



**Adept4plc  
(the "Group")  
Terms of Reference of the Board**

**1. Board Meetings**

- 1.1. The Board intends to hold 11 meetings per year. In addition to these scheduled regular monthly meetings, ad-hoc Board meetings are convened as and when necessary. In addition to the Board members, professional advisors on corporate transactions and senior managers are requested to attend as required.

**2. Strategy and Management**

- 2.1. Responsibility for the overall management of the Group.
- 2.2. Approval of the Group's long term objectives and commercial, operational and financial strategy
- 2.3. Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 2.4. Oversight of the Group's operations ensuring:
- competent and prudent management
  - sound planning
  - an adequate system of internal control
  - adequate accounting and other records
  - compliance with statutory and regulatory obligations.
- 2.5. Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 2.6. Extension of the Group's activities into new business or geographic areas.
- 2.7. Any decision to cease to operate all or any material part of the Group's business.



### 3. Structure and Capital

- 3.1. Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares), any mergers or disposals or, in general, any actions which may have an impact on the Group Balance Sheet.
- 3.2. Major changes to the Group's corporate structure.
- 3.3. Changes to the Group's management and control structure.
- 3.4. Any changes to the Group's listing or its status as a plc.

### 4. Financial Reporting and Controls

- 4.1. COO & FD to inform the Board of any movement that will take the cash balance by £200,000 or more in either direction in a calendar month.
- 4.2. The COO & FD to advise in advance of any assumption by the Group of any debt or debt-like instruments of whatever amount.
- 4.3. The Board to approve any item of capital expenditure, or asset disposals, (including property leases) over £100,000 and any sales order with an Annual Revenue Order Value in excess of £250,000 per annum.
- 4.4. Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.
- 4.5. Approval of the annual report and accounts, (including the corporate governance statement and remuneration report).
- 4.6. Approval of the dividend policy.
- 4.7. Declaration of the interim dividend and recommendation of the final dividend.
- 4.8. Approval of any significant changes in accounting policies or practices.
- 4.9. Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 4.10. Major investments, including the acquisition or disposal of interests in the voting shares of any group or the making of any takeover offer.



## 5. Internal Controls

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

## 6. Communication

- 6.1. Approval of resolutions and corresponding documentation to be put to shareholders at a general meeting.
- 6.2. Approval of all circulars, prospectuses and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise.
- 6.3. Ensuring that time is allocated at the Annual General Meeting for communication with shareholders, and a period for questions and answers is allocated.

## 7. Board Membership and Other Appointments

- 7.1. Changes to the structure, size and composition of the Board, following recommendations from the nomination committee.
- 7.2. Ensuring adequate succession planning for the Board and senior management.
- 7.3. Appointments to the Board, following recommendations by the nomination committee including selection of the chairman of the Board, the chief executive and the senior independent director.
- 7.4. Membership and chairmanship of Board committees.
- 7.5. Ensuring the timely and efficient operation of the Audit and Remuneration Committees and the establishment of other committees as may be deemed appropriate.
- 7.6. Appointment or removal of the group company secretary.



7.7. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.

7.8. Appointment to boards of subsidiaries

## 8. Remuneration

8.1. Determining the remuneration policy for the directors, group company secretary and other senior executives.

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 incentive plans or major changes to existing plans, to be put to shareholders for approval.

## 9. Delegation of Authority

9.1. The division of responsibilities between the chairman and chief operating officer (“COO”) (and other executive directors), which should be in writing.

9.2. Approval of terms of reference of board committees.

9.3. Receiving reports from board committees on their activities.

## 10. Corporate Governance Matters

10.1. Undertaking a formal and rigorous review (annually in December) of its own performance, that of its committees and individual directors.

10.2. Determining the independence of directors.

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

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

10.5. The establishment of governance procedures and policies that are considered appropriate to the nature and size of the Group having regard to the provisions of the Combined Code, insofar as is appropriate.

10.6. Receiving reports on the views of the Group’s shareholders.



## 11. Policies

### 11.1. Approval of policies, including:

- Code of Conduct
- Share dealing code
- Health and safety policy
- Environmental policy
- Communications policy (including procedures for the release of price-sensitive information)
- Corporate social responsibility policy
- Charitable donations policy.

## 12. Other

- 12.1. The making of political donations.
- 12.2. Approval of the appointment of the Group's principal professional advisers.
- 12.3. Prosecution, defence, mediation or settlement of all litigation.
- 12.4. Approval of the overall levels of insurance for the Group including directors' and officers' liability insurance and indemnification of directors.
- 12.5. Major changes to the rules of the Group's pension scheme, or changes of trustees or when this is subject to the approval of the Group changes in the fund management arrangements.
- 12.6. This schedule of matters reserved for board decisions. Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees. In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.
- 12.7. The establishment or dissolution of any subsidiary undertakings or associated investments.
- 12.8. Any negotiations with customers, vendors or advisors – actual or potential – which fall outside the day to day business of the Group.
- 12.9. Prior approval of all Referral, Introducer or Commission arrangements in connection customers of the Group.



These Terms of Reference to be reviewed annually in December by the Board and amended as appropriate.

Approved by the Board