

The Role of the Board

The Board is collectively responsible for the long-term success of the Group. Its role is to:

- provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed;
- set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives, and review management performance;
- set the Group's values and standards and ensure that its obligations to its shareholders (including reporting to shareholders on the Board's stewardship) and others are understood and met.

Specific responsibilities reserved to the Board include:

A Companies Act requirements

- Approval of interim, preliminary and final financial statements and City presentations.
- Approval of the interim dividend and recommendation of the final dividend.
- Approval of any significant change in accounting policies or practices.
- Appointment or removal of Company Secretary.
- Consideration of proposals from the Audit Committee on the remuneration of auditors (where, as is usual, shareholders have delegated this power to the Board) and recommendations for appointment or removal of auditors.

B Stock Exchange

- Approval of all circulars to shareholders and listing particulars (approval of routine documents such as periodic circulars re scrip dividend procedures or exercise of conversion rights will be delegated to a committee).
- Approval of press releases concerning matters decided by the Board.

C Management

- Approval of the Group's commercial strategy and annual operating & capital expenditure budget.
- Changes relating to the Group's capital structure or its status as plc.
- Appointments to the plc Board and the Boards of subsidiaries.
- Consideration of proposals from the Remuneration Committee on the terms and conditions of Board members, Executive Directors and Senior Management.
- Changes to the Group's management & control structure, including membership of Executive Committee.

D Board membership and Board Committees

- Board appointments and removals.
- Terms of reference of Chairman, Chief Executive Officer, members of the Executive Committee and other Executive Directors.
- Terms of reference and membership of Board committees and the Executive Committee.

E Combined Code recommendations

- Material contracts of the Group in the ordinary course of business that would affect current banking arrangements.
- Contracts of the Group not in the ordinary course of business, including all property leases..
- Any acquisition or disposal of interests in any Group or the making of any take-over bid.
- Risk management strategy.
- Treasury policies (including cash deposits, hedging and foreign exchange exposures).

F Miscellaneous

- Major changes in the rules of the company pension scheme, or changes of trustee or (where this is subject to the approval of the company) changes in the fund management arrangements.
- Note: no scheme is currently provided, merely contributions to individual money purchase arrangements.
- Consideration of proposals from the Remuneration Committee on major changes in employee share schemes and the allocation of all share options.
- Formulation of policy regarding charitable donations.
- Political donations.
- Prosecution, defence or settlement of litigation (involving more than £10,000 or being otherwise material to the interests of the company).
- Internal control arrangements.
- Business continuity policy.
- Health and safety policy.
- Environmental policy.
- Directors' and officers' liability insurance.

The Role of the Chairman

The Chairman and the Chief Executive collectively are responsible for the leadership of the Company. The Chairman's primary responsibility is for leading the Board and ensuring its effectiveness whilst the Chief Executive is responsible for running the Company's business.

The role of the Chairman includes:

- setting the Board agenda, ensuring that Directors receive accurate, timely and clear information to enable them to take sound decisions, ensuring that sufficient time is allowed for complex or contentious issues, and encouraging active engagement by all members of the Board;
- evaluating annually the performance of each Board member in his/her role as a Director, and ensuring that the performance of the Board as a whole and its Committees is evaluated annually. Holding meetings with the non-executive Directors without the executives being present;
- addressing the development needs of individual Directors to ensure that they have the skills and knowledge to fulfil their role on the Board and on Board Committees;
- as Chairman of the Nominations Committee, initiating change and planning succession in Board appointments (other than in relation to the appointment of a successor as Chairman) in accordance with procedures agreed from time to time by the Board;
- together with the Chief Executive approving annually the Group's management development and succession plans for the Executive, and approving appointments and termination of employment of Executive Directors;
- together with the Chief Executive, providing input to the Remuneration Committee in relation to both its recommendations to the Board on the policy for the remuneration of the Executive Directors and its approval of the detailed terms of service of the Executive Directors and the Company Secretary;
- together with the Chief Executive, advising the Board in its determination of the fees of the Non-Executive Directors (other than the Chairman);
- being available to the Chief Executive to advise on matters relating to strategy and operations;

The Role of the Chief Executive

The Chairman and the Chief Executive collectively are responsible for the leadership of the Company. The Chairman's primary responsibility is for leading the Board and ensuring its effectiveness whilst the Chief Executive is responsible for running the Company's business.

In fulfilling his executive role, the Chief Executive acts within the authority delegated to him by the Board. His specific responsibilities include:

- leading the members of the Executive Committee in the day to day running of the Group's businesses;
- developing and presenting to the Board the strategy of the Group at both Group and Divisional level;
- recommending to the Board an annual budget and medium term projections for the Group;
- reviewing on a monthly basis the operational performance and strategic direction of the Group's businesses;
- managing the Group's risk programmes of the businesses;
- together with the Chairman approving annually the Group's management development and succession plans for the Executive, and approving appointments and termination of employment of Executive Directors;
- approving annually the Group's management development and succession plans for senior management, and approving appointments and termination of employment of staff at Leadership 2 and below;
- together with the Chairman, briefing and obtaining the views of the Non-Executive Directors on general and specific matters;
- together with the Chairman, providing input to the Remuneration Committee in relation to both its recommendations to the Board on the policy for the remuneration of the Executive Directors and its approval of the detailed terms of service of the Executive Directors and the Company Secretary;
- making recommendations to the Audit Committee on the appointment and termination of the Head of Corporate Audit;
- ensuring that an adequate programme is in place to maintain an appropriate level of contact with major shareholders and, together with the Chairman, ensuring that their views are communicated to the Board;
- in conjunction with the Chairman, representing the Company to customers, suppliers, government, shareholders, financial institutions and the community;
- in conjunction with the Chief Financial Officer, with input from the Board and Executive, keeping the Matchtech Group investment story current. Presenting the results and future of the company to Financial Institutions, Brokers, Analyst's and the financial press. Working along side our in-house broker Arbuthnot, our financial PR Agency MHP and research provider Edison Investment Research to maximise interest in the Matchtech Group story;
- be involved with key bids, tenders and major client presentations for the Group;
- attending networking events to develop high level relationships with new and existing clients.

Executive Directors

Adrian Gunn, the Chief Executive Officer, and Tony Dyer, the Chief Financial Officer, are responsible for the management of the business.

Chaired by the Chief Executive Officer the Group Executive Committee meets regularly throughout the year.

Members of the Group Executive are:

Adrian Gunn	Chief Executive Officer
Tony Dyer	Chief Financial Officer
Keith Lewis	Managing Director of Matchtech UK
Nigel Lynn	Managing Director of Barclay Meade and Alderwood Education
Peter Collis	Managing Director of Elemense
Dave Rees	HR & Training Director

The principal role of the Group Executive Committee is to ensure the Group Management Team is directed to implement the requirements of the Board and the Company's shareholders.

The Company seeks to have a development framework to assist the Chairman, Executive Directors and Non-Executive Directors in discharging their responsibilities effectively. Non-Executive Directors meet regularly with members of the Group Executive Committee and other senior managers and receive regular business updates via scheduled presentations.

Non-Executive Directors

The Non-Executive Directors strengthen the Board and provide an independent viewpoint, using their experience and expertise to provide independent advice and objectivity, and they have a role in monitoring executive management. They provide outside experience of the workings of other companies and industries and should have beneficial sector contacts & experience gained in previous businesses. This should provide comfort to a company's suppliers, Bankers and funders.

The Non-Executive Directors have letters of appointment stating their annual fee and that their appointment is subject to satisfactory performance and their re-election at forthcoming AGMs.

Their appointment may be terminated within a maximum of six months written notice at any time. Copies of the letters of appointment will be available for inspection prior to and during the AGM and are also available for inspection at the Company's registered office during normal business hours.

The remuneration of the Chairman and the Non-Executive Directors is determined by the Board within the limits set out in the articles of association, including reviewing the level of fees paid by comparator companies.

The Chairman and the Non-Executive Directors do not participate in any meeting at which discussions in respect of matters relating to their own position take place. There is not currently a Senior Independent Director although there is a deputy Chairman. The Board will review annually the need for a Senior Independent Director.

Their specific responsibilities include:

- providing an independent viewpoint;
- contributing to the creation of a sound business plan, policy and strategy;
- reviewing plans and budgets which will implement policy and strategy;
- being a confidential sounding board for the CEO and to keep the focus of the CEO;
- objectively assess the company's overall performance;
- to stand firm when he or she believes the Executive Directors are acting in an inappropriate manner;
- to ensure good Corporate Governance
- providing outside experience of the workings of other companies and industries and should have beneficial sector contacts & experience gained in previous businesses;
- clearly communicating with fellow directors;
- gaining the respect of the other directors, and it helps if he or she is liked, but is not essential.
- possessing the tact and skill to work with the executive directors, providing support and encouragement where difficult decisions are being made;
- providing contacts with third parties such as financial sources, grant availability, potential clients etc. and
- providing comfort to a company's suppliers, Bankers and funders.

The Role of the Company Secretary

The role of the Company Secretary includes specific responsibility for the sound governance of the Company and for the guidance of the Board in the execution of its tasks.

The Secretary has responsibility for:

- ensuring the smooth running of the Board's and Board Committee's activities by helping the Chairman to set agendas, preparing and presenting papers to the Board and Board Committees, advising on Board procedures and ensuring that the Board follows them;
- acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the Company and its activities in order to support the decision making process;
- facilitating the induction of new Directors into the business and their roles and responsibilities, and assisting in the ongoing training and development of Directors;
- keeping under close review all legislative, regulatory and corporate governance developments that might affect the Company's operations, and ensuring the Board is fully briefed on these and that it has regard to them when taking decisions;
- ensuring, where applicable, that the standards and/or disclosures required by the UK Corporate Governance Code annexed to the UK Listing Rules are observed and, where required, reflected in the Annual Report;
- ensuring compliance with all legal and regulatory requirements including the continuing obligations of the Listing Rules, the Disclosure and Transparency Rules and all statutory filing requirements;
- together with the Human Resources Director, keeping in touch with the debate on Corporate Social Responsibility and stakeholders, and monitoring all developments in this area and advising the Board in relation to its policy and practices with regard to Corporate Social Responsibility and its reporting on that matter;
- managing relations with investors, particularly institutional investors, with regard to corporate governance issues and the Board's practices in relation to corporate governance; and
- making arrangements for and managing the whole process of the Annual General Meeting and establishing, with the Board's agreement, the items to be considered at the AGM, including resolutions dealing with governance matters

Audit Committee

The Audit Committee comprises of Ric Piper (pictured right), who is the Committee's Chairman, and Stephen Burke. Both are independent Non-Executive Directors.



Key Responsibilities

- **Monitoring the integrity of the half-yearly and annual Financial Statements and formal announcements relating to the Group's financial performance**
- **Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports**
- **Reviewing the effectiveness of the Group's internal control procedures and risk management systems**
- **Considering how the Group's internal audit requirements shall be satisfied and making recommendations to the Board**
- **Making recommendations to the Board on the appointment or re-appointment of the Group's independent external auditors**
- **A review of the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and half-year report**
- **Overseeing the Board's relationship with the independent external auditors including their continuing independence and, where appropriate, the selection of new independent external auditors**
- **Ensuring that an effective whistle-blowing procedure is in place**

The Committee meets the independent auditor privately at each scheduled meeting. The independent auditor has unrestricted access to the Committee and its Chairman.

Full Audit Committee Terms of Reference (Approved by the Board on 7th October 2009)

The primary purpose of the Audit Committee is to review the scope of the external audit, to receive direct reports from the independent external auditors and to review the half yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and compliance, areas of management judgment and estimates and the effectiveness of internal control procedures.

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least two members. The Members of the Committee appointed by the Board as at 1st August 2009 are Ric Piper (Chairman) and Stephen Burke.
- 1.2. The Board will review membership and attendance annually.
- 1.3. All members of the Committee shall be independent non-executive Directors, at least one of whom shall have recent and relevant financial experience.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, Chief Executive Officer, Chief Financial Officer, other Directors and members of senior management may be invited to attend all or part of any meeting as and when appropriate.
- 1.5. The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.6. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the Director remains independent.
- 1.7. The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Committee appointed by the Board as at 1st August 2009 is Ric Piper.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

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

4. Frequency of Meetings

- 4.1. The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 4.2. The external auditors may request a meeting if they consider that one is necessary.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate and in any event no later than two working days before the date of the meeting.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting ('AGM') prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

- 8.1. The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

8.2. Financial Reporting

- 8.2.1. The Committee shall monitor the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain. The Committee shall also any review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 8.2.2. The Committee shall review and challenge where necessary:
- 8.2.2.1. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group;
 - 8.2.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.2.2.3. whether the Group has followed appropriate accounting standards and stock exchange and legal requirements and made appropriate estimates and judgments, taking into account the views of the external auditors;

- 8.2.2.4. the going concern assumption;
- 8.2.2.5. the clarity of disclosure in the Group's financial reports and the context in which statements are made; and
- 8.2.2.6. all material information presented with the financial statements.

8.3. Internal Controls and Risk Management Systems

The Committee shall:

- 8.3.1. keep under review the effectiveness of the Group's internal controls and risk management systems; and
- 8.3.2. review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

8.4. Whistleblowing

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

8.5. Internal Audit

The Committee shall review annually the need or otherwise for an internal audit function.

8.6. External Audit

The Committee shall:

- 8.6.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.6.2. oversee the relationship with the external auditors including (but not limited to):
 - 8.6.2.1. approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.6.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.6.2.3. 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;
 - 8.6.2.4. 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).
- 8.6.3. meet regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditors at the end of each Audit Committee meeting, without management being present, to discuss their remit and any issues arising from the audit;
- 8.6.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.6.5. review the findings of the audit with the external auditors. This shall include but not be limited to, the following:
 - 8.6.5.1. a discussion of any major issues which arose during the audit,
 - 8.6.5.2. any accounting and audit judgements, and
 - 8.6.5.3. levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit.

- 8.6.6. review any representation letter(s) requested by the external auditors before they are signed by the Board;
- 8.6.7. review the management letter and management's response to the auditor's findings and recommendations.

8.7. Reporting Responsibilities

- 8.7.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.7.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.7.3. The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

8.8. Other Matters

The Committee shall:

- 8.8.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.8.2. give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 8.8.3. oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 8.8.4. The Committee should be provided with appropriate and timely training, both in the form of an induction for new members and on an ongoing basis for existing members.and
- 8.8.5. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at optimum effectiveness and recommend any changes it considers necessary to the Board for approval.

9. Authority

The Committee is authorised:

- 9.1. to seek any information it requires from any employee of the Group in order to perform its duties;
- 9.2. to obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 9.3. to call any employee to be questioned at a meeting of the Committee as and when required. All directors and employees are directed to co-operate with any request made by the Committee.

Remuneration Committee

The Remuneration Committee comprises of Stephen Burke (pictured right), who is the Committee's Chairman, and Ric Piper who are both independent Non-Executive Directors.



Key Responsibilities

- Determining and agreeing with the Board the remuneration policy for the Chief Executive Officer, Chief Financial Officer, Chairman and Senior Executives
- Approving the design of, and determining targets for, an annual performance-related pay scheme for the Executive Directors and Senior Executives
- Reviewing the design of share incentive plans for approval by the Board and shareholders, and determining the annual award policy to Executive Directors and Senior Executives under existing plans
- Within the terms of the agreed policy, determining the remainder of the remuneration packages (principally comprising salary and pension) for each Executive Director and Senior Executive
- Reviewing and noting the remuneration trends across the Group

Full Remuneration Committee Terms of Reference (Approved by the Board on 7th October 2009)

The primary purpose of Remuneration Committee is to make recommendations to the Board on the Company's framework or broad policy for Executive Remuneration and its costs. The Committee shall also have delegated responsibility for determining the remuneration and benefits of executive directors, the Chairman, the Company Secretary and certain senior executives.

1. MEMBERSHIP

- (a) Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least two members. The Members of the Committee appointed by the Board as at 1st August 2006 are Stephen Burke (Chairman) and Ric Piper.
- (b) All members of the Committee shall be independent non-executive Directors, at least one of whom shall have recent and relevant financial experience.
- (c) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, Chief Executive Officer, Chief Financial Officer, other Directors and members of senior management may be invited to attend all or part of any meeting as and when appropriate.
- (d) Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the Director remains independent.
- (e) The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Committee appointed by the Board as at 1st August 2006 is Stephen Burke.
- (f) The Company Secretary or their nominee shall act as the Secretary of the Committee.

2. MEETINGS

- (a) The Committee shall meet at least once a year at appropriate times in the reporting cycle and otherwise as required.
- (b) The quorum necessary for the transaction of business shall be two members.
- (c) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- (d) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate and in any event no later than five working days before the date of the meeting.
- (e) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

- (f) The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- (g) Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.
- (h) The Chairman of the Committee shall attend the Annual General Meeting ('AGM') prepared to respond to any shareholder questions on the Committee's activities.

3. AUTHORITY

The Committee is authorised:

- (a) to seek any information it requires from any employee of the Group in order to perform its duties;
- (b) to obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference; and
- (c) to call any employee to be questioned at a meeting of the Committee as and when required.

4. DUTIES

The Board authorises the Remuneration Committee to investigate any matter within its terms of reference and seek any information it requires from any employee.

The Remuneration Committee shall not discuss, or pass resolutions in respect of, the remuneration of, or the terms of any consultancy agreement with, any Non-Executive Director which shall be a matter for the Board itself, subject to the provisions of the Articles of Association of the Company.

The Committee shall have due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance, in carrying out the following:

(a) Responsibilities and powers:

- (i) to determine, in respect of the executive directors and certain other senior executives as may be decided by the Board in consultation with the Committee, all matters relating to:
 - (1) remuneration, including bonuses and long term incentives that will attract, retain and motivate Executive Directors of the quality required;
 - (2) targets for any performance-related pay schemes, ensuring that these form a significant proportion of the total remuneration package;
 - (3) pension benefits;
 - (4) grants of share options or awards;
 - (5) terms and conditions of employment including the directors' car policy; and
 - (6) payments on termination of employment (ensuring 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);

except that no director or manager should be involved in any decisions as to their own remuneration;

(ii) to exercise of the powers of the Board in relation to:-

- (1) any employee share arrangements:
 - amending or varying such arrangements in accordance with such provisions as the Committee may deem appropriate;
 - approving new share arrangements; and
 - granting entitlements and options;
- (2) any long term incentive arrangements:
 - amending or varying such arrangements however the Committee may deem appropriate;
 - approving new arrangements; and

- granting entitlements and if appropriate to include the granting or purchase of shares as part of such arrangements;
- (3) pension arrangements and other similar employee benefits of the Company and its subsidiaries whether currently in force or to be adopted including the approval of any changes to the rules of such arrangements;
- (iii) to be aware of and advise as necessary on any major changes in employee benefit structures throughout the Group;
- (iv) to review and judge the market comparator peer group of the Company and where to position the Company relative to that peer group;
- (v) to ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Code, are fulfilled;
- (vi) to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (vii) to report the frequency of, and attendance by members at, Remuneration Committee meetings in the Annual Report;
- (viii) to make the Committee's terms of reference publicly available;
- (ix) to ensure that the Chairman (or other member of the Remuneration Committee) of the Remuneration Committee is available to answer questions on directors' remuneration principles and practice at the Annual General meeting of the Company;
- (x) to approve, execute or give effect to all documents (including service contracts), deeds, acts and things that the Remuneration Committee may consider necessary or desirable in connection with or in relation to any of the foregoing matters; and
- (xi) To give the Executive Directors every opportunity to enhance the Company's performance and to ensure that the senior management of the Company are fairly, but responsibly, rewarded for their individual contributions.
- (xii) Terms of reference and performance are to be reviewed annually.

(b) Reporting Responsibilities

- (i) The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (ii) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (iii) The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

(c) Other Matters

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- (ii) give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- (iii) oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- (iv) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Nomination Committee

The Nominations Committee is headed up by George Materna (pictured right), who is the Committee's Chairman, with the independent Non-Executive Directors, Ric Piper and Stephen Burke as the other members.



Key Responsibilities

- Reviewing the structure, size and composition of the Board, and making recommendations to the Board with regard to any changes required
- Succession planning for Directors and other Senior Executives
- Identifying and nominating, for Board approval, candidates to fill Board and Senior Executive vacancies as and when they arise
- Reviewing annually the time commitment required of Non-Executive Directors
- Making recommendations to the Board with regard to membership of the Audit and Remuneration Committees in consultation with the Chairman of each Committee
- The Nominations Committee has full power and authority to carry out a formal selection process of candidates, before proposing new appointments to the Board.
- The Company has adopted a policy for Directors' and key employees' share dealings which is appropriate for an AIM-quoted company. The Directors comply with Rule 21 of the AIM rules relating to Directors' dealings and in addition take all reasonable steps to ensure compliance by the Group's applicable employees.

Full Nomination Committee Terms of Reference (Approved by the Board on 7th October 2009)

The primary purpose of Remuneration Committee is to make recommendations to the Board on the Company's framework or broad policy for Executive Remuneration and its costs. The Committee shall also have delegated responsibility for determining the remuneration and benefits of executive directors, the Chairman, the Company Secretary and certain senior executives.

1. MEMBERSHIP

- (g) Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least two members. The Members of the Committee appointed by the Board as at 1st August 2006 are George Materna (Chairman), Stephen Burke and Ric Piper.
- (h) The majority of members of the Committee shall be independent non-executive Directors.
- (i) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, Chief Executive Officer, Chief Financial Officer, other Directors and members of senior management may be invited to attend all or part of any meeting as and when appropriate.
- (j) Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the Director remains independent.
- (k) The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Committee appointed by the Board as at 1st August 2006 is George Materna.
- (l) The Company Secretary or their nominee shall act as the Secretary of the Committee.

2. MEETINGS

- (i) The Committee shall meet at least once a year at appropriate times in the reporting cycle and otherwise as required.
- (j) The quorum necessary for the transaction of business shall be two members.
- (k) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- (l) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting

papers shall be sent to Committee members and to other attendees as appropriate and in any event no later than five working days before the date of the meeting.

- (m) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- (n) The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- (o) Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.
- (p) The Chairman of the Committee shall attend the Annual General Meeting ('AGM') prepared to respond to any shareholder questions on the Committee's activities.

3. AUTHORITY

The Committee is authorised:

- (d) to seek any information it requires from any employee of the Group in order to perform its duties;
- (e) to obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference; and
- (f) to call any employee to be questioned at a meeting of the Committee as and when required.

4. DUTIES

In accordance with the terms of the Combined Code the Nomination Committee will:

- (a) Be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise, save that appointment as chairman or chief executive should be matters for the whole board;
- (b) Before making an appointment, evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- (c) Review annually the time required from a non-executive director and assess whether the non-executive director is spending enough time to fulfill their duties;
- (d) For the appointment of the Chairman, prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises;
- (e) Establish a formal, rigorous and transparent procedure for the appointment of new directors to the board, based on merit measured against objective criteria;
- (f) Consider candidates from a wide range of backgrounds;
- (g) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the company and the skills and expertise therefore needed on the board, reporting to the board regularly. The Nomination Committee shall review annually its terms of reference and its own effectiveness and recommend any necessary changes to the Board.
- (h) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the board and make recommendations to the board with regard to any changes;
- (i) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (j) Make a statement in the annual report about its activities;
- (k) 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;
- (l) Consider and make recommendations to the board about the reappointment of any non-executive director at the conclusion of their specified time of office or retiring in accordance with the company's Articles;
- (m) Consider and make recommendations to the board on any matter relating to the continuation in office of any director at any time.