company Secretary.

7.4 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

## **8. Remuneration**

8.1 Determining the remuneration policy for the Chairman, the Managing Director and the Executive Directors.

8.2 Determining the remuneration of the Non-Executive Directors, subject to the Articles of Association and shareholder approval as appropriate.

8.3 The introduction of new share schemes or new long-term incentive schemes or major changes to existing schemes.

## **9. Delegation of Authority**

9.1 The division of responsibilities between the Chairman and the Managing Director.

9.2 Approval of terms of reference of Board committees.

9.3 This schedule of matters reserved for Board decisions

## **10. Corporate governance**

10.1 Conduct of the annual evaluation of its own performance.

10.2 Determining the independence of directors.

## **11. Litigation**

11.1 Settlement of litigation involving amounts in excess of that delegated to the Managing Director or which is otherwise material to the interests of the Group.

## **12. Insurance**

12.1 Approval of group insurance arrangements.

## **13. Other**

13.1 Any matter which requires the Company to publish results or issue a regulatory announcement.

**MIDWICH GROUP PLC**

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**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

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# MIDWICH GROUP PLC

## Audit Committee: Terms of Reference

Pursuant to a resolution of the board of directors ("**Board**") of Midwich Group plc ("**Company**") passed on 13 April 2016, the directors of the Company have established a board committee, with the following terms of reference, as the audit committee ("**Audit Committee**") of the Company, in order to establish formal and transparent arrangements for considering how the Board should apply the financial reporting and internal control principles of the Company and to maintain an appropriate relationship with the Company's auditors.

### **1**      **Membership**

- 1.1      The members of the Audit Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Audit Committee ("**Chairman**"). Membership of the Audit Committee shall be confined to independent non-executive directors.
- 1.2      The Audit Committee shall have at least two members. The members, at least one of whom shall have recent and relevant financial experience (ideally with a professional qualification from one of the professional accountancy bodies), shall be independent non-executive directors. The first members shall be Andrew Herbert and Mike Ashley.
- 1.3      The Chairman, who shall be an independent non-executive director, shall be appointed by the Board, on the recommendation of the nomination committee. The Board shall determine how long the Chairman shall hold office. The first Chairman shall be Andrew Herbert.
- 1.4      Appointments to the Audit Committee shall be for a period of up to three years, which may be extended for two further three year periods.
- 1.5      If a member is unable to act for any reason, the Chairman may appoint another non-executive director as an additional member.

### **2**      **Meetings**

- 2.1      The quorum for the transaction of business of the Audit Committee shall be two members present in person. A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by it.
- 2.2      The Audit Committee shall meet at least two times a year at appropriate times in the reporting and audit cycle and otherwise as required. These meetings shall be convened by any member, at the request of the Chairman or any other member.
- 2.3      Outside of the formal meeting programme, the Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the Board (to the extent they are not the same person), the chief executive, the finance director, the external audit lead partner and the head of internal audit.
- 2.4      Additionally, any of the chairman of the Company, the finance director and the external auditors may ask a member of the Audit Committee to convene a meeting if he or they consider that such a meeting is necessary or appropriate.



- 2.5 The Audit Committee may invite any person it thinks appropriate to join the members of the Audit Committee at its meetings. The finance director shall normally attend meetings of the Audit Committee. Any person invited to attend a meeting of the Audit Committee shall have no right to participate or vote on any matter put to that meeting.
- 2.6 The Company's external auditors may also be required to attend Audit Committee meetings, but not in the presence of any of the Company's executive directors, with a view to consulting the Audit Committee.
- 2.7 At least once a year, the Audit Committee shall meet with the external auditors without the finance director or any other executive director present except at the invitation of the Audit Committee.
- 2.8 At least five working days' notice of any meeting of the Audit Committee shall be given, although such notice period may be waived or shortened with the consent of all of the members of the Audit Committee for the time being. Notice of the meeting shall confirm the venue, time and date, together with an agenda of items to be discussed. Notice shall be sent to each member of the Audit Committee, any other person required to attend and all other non-executive directors. All supporting papers shall be sent to Audit Committee members and to other attendees, as appropriate, at the same time.

### **3 Voting arrangements**

- 3.1 Each member of the Audit 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 Audit Committee.
- 3.2 If a matter that is considered by the Audit 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.
- 3.3 Save where he has a personal interest, the Chairman shall have a casting vote.
- 3.4 All decisions of the Audit Committee shall be formally reported to the Board by the Chairman. The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.

### **4 Minutes**

- 4.1 One of the members attending each meeting, or such other suitable person as the members present at such meeting shall nominate, shall minute the proceedings and resolutions of such meeting of the Audit Committee, including the names of those present and in attendance.
- 4.2 Draft minutes of such Audit Committee meetings shall be circulated promptly to all members and, once agreed, such minutes should be circulated to all other members of the Board unless, in the opinion of the Chairman, it would be inappropriate to do so (for example, if a conflict of interest exists) and to the external auditors.

## **5**      **Authority**

- 5.1      The Audit Committee is authorised by the Board:
- 5.1.1      to investigate any activity within its terms of reference;
  - 5.1.2      to have unrestricted access to the Company's external auditors;
  - 5.1.3      to seek any information it requires from any employee or director of the Company, in order to perform its duties, and all such employees or directors will be directed by the Board to co-operate with any request made by the Audit Committee;
  - 5.1.4      within any budgetary restraints imposed by the Board, to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference; and
  - 5.1.5      to call any employee to be questioned or instruct external professional advisers to attend, at the Company's expense, any meeting of the Audit Committee, if it considers this necessary or appropriate.

## **6**      **Function and duties**

- 6.1      The Audit Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.  
Financial reporting
- 6.2      The Audit Committee shall:
- 6.2.1      monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcements relating to the Company's financial performance, reviewing significant financial reporting issues and judgements contained in them having regard to matters communicated to it by the auditor;
  - 6.2.2      review summary financial statements and any financial information contained in certain other documents, such as announcements of a price-sensitive nature;
  - 6.2.3      review the Company's arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Remuneration Committee shall ensure that these arrangements follow proportionate and independent investigation of such matters and appropriate follow up action;
  - 6.2.4      in particular, review and challenge, where necessary:
    - (i)      the consistency of, and any changes to, accounting policies, both on a year-on-year basis and across the Company and group;
    - (ii)     the methods used to account for significant or unusual transactions, where different approaches are possible;

- (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (iv) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
- (v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

6.3 Where the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

Narrative reporting

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

Internal controls and risk management systems

6.5 The Audit Committee shall:

6.5.1 unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and

6.5.2 review and approve the statements to be included in the Company's annual report concerning internal controls and risk management.

Compliance, whistleblowing and fraud

6.6 The Audit Committee shall:

6.6.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;

6.6.2 review the Company's procedures for detecting fraud; and

6.6.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

Internal audit

6.7 The Audit Committee shall:

6.7.1 regularly consider the requirement for an internal audit function, in the context of the Company's overall risk management system;

## External audit

### 6.8 The Audit Committee shall:

- 6.8.1 consider and make recommendations to the Board, for it to put to the shareholders for their approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Audit Committee shall oversee the selection process for new auditors, and:
- (i) in relation to the appointment and re-appointment of the Company's external auditor, the Audit Committee shall ensure that the contract for the external audit of the Company is put out to tender at least once every 10 years and further ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process; and
  - (ii) if an auditor resigns, the Audit Committee shall investigate the issues leading to this and decide whether any action is required;
- 6.8.2 oversee the relationship with the Company's external auditor, including (but not limited to):
- (i) recommendations for their remuneration, whether in respect of audit or non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
  - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business), which could adversely affect the auditor's independence and objectivity;
  - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor and then monitor the implementation of that policy;
  - (vi) monitoring the auditor's compliance with the relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (vii) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - (viii) seeking to ensure co-ordination with the activities of the internal audit function; and
  - (ix) evaluating the risks to the quality and effectiveness of the financial reporting process and considering the risk of withdrawal of the Company's present auditor from the market on that evaluation;
- 6.8.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Audit Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 6.8.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 6.8.5 review the findings of the audit with the external auditor. This shall include, but not be limited to:
- (i) a discussion of any major issues which arose during the audit;
  - (ii) any accounting and audit judgements;
  - (iii) levels of errors identified during the audit; and
  - (iv) the effectiveness of the audit;
- 6.8.6 review any representation letter(s) requested by the external auditor before they are signed by management;
- 6.8.7 review the management letter and management's response to the auditor's findings and recommendations;
- 6.8.8 develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter;

#### Reporting responsibilities

- 6.9 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
- 6.9.1 any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

- 6.9.2 the significant issues that it considered in relation to the financial statements and how these were addressed;
  - 6.9.3 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
  - 6.9.4 any other issues on which the Board has requested the Audit Committee's opinion.
- 6.10 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.11 The Audit Committee should report annually on the Board's behalf to the Company's shareholders. Its report shall accompany the directors' report in the Company's annual report and accounts. The report should include an explanation of how the Audit Committee has addressed the effectiveness of the external audit process, the significant issues that it considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor.
- 6.12 In compiling the reports referred to above, the Audit Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.
- 6.13 The Chairman shall attend the Company's annual general meeting for the purpose of responding to any questions or enquiries about the Audit Committee and its activities and responsibilities.
- Other
- 6.14 The Audit Committee shall:
- 6.14.1 give due consideration to laws and regulations, including the provisions of the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Small and Mid Sized Quoted Companies, PLSA Corporate Governance Policy and Voting Guidelines for Smaller Companies and the requirements of the AIM Rules for Companies, the Prospectus and Disclosure and Transparency Rules, as appropriate;
  - 6.14.2 be responsible for co-ordination of the internal and external auditors;
  - 6.14.3 oversee any investigation of activities which are within its terms of reference;
  - 6.14.4 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; and
  - 6.14.5 consider such other matters, as may be requested by the Board.

**MIDWICH GROUP PLC**

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**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

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## MIDWICH GROUP PLC

### Remuneration Committee: Terms of Reference

Pursuant to a resolution of the board of directors ("**Board**") of Midwich Group plc ("**Company**") passed on 13 April 2016, the directors of the Company have established a board committee, with the following terms of reference, as the remuneration committee ("**Remuneration Committee**") of the Company, to ensure that the executive directors are fairly rewarded for their individual contributions to the overall performance of the Company; to determine all elements of the remuneration of the executive directors; and to demonstrate to the Company's shareholders that the remuneration of the executive directors is set by a Board committee, whose members have no personal interest in the outcome of such committee's decision and who will have appropriate regard to the interests of the Company's shareholders.

#### **1**     Membership

- 1.1     The members of the Remuneration Committee shall be appointed by the Board from amongst the independent non-executive directors, on the recommendation of the nomination committee of the Company and in consultation with the Remuneration Committee's chairman ("**Chairman**").
- 1.2     The Remuneration Committee shall have at least two members. The first members shall be Mike Ashley and Andrew Herbert.
- 1.3     The Chairman shall be appointed by the Board, on the recommendation of the nomination committee from amongst the independent non-executive directors. The Board shall determine how long the Chairman shall hold office. The first Chairman shall be Mike Ashley.
- 1.4     Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the members continue to be independent.
- 1.5     The members of the Remuneration Committee can be varied at any time by a majority resolution of the existing members of the Nomination Committee, save that the majority of the Nomination Committee must remain independent and non-executive directors.

#### **2**     Meetings

- 2.1     The quorum for the transaction of business of the Remuneration Committee shall be two members present in person. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by it.
- 2.2     The Remuneration Committee shall meet at least once a year and otherwise as required. These meetings shall be convened by any member, at the request of the Chairman.
- 2.3     The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings. Any person invited to attend a meeting of the Remuneration Committee shall have no right to participate or vote on any matter put to that meeting.

- 2.4 At least five working days' notice of any meeting of the Remuneration Committee shall be given, although such notice period may be waived or shortened with the consent of all of the members of the Remuneration Committee for the time being. Notice of the meeting shall confirm the venue, time and date, together with an agenda of items to be discussed. Notice shall be sent to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors. All supporting papers shall be sent to Remuneration Committee members and to other attendees, as appropriate, at the same time.

### **3 Voting arrangements**

- 3.1 Each member of the Remuneration 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 Remuneration Committee.
- 3.2 If a matter that is considered by the Remuneration Committee is one where a member of the Remuneration Committee either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 3.3 Save where he has a personal interest, the Chairman shall have a casting vote.
- 3.4 All decisions of the Remuneration Committee shall be formally reported to the Board by the Chairman. The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.

### **4 Minutes**

- 4.1 One of the members attending each meeting, or such other suitable person as the members present at such meeting shall nominate, shall minute the proceedings and resolutions of such meeting of the Remuneration Committee, including the names of those present and in attendance.
- 4.2 Draft minutes of such Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee and, once agreed, such minutes should be circulated to all other members of the Board unless in the opinion of the Chairman, it would be inappropriate to do so (for example, if a conflict of interest exists).

### **5 Authority**

- 5.1 The Remuneration Committee is authorised by the Board:
- 5.1.1 to investigate any activity within its terms of reference;
  - 5.1.2 to seek any information it requires from any employee or director of the Company, in order to perform its duties, and all such employees or directors will be directed to co-operate with any request made by the Remuneration Committee;

- 5.1.3 within any budgetary restraints imposed by the Board, to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference; and
- 5.1.4 within any budgetary restraints imposed by the Board, to appoint, at the Company's expense, remuneration consultants and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

## **6 Duties**

- 6.1 The Remuneration Committee should carry out the following duties for the Company, major subsidiary undertakings and the group as a whole, as appropriate.
- 6.2 The Remuneration Committee shall:
  - 6.2.1 recommend and monitor the level and structure of remuneration for senior management;
  - 6.2.2 determine and agree with the Board the framework or broad policy for the remuneration of the chairman of the Board, the Company's chief executive, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the executive members of the Board or the shareholders of the Company (within the limits set in the Company's articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration;
  - 6.2.3 in determining such policy, take into account all factors which the Remuneration Committee deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Small and Mid Sized Quoted Companies, PLSA Corporate Governance Policy & Voting Guidelines for Smaller Companies and the AIM Rules for Companies and associated guidance. The policy's objective shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The policy should have regard to the risk appetite of the Company and be aligned to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company;
  - 6.2.4 when settling remuneration policy for directors, review and have regard to the remuneration trends and employment conditions across the Company and the group, especially when determining annual salary increases;
  - 6.2.5 review the ongoing appropriateness and relevance of the remuneration policy;

- 6.2.6 within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of the chairman of the Board, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share options and other share awards;
- 6.2.7 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 6.2.8 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors, the Company Secretary and other designated senior executives and the performance targets to be used;
- 6.2.9 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 6.2.10 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 6.2.11 oversee any major changes in employee benefits structures throughout the Company and the group;
- 6.2.12 agree the policy for authorising claims for expenses from the directors of the Company;
- 6.2.13 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 6.2.14 be exclusively responsible for establishing the selection criteria and selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- 6.2.15 obtain reliable, up-to-date information about remuneration in other companies of comparable scale;
- 6.2.16 make whatever recommendations to the Board it deems appropriate on any area within its remit, where action or improvement is needed;
- 6.2.17 make a statement in the Company's annual report on the Company's remuneration policy and practices;
- 6.2.18 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;
- 6.2.19 consider such other matters as may be required by the Board; and

6.2.20 work and liaise as necessary with all other board committees.

## **7 Reporting**

- 7.1 The Chairman shall report to the Board on the proceedings at meetings of the Remuneration Committee after each such meeting on all matters within its duties and responsibilities.
- 7.2 Through the Chairman, the Remuneration Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 7.3 The Remuneration Committee shall report annually on the Board's behalf to the Company's shareholders. Its report shall accompany the directors' report in the Company's annual report and accounts. The Remuneration Committee's report shall include details of the frequency of, and attendance by members at, meetings of the Remuneration Committee.
- 7.4 The Chairman shall attend the Company's annual general meeting for the purpose of responding to any questions or enquiries about the Remuneration Committee, its activities and responsibilities and about the remuneration of the executive directors.

## **8 General matters**

- 8.1 The Remuneration Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 8.2 The Remuneration Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and the formation and operation of share schemes as appropriate.

**MIDWICH GROUP PLC**

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**NOMINATION COMMITTEE**

**TERMS OF REFERENCE**

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## MIDWICH GROUP PLC

### Nomination Committee: Terms of Reference

Pursuant to a resolution of the board of directors ("**Board**") of Midwich Group plc ("**Company**") passed on 13 April 2016, the directors of the Company have established a board committee, with the following terms of reference, as the nomination committee ("**Nomination Committee**") of the Company, to lead the process for Board appointments and make recommendations to the Board.

#### **1**      Membership

- 1.1      The members of the Nomination Committee shall be appointed by the Board and shall consist of a majority of independent non-executive directors.
- 1.2      The Nomination Committee shall have at least three members. The first members shall be Andrew Herbert, Stephen Fenby and Mike Ashley.
- 1.3      The Nomination Committee's chairman ("**Chairman**") shall be appointed by the Board and should be an independent non-executive director. The Board shall determine how long the Chairman shall hold office. The first Chairman shall be Andrew Herbert.
- 1.4      The Chairman should not chair the Nomination Committee when it is dealing with the appointment of a successor to the chairmanship of the Board.
- 1.5      In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board.
- 1.6      Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the member still meets the criteria for the membership of the Nomination Committee.
- 1.7      The members of the Nomination Committee can be varied at any time by a majority resolution of the existing members of the Nomination Committee, save that the majority of the Nomination Committee must remain independent and non-executive directors.

#### **2**      Meetings

- 2.1      The quorum for the transaction of business of the Nomination Committee shall be two members present in person, both of whom must be independent non-executive directors. A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by it.
- 2.2      The Nomination Committee shall meet at least once a year and otherwise as required. These meetings shall be convened by any member, at the request of the Chairman.
- 2.3      Only members of the Nomination Committee have the right to attend meetings of the Nomination Committee, but the Nomination Committee may invite any person it thinks appropriate to join the members of the Nomination Committee at its meetings. Any such person invited to attend a meeting of the Nomination Committee shall have no right to participate or vote on any matter put to that meeting.
- 2.4      At least five working days' notice of any meeting of the Nomination Committee shall be given, although such notice period may be waived or shortened with the consent of all of the members of the Nomination Committee for the time being. Notice of the meeting shall



confirm the venue, time and date, together with an agenda of items to be discussed. Notice shall be sent to each member of the Nomination Committee, any other person required to attend and all other non-executive directors. All supporting papers shall be sent to Nomination Committee members and to other attendees, as appropriate, at the same time.

### **3 Voting arrangements**

- 3.1 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.
- 3.2 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.
- 3.3 Save where he has a personal interest, the Chairman shall have a casting vote.
- 3.4 All decisions of the Nomination Committee shall be formally reported to the Board by the Chairman. The Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.

### **4 Minutes**

- 4.1 One of the members attending each meeting, or such other suitable person as the members present at such meeting shall nominate, shall minute the proceedings and resolutions of such meeting of the Nomination Committee, including the names of those present and in attendance.
- 4.2 Draft minutes of all Nomination Committee meetings shall be circulated promptly to all members of the Nomination Committee and, once agreed, such minutes should be circulated to all other members of the Board as a formal record of the decisions of the Nomination Committee, unless in the opinion of the Chairman it would be inappropriate to do so (for example, if a conflict of interest exists).

### **5 Authority**

- 5.1 The Nomination Committee is authorised by the Board:
  - 5.1.1 to have unrestricted access to the Company's external auditors;
  - 5.1.2 to investigate any activity within its terms of reference;
  - 5.1.3 to seek any information it requires from any employee or director of the Company, in order to perform its duties, and all such employees or directors shall be directed to co-operate with any request made by the Nomination Committee; and
  - 5.1.4 within any budgetary restraints imposed by the Board, to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference.
- 5.2 The Nomination Committee shall:

- 5.2.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
  - 5.2.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members; and
  - 5.2.3 give due consideration to all laws and regulations as appropriate.
- 5.3 Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

## **6 Duties**

- 6.1 The Nomination Committee should carry out the following duties for the Company, major subsidiary undertakings and the group as a whole, as appropriate.
- 6.2 The Nomination Committee shall:
- 6.2.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, compared to its current position and make recommendations to the Board with regard to any changes;
  - 6.2.2 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
  - 6.2.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
  - 6.2.4 before any appointment is made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment (including for the appointment of the chairman of the Board) and in identifying suitable candidates, the Nomination Committee shall:
    - (i) use open advertising or the services of external advisers to facilitate the search;
    - (ii) consider candidates from a wide range of backgrounds; and
    - (iii) consider candidates on merit and against objective criteria, with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
  - 6.2.5 for the appointment of a chairman of the Board, prepare a job specification, including the time commitment expected. A proposed chairman of the Board's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman of the Board's commitments should be reported to the Board as they arise;
  - 6.2.6 review the results of the Board performance evaluation process that relate to the composition of the Board;

- 6.2.7 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the group to compete effectively in the marketplace;
- 6.2.8 keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 6.2.9 review annually the time required from non-executive directors and performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- 6.2.10 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;
- 6.2.11 make whatever recommendations to the Board it deems appropriate on any area within its remit, where action or improvement is needed;
- 6.2.12 make a statement in the Company's annual report about the activities of the Nomination Committee;
- 6.2.13 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;
- 6.2.14 work, and liaise as necessary with other Board committees; and
- 6.2.15 consider such other matters as may be requested by the Board.

## **7 Recommendations to the Board**

- 7.1 The Nomination Committee shall be responsible for making recommendations to the Board concerning:
  - 7.1.1 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;
  - 7.1.2 suitable candidates for the role of senior independent director;
  - 7.1.3 membership of the audit and remuneration committees of the Company, and any other Board committees as appropriate, in consultation with the chairmen of those committees;
  - 7.1.4 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;
  - 7.1.5 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 and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);

7.1.6 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

7.1.7 the appointment of any director to executive or other office.

## **8 Reporting**

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

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

8.3 The Nomination Committee shall report annually on the Board's behalf to the Company's shareholders. Its report shall accompany the directors' report in the Company's annual report and accounts. The Nomination Committee's report shall include information about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company. The report should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy and progress on achieving objectives.

The Chairman shall attend the Company's annual general meeting for the purpose of responding to any questions or enquiries about the Nomination Committee and its activities and responsibilities.

## Terms and Conditions for the Chairman of the Board

Dear Andrew

### **Letter of Appointment**

As you are aware, the board of directors (“**Board**”) of Jade 320 Limited, expected to be renamed and re-registered as Midwich Group plc (the “**Company**”) has appointed you as the Company’s Non-Executive Chairman.

This letter sets out the main terms of your appointment. It is agreed between us that this is a contract for services and is not a contract of employment.

By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

### **9 Appointment**

- 9.1 Subject to the remaining provisions of this letter, your appointment shall be for a fixed term of three years commencing on the date of this letter unless terminated earlier by either party giving to the other three months’ written notice. The Board may invite you to serve for an additional period upon such terms as may be agreed.
- 9.2 Your appointment is subject to the articles of association of the Company, as amended from time to time (the “**Articles**”). Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as a director of the Company.
- 9.3 Continuation of your appointment is contingent on your continued satisfactory performance and re-election by the shareholders and any relevant statutory provisions relating to removal of a director. If the shareholders do not confirm your appointment or re-elect you as a director, or you are retired from office under the Articles, your appointment shall terminate automatically, with immediate effect and without compensation.
- 9.4 Non-executive directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.
- 9.5 Notwithstanding paragraphs 9.1 to 9.4, the Company may terminate your appointment with immediate effect if:
- 9.5.1 you have committed any serious or repeated breach or non-observance of the terms of this letter, and/or of your obligations to the Company (which include an obligation not to breach your statutory, fiduciary or common-law duties); or
  - 9.5.2 you have been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of the Company, brings or is likely to bring you or your office or the Company into disrepute or is materially adverse to the interests of the Company; or

- 9.5.3 you have been declared bankrupt or have made an arrangement with or for the benefit of your creditors, or if you have a county court administration order made against you under the County Court Act 1984;
  - 9.5.4 you have been disqualified from acting as a director;
  - 9.5.5 you make or are found to have made any serious misrepresentations to the Company;
  - 9.5.6 you are guilty of gross misconduct, mismanagement or neglect in the performance of any duty owed by you to the Company;
  - 9.5.7 you become of unsound mind or if an order shall be made in respect of you or your property under any statute relating to mental health;
  - 9.5.8 you are convicted of a criminal offence (other than an offence under the Road Traffic Acts) which in the opinion of the Board may bring you or your office or the Company into disrepute;
  - 9.5.9 you are removed as a director of the Company by resolution passed at a general meeting of the Company;
  - 9.5.10 you cease to be a director of the Company by reason of your vacating office pursuant to any provision of the Articles;
  - 9.5.11 you are no longer entitled to be appointed as a director of the Company or you are removed as a director of the Company;
  - 9.5.12 you breach any provision of the AIM Rules for Companies published by the London Stock Exchange plc (as amended from time to time) and/or the requirements of any relevant regulatory body; or
  - 9.5.13 on completion of an acquisition of the whole of the Company's issued share capital by a bona fide third party offeror, save that in such circumstances, payment in lieu of notice shall be made by the Company.
- 9.6 On termination of the appointment, you shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date.
- 9.7 The expiry or any termination of your directorship shall not affect any of the provisions of your directorship which are expressed to survive termination.
- 9.8 You shall upon the expiry or termination of your directorship immediately deliver up to the Company, or, at the Company's request destroy, all correspondence, documents, papers (including copies of such documents) and property belonging to or relating to either the Company or the Company's business, or to any customer or client of the Company, which may be in your possession or under your control.
- 9.9 In the event that you wish voluntarily to terminate your appointment as the Non-Executive Chairman, you should discuss your intention with regard to such termination with the Managing Director as soon as you can, and explain to the Managing Director your reasons for terminating. To the extent that the Managing Director reasonably requires you to follow any particular procedure with regard to such termination, you should follow such procedure in so far as it is reasonable and practicable for you to do so.

## **10 Time commitment**

- 10.1 Subject to ill health and reasonable holiday absences, you will spend such time on work for the Company as is agreed between you and the Board from time to time, and in any event, such amount of time as is necessary for the proper performance of your role as the Non-Executive Chairman of the Company. This will include attendance at board meetings, the AGM, and any other meetings which require your attendance from time to time (including, without limitation, meetings of committees of which you are a member). In addition, you will be required to consider all relevant papers prior to each meeting. The Board will endeavour to give you reasonable notice of every meeting and of the business which is proposed to be transacted at that meeting.
- 10.2 As at the date of this letter, the Company expects that a time commitment of approximately 20 days per annum will be required from you. Where circumstances require, the Board may require you to commit additional time to the Company (for example in the event of an approach being made by a potential offeror for the Company's share capital or in the event of a proposed significant acquisition or disposal by the Company). In such circumstances, you will be entitled to additional fees (to be agreed with the Board) for such additional work.
- 10.3 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations of your role. You should obtain the agreement of the Managing Director before accepting additional commitments that might affect the time you are able to devote to your role as the Non-Executive Chairman of the Company.

## **11 Role and duties**

- 11.1 As the Non-Executive Chairman you shall have the same general legal responsibilities to the Company as any other director and will, of course, act in such manner as to promote the success of and in the best interests of the Company. The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
- 11.1.1 provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - 11.1.2 set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
  - 11.1.3 set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- 11.2 You shall exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation, including, amongst other things, the Companies Act 2006, the AIM Rules for Companies as published by the London Stock Exchange and, to the extent applicable, the UK Corporate Governance Code and associated guidance, the Prospectus Rules and the Disclosure and Transparency Rules.
- 11.3 All directors must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:
- 11.3.1 the likely consequences of any decision in the long term;
  - 11.3.2 the interests of the Company's employees;

- 11.3.3 the need to foster the Company's business relationships with suppliers, customers and others;
  - 11.3.4 the impact of the Company's operations on the community and the environment;
  - 11.3.5 the desirability of the Company maintaining a reputation for high standards of business conduct; and
  - 11.3.6 the need to act fairly as between the members of the Company.
- 11.4 In your role as the Non-Executive Chairman, you shall also be required to:
- 11.4.1 constructively challenge and contribute to the development of strategy;
  - 11.4.2 scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - 11.4.3 satisfy yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
  - 11.4.4 be responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
  - 11.4.5 serve on committees of the Board from time to time and attend all meetings of any such committees;
  - 11.4.6 at all times comply with the Articles and constitution of the Company;
  - 11.4.7 abide by your statutory, regulatory, fiduciary and common-law duties as a director of the Company;
  - 11.4.8 diligently perform your duties and use your best endeavours to promote, protect, develop and extend the business of the Company;
  - 11.4.9 immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Managing Director;
  - 11.4.10 comply with any code of practice or policy issued by the Company from time to time (including, without limitation, the code of practice relating to dealing in the Company's securities, and the Company's policy in relation to anti-bribery and corruption); and
  - 11.4.11 obtain board authorisation before executing any contract on the Company's behalf.
- 11.5 In addition, in your role as Non-Executive Chairman you should:
- 11.5.1 chair the Board and general meetings of the Company and meetings of the nomination committee, including setting the agenda of such meetings;
  - 11.5.2 promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;
  - 11.5.3 ensure that the Board receives accurate, timely and clear information;



- 11.5.4 ensure effective communication with shareholders;
- 11.5.5 facilitate the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors;
- 11.5.6 ensure that the new directors participate in a full, formal and tailored induction programme;
- 11.5.7 ensure that the performance of the board, its committees and individual directors is evaluated at least once a year;
- 11.5.8 ensure clear structure for, and the effective running of, board committees.
- 11.5.9 chair the Board and general meetings of the Company and the meetings of those committees to which you are appointed chairman;
- 11.5.10 set the Board's agenda (primarily focused on strategy, performance, value creation and accountability) and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- 11.5.11 ensure that the Board determines the nature and extent of the significant risks that the Company is willing to embrace in implementing its strategy;
- 11.5.12 ensure that the Board has effective decision-making processes and applies sufficient challenge to major proposals;
- 11.5.13 encourage all Board members to engage in Board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence;
- 11.5.14 develop productive working relationships with all executive directors and the Managing Director and between executive and non-executive directors;
- 11.5.15 consult the Senior Independent Director on Board matters in accordance with the Corporate Governance Code;
- 11.5.16 demonstrate ethical leadership and promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;
- 11.5.17 promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular;
- 11.5.18 ensure that the directors receive accurate, timely and clear information;
- 11.5.19 hold meetings with the non-executive directors without the executives present;
- 11.5.20 ensure that all directors continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on board committees;
- 11.5.21 ensure that the new directors participate in a full, formal and tailored induction programme;
- 11.5.22 regularly review and agree with each director their training and development needs;

- 11.5.23 confirm to shareholders when proposing the re-election of a director that, following formal performance evaluation, the individual director's performance continues to be effective and to demonstrate commitment to the role;
  - 11.5.24 consult with the Remuneration Committee, as appropriate, about proposals relating to the remuneration of executive directors and ensure that the Company maintains contact as required with its principle shareholders about remuneration;
  - 11.5.25 ensure effective communication with shareholders. Ensure that all directors are made aware of their major shareholders' issues and concerns and ensure that the views of shareholders are communicated to the Board as a whole; and
  - 11.5.26 arrange for the chairman of the audit, remuneration and nominations committees to be available to answers questions at the AGM and for all directors to attend.
- 11.6 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of the Company.
- 11.7 You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary in order to enable you to discharge your duties.

## **12 Fees and expenses**

- 12.1 Subject to, and with effect from, the Company's shares being admitted to trading on AIM, you shall be paid an annual fee of £46,000 gross (current at the date of this letter), which shall be subject to review by the Board from time to time. You agree to indemnify the Company for any taxes (including in particular PAYE and employee's national insurance contributions) arising by reference to the payment of your annual fee and/or in respect of any other payment or benefit pursuant to this appointment for which any fiscal authority will or may hold the Company liable. This fee covers all duties, including service on any Board committee, and on the board of any subsidiary of the Company. Unless otherwise agreed in writing (including by email) with the Company, you will be responsible for accounting to the proper authorities for any tax or other liabilities associated with the annual fee.
- 12.2 The Company shall reimburse you in respect of all expenses reasonably incurred by you in the proper performance of your duties, subject to your compliance with the Company's expenses policy in force from time to time.
- 12.3 Your office as a Non-Executive Chairman is not pensionable.

## **13 No employment rights**

- 13.1 You are an officer of the Company but not an employee.
- 13.2 You are not entitled to the benefit of any employment rights granted to employees of the Company, nor to participate in any of the Company's grievance or disciplinary procedures nor any other policies or benefits associated with employees or granted to employees of the Company. You will not at any time and in any circumstances represent yourself or hold yourself out as an employee of the Company.

## **14 Independent legal advice**

In some circumstances you may consider that you need professional advice in the furtherance of your duties as a director and it may be appropriate for you to seek advice from independent advisors at the Company's expense. A copy of the Board's agreed procedure under which

directors may obtain such independent advice is available upon request. The Company shall reimburse the full cost of expenditure incurred in accordance with its policy.

## **15 Outside interests**

- 15.1 It is accepted and acknowledged that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present, and will continue to declare any additional conflicts which arise in future, in accordance with the Articles. During the period of your directorship we require you not to enter into any business or other relationship with the Company which could materially interfere with the exercise of your independent judgement, or affect the time commitment referred to in paragraph 2 above, or which might cause you to have a conflict of interest.
- 15.2 You confirm that you are not retained by a competitor of the Company and that during the continuance of your directorship you will not, without the written consent of the Board, accept instructions or do any act which may indirectly or directly give rise to a conflict of interest with your duties, responsibilities or obligations under your directorship with us.
- 15.3 If you become aware of any potential conflicts of interest, these should be disclosed to the Managing Director and Company Secretary as soon as you become aware of them.

## **16 Confidentiality**

- 16.1 Save for information which is already in the public domain, all information acquired during your appointment is confidential to the Company and should be held securely by you, and not disclosed to third parties or used for any reason other than in the interests of the Company, either during your appointment or after its expiry or termination (by whatever means), without prior clearance from the Board.
- 16.2 Nothing in this paragraph 16 shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act and, so far as is reasonably practicable, in accordance with the Company's requirements and/or procedures from time to time.

## **17 Review process**

The performance of individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Managing Director as soon as you can.

## **18 Indemnity and insurance**

- 18.1 To the extent permitted by the Companies Act 2006 and the Articles, the Company will indemnify you against all costs, charges, losses and liabilities, which you will incur in the course of the proper performance of your duties during your directorship.
- 18.2 During the term of your appointment, you shall be entitled to be covered by a policy of directors' and officers' liability insurance on terms no less favourable than those in place from time to time for other members of the Board.

## **19 Inside Information and Dealing in the Company's Shares**

- 19.1 Your attention is drawn to the requirements under both law and regulation as to the disclosure of inside information, in particular to the Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. You should avoid making any statements

that might risk a breach of these requirements. If in doubt, please contact the Company Secretary.

- 19.2 During the Appointment you are required to comply with the provisions of the Model Code in relation to dealing in the Company's publicly traded or quoted securities, and any such other code as the Company may adopt from time to time which sets out the terms for dealings by directors in the Company's publicly traded or quoted securities. A copy of the current share dealing code adopted by the Company is available upon request from the Company Secretary.

## **20 Data protection**

- 20.1 By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998) including, as appropriate:

20.1.1 information about your physical or mental health or condition in order to monitor sick leave and take decisions as to your fitness for work; or

20.1.2 your racial or ethnic origin or religious or similar beliefs in order to monitor compliance with equal opportunities legislation; or

20.1.3 information relating to any criminal proceedings in which you have been involved for insurance purposes and in order to comply with legal requirements and obligations to third parties.

- 20.2 You consent to the Company making such information available to any of its group companies, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, potential or future employers, governmental or quasi-governmental organisations and potential purchasers of the Company and the business in which you work or the business of any of the Company's group companies.

- 20.3 You also consent to the transfer of such information to the Company's business contacts outside the European Economic Area in order to further its business interests.

- 20.4 You further consent to the publication of your name and relevant details in relation to your appointment with the Company in announcements and other documents published by the Company from time to time, including without limitation, in the annual report and financial statements of the Company and the group companies.

## **21 Inventions and other intellectual property**

- 21.1 You acknowledge that you may make, discover or create intellectual property in the course of your duties.

- 21.2 You agree that any such intellectual property created by you in the course of your duties relating to the Company shall so far as the law permits belong to and be the absolute property of the Company or any other group company as the Company may direct.

## **22 Third party rights**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter. No person other than you and the Company shall have any rights under this letter and the terms of this letter shall not be enforceable by any person other than you and the Company.

**23**     **Notices**

All notices which are required to be given under these terms shall be in writing and shall, in the Company's case, be sent to its registered office from time to time, and in your case be sent to your address as set out in this letter or to such other address in England as you may designate by notice given in accordance with the provisions of this paragraph. Any such notice may be delivered personally or by a first class pre-paid letter or facsimile transmission and shall be deemed to have been served when dispatched.

**24**     **Entire agreement**

24.1     This letter sets out the entire understanding between you and the Company and supersedes any previous agreements and arrangements (if any), relating to your appointment as the Non-Executive Chairman (and as a Non-Executive Director), or to the provision of services by you to the Company and/or any group company, which shall be deemed to have been terminated by mutual consent as from the date of this letter, and you acknowledge that you have no outstanding claims of any kind against the Company or any group company in respect of any such agreement or arrangement.

**25**     **Governing law**

This letter of appointment and any dispute or claim arising out of or in connection with it or its subject matter (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this letter of appointment or its subject matter or formation (including non-contractual disputes or claims).

## Terms and conditions for Non Executive Director

Dear Michael

### **Letter of Appointment**

As you are aware, the board of directors (“**Board**”) of Jade 320 Limited, expected to be renamed and re-registered as Midwich Group plc (Company No. 08793266) (the “**Company**”) has appointed you as a Non-Executive Director.

This letter sets out the main terms of your appointment. It is agreed between us that this is a contract for services and is not a contract of employment.

By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

### **1 Appointment**

- 1.1 Subject to Admission and the remaining provisions of this letter, your appointment shall be for an initial term of three years commencing on Admission, unless terminated earlier by either party giving to the other three months’ prior written notice. The Board may invite you to serve for an additional period.
- 1.2 Your appointment is subject to the articles of association of the Company, as amended from time to time (the “**Articles**”). Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as a director of the Company.
- 1.3 Continuation of your appointment is contingent on your continued satisfactory performance and re-election by the shareholders and any relevant statutory provisions relating to removal of a director. If the shareholders do not confirm your appointment or re-elect you as a director, or you are retired from office under the Articles, your appointment shall terminate automatically, with immediate effect and without compensation.
- 1.4 Non-executive directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.
- 1.5 Notwithstanding paragraphs 9.1 to 1.4, the Company may terminate your appointment with immediate effect if:
  - 1.5.1 you have committed any serious or repeated breach or non-observance of the terms of this letter, and/or of your obligations to the Company (which include an obligation not to breach your statutory, regulatory, fiduciary or common-law duties); or
  - 1.5.2 you have been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of the Board, brings or is likely to bring you or your office or the Company into disrepute or is materially adverse to the interests of the Company; or
  - 1.5.3 you have been declared bankrupt or have made an arrangement with or for the benefit of your creditors, or if you have a county court administration order made against you under the County Court Act 1984;

- 1.5.4 you have been disqualified from acting as a director;
  - 1.5.5 you make or are found to have made any serious misrepresentations to the Company;
  - 1.5.6 you are guilty of gross misconduct, mismanagement or neglect in the performance of any duty owed by you to the Company;
  - 1.5.7 you become of unsound mind or if an order shall be made in respect of you or your property under any statute relating to mental health;
  - 1.5.8 you are convicted of a criminal offence (other than an offence under the Road Traffic Acts) which in the opinion of the Board may bring you or your office or the Company into disrepute;
  - 1.5.9 you are removed as a director of the Company by resolution passed at a general meeting of the Company;
  - 1.5.10 you cease to be a director of the Company by reason of your vacating office pursuant to any provision of the Articles;
  - 1.5.11 you are no longer entitled to be appointed as a director of the Company or you are removed as a director of the Company;
  - 1.5.12 you breach any provision of the AIM Rules for Companies published by the London Stock Exchange plc (as amended from time to time) and/or the requirements of any relevant regulatory body; or
  - 1.5.13 on completion of an acquisition of the whole of the Company's issued share capital by a bona fide third party offeror, save that in such circumstances, payment in lieu of notice shall be made by the Company.
- 1.6 The expiry or any termination of your directorship shall not affect any of the provisions of your directorship which are expressed to survive termination.
- 1.7 You shall upon the expiry or termination of your directorship immediately deliver up to the Company, or, at the Company's request destroy, all correspondence, documents, papers (including copies of such documents) and property belonging to or relating to either the Company or the Company's business, or to any customer or client of the Company, which may be in your possession or under your control.
- 1.8 In the event that you wish voluntarily to terminate your appointment as a Non-Executive Director, you should discuss your intention with regard to such termination with the Non-Executive Chairman as soon as you can, and explain to the Non-Executive Chairman your reasons for terminating. To the extent that the non-Executive Chairman reasonably requires you to follow any particular procedure with regard to such termination, you should follow such procedure in so far as it is reasonable and practicable for you to do so.

## **2 Time commitment**

- 2.1 Subject to ill health and reasonable holiday absences, overall we anticipate that you will spend such time on the affairs of the Company as is reasonably required to perform your duties. This will include attendance at board meetings, the AGM (if held), and any other meetings which require your attendance from time to time (including, without limitation, meetings of committees of which you are a member). In addition, you will be required to

consider all relevant papers prior to each meeting. The Board will endeavour to give you reasonable notice of every meeting and of the business which is proposed to be transacted at that meeting.

- 2.2 As at the date of this letter, the Company expects that a time commitment of approximately 20 days per annum will be required from you. Where circumstances require, the Board may require you to commit additional time to the Company (for example in the event of an approach being made by a potential offeror for the Company's share capital or in the event of a proposed significant acquisition or disposal by the Company). In such circumstances, you will be entitled to additional fees (to be agreed with the Board) for such additional work.
- 2.3 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations of your role. You should obtain the agreement of the Non-Executive Chairman before accepting additional commitments that might affect the time you are able to devote to your role as a Non-Executive Director of the Company.

### **3 Role and duties**

- 3.1 As a Non-Executive Director you shall have the same general legal responsibilities to the Company as any other director and will, of course, act in such manner as to promote the success of and in the best interests of the Company. The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
- 3.1.1 provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - 3.1.2 set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
  - 3.1.3 set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- 3.2 You shall exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation, including, amongst other things, the Companies Act 2006, the AIM Rules for Companies as published by the London Stock Exchange and, to the extent applicable, the UK Corporate Governance Code and associated guidance, the Prospectus Rules and the Disclosure and Transparency Rules."
- 3.3 All directors must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:
- 3.3.1 the likely consequences of any decision in the long term;
  - 3.3.2 the interests of the Company's employees;
  - 3.3.3 the need to foster the Company's business relationships with suppliers, customers and others;
  - 3.3.4 the impact of the Company's operations on the community and the environment;
  - 3.3.5 the desirability of the Company maintaining a reputation for high standards of business conduct; and



- 3.3.6 the need to act fairly as between the members of the Company.
- 3.4 In your role as a Non-Executive Director, you shall also be required to:
- 3.4.1 constructively challenge and contribute to the development of strategy;
  - 3.4.2 scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - 3.4.3 satisfy yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
  - 3.4.4 be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
  - 3.4.5 serve on the Nomination Committee, Remuneration Committee and Audit Committee of the Board and attend all meetings of any such committees;
  - 3.4.6 at all times comply with the Articles and constitution of the Company;
  - 3.4.7 abide by your statutory, regulatory, fiduciary and common-law duties as a director of the Company;
  - 3.4.8 diligently perform your duties and use your best endeavours to promote, protect, develop and extend the business of the Company;
  - 3.4.9 immediately report to the Managing Director your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company (or of any of its group companies) of which you become aware;
  - 3.4.10 comply with any code of practice or policy issued by the Company from time to time (including, without limitation, the code of practice relating to dealing in the Company's securities, and the Company's policy in relation to anti-bribery and corruption); and
  - 3.4.11 obtain board authorisation before executing any contract on the Company's behalf.
- 3.5 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of the Company.
- 3.6 You shall be entitled to receive accurate, timely and clear information about the Company's affairs in order to enable you to discharge your duties.

#### **4 Fees and expenses**

- 4.1 Subject to, and with effect from, the Company's shares being admitted to trading on AIM, you shall be paid an annual fee of £29,000 gross (current at the date of this letter), which shall be paid in equal instalments monthly in arrears, which shall be subject to an annual review by the Board. This fee covers all duties, including service on any Board committee, or on the board of any subsidiary of the Company. Unless otherwise agreed in writing (including by email) with the Company, you will be responsible for accounting to the proper authorities for any tax or other liabilities associated with the annual fee.

4.2 The Company shall reimburse you in respect of all expenses reasonably incurred by you in the proper performance of your duties, subject to your compliance with the Company's expenses policy in force from time to time.

4.3 Your office as a Non-Executive Director is not pensionable.

## **5 No employment rights**

5.1 You are an officer of the Company but not an employee.

5.2 You are not entitled to the benefit of any employment rights granted to employees of the Company, nor to participate in any of the Company's grievance or disciplinary procedures nor any other policies or benefits associated with employees or granted to employees of the Company. You will not at any time and in any circumstances represent yourself or hold yourself out as an employee of the Company.

## **6 Independent legal advice**

6.1 In some circumstances you may consider that you need professional advice in the furtherance of your duties as a director and it may be appropriate for you to seek advice from independent advisors at the Company's expense. A copy of the Board's agreed procedure under which directors may obtain such independent advice is available upon request. The Company shall reimburse the full cost of expenditure incurred in accordance with its policy.

## **7 Outside interests**

7.1 It is accepted and acknowledged that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present, and will continue to declare any additional conflicts which arise in future, in accordance with the Articles. During the period of your directorship we require you not to enter into any business or other relationship with the Company which could materially interfere with the exercise of your independent judgement, or affect the time commitment referred to in paragraph 2 above, or which might cause you to have a conflict of interest.

7.2 You confirm that you are not retained by a competitor of the Company and that during the continuance of your directorship you will not, without the written consent of the Board, accept instructions or do any act which may indirectly or directly give rise to a conflict of interest with your duties, responsibilities or obligations under your directorship with us.

7.3 If you become aware of any potential conflicts of interest, these should be disclosed to the Non-Executive Chairman and Company Secretary as soon as you become aware of them.

## **8 Confidentiality**

8.1 Save for information which is already in the public domain, all information acquired during your appointment is confidential to the Company and should be held securely by you, and not disclosed to third parties or used for any reason other than in the interests of the Company, either during your appointment or after its expiry or termination (by whatever means), without prior clearance from the Non-Executive Chairman.

8.2 Nothing in this paragraph 16 shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act and, so far as is reasonably practicable, in accordance with the Company's requirements and/or procedures from time to time.

## **9 Review process**

- 9.1 The performance of individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Non-Executive Chairman as soon as you can.

## **10 Indemnity and insurance**

- 10.1 To the extent permitted by the Companies Act 2006 and the Articles, the Company will indemnify you against all costs, charges, losses and liabilities, which you will incur in the course of the proper performance of your duties during your directorship.
- 10.2 During the term of your appointment, you shall be entitled to be covered by a policy of directors' and officers' liability insurance on terms no less favourable than those in place from time to time for other members of the Board. A copy of the current policy document is available from the Company Secretary.

## **11 Inside Information and Dealing in the Company's Shares**

- 11.1 Your attention is drawn to the requirements under both law and regulation as to the disclosure of inside information, in particular to the Disclosure and Transparency Rules and section 52 of the Criminal Justice Act 1993 on insider dealing. You should avoid making any statements that might risk a breach of these requirements. If in doubt, please contact the Company Secretary.
- 11.2 During the Appointment you are required to comply with the provisions of the Model Code in relation to dealing in the Company's publicly traded or quoted securities, and any such other code as the Company may adopt from time to time which sets out the terms for dealings by directors in the Company's publicly traded or quoted securities. A copy of the current share dealing code adopted by the Company is available upon request from the Company Secretary.

## **12 Data protection**

- 12.1 By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998) including, as appropriate:
- 12.1.1 information about your physical or mental health or condition in order to monitor sick leave and take decisions as to your fitness for work; or
  - 12.1.2 your racial or ethnic origin or religious or similar beliefs in order to monitor compliance with equal opportunities legislation; or
  - 12.1.3 information relating to any criminal proceedings in which you have been involved for insurance purposes and in order to comply with legal requirements and obligations to third parties.
- 12.2 You consent to the Company making such information available to any of its group companies, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, potential or future employers, governmental or quasi-governmental organisations and potential purchasers of the Company and the business in which you work or the business of any of the Company's group companies.

- 12.3 You also consent to the transfer of such information to the Company's business contacts outside the European Economic Area in order to further its business interests.
- 12.4 You further consent to the publication of your name and relevant details in relation to your appointment with the Company in announcements and other documents published by the Company from time to time, including without limitation, in the annual report and financial statements of the Company and the group companies. You agree to keep the Company notified of any changes in respect of your personal information, including (but not limited to) your home address.

### **13 Inventions and other intellectual property**

- 13.1 You acknowledge that you may make, discover or create intellectual property in the course of your duties.
- 13.2 You agree that any such intellectual property created by you in the course of your duties relating to the Company shall so far as the law permits belong to and be the absolute property of the Company or any other group company as the Company may direct.

### **14 Third party rights**

- 14.1 The Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter. No person other than you and the Company shall have any rights under this letter and the terms of this letter shall not be enforceable by any person other than you and the Company.

### **15 Notices**

- 15.1 All notices which are required to be given under these terms shall be in writing and shall, in the Company's case, be sent to its registered office from time to time, and in your case be sent to your address as set out in this letter or to such other address in England as you may designate by notice given in accordance with the provisions of this paragraph. Any such notice may be delivered personally or by a first class pre-paid letter or facsimile transmission and shall be deemed to have been served when dispatched.

### **16 Entire agreement**

- 16.1 This letter sets out the entire understanding between you and the Company and supersedes any previous agreements and arrangements (if any), relating to your appointment as a Non-Executive Director, or to the provision of services by you to the Company and/or any group company, which shall be deemed to have been terminated by mutual consent as from the date of this letter, and you acknowledge that you have no outstanding claims of any kind against the Company or any group company in respect of any such agreement or arrangement.

### **17 Governing law**

- 17.1 This letter of appointment and any dispute or claim arising out of or in connection with it or its subject matter (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this letter of appointment or its subject matter or formation (including non-contractual disputes or claims).

Please indicate your acceptance of these terms by signing and returning the attached copy of this letter.