

# Corporate Governance

A summary of the system of governance adopted by the Company follows:

**RELATIONS WITH SHAREHOLDERS** The Executive Directors regularly meet with institutional shareholders and analysts. Private investors are also encouraged to meet with the Board and to participate in the Annual General Meeting. The Chairmen of the Audit and Remuneration Committees are available to answer questions, where appropriate, at the Annual General Meeting.

**THE BOARD OF DIRECTORS** The Board consists of three independent Non-Executive Directors, including the Chairman, and two Executive Directors. The roles and responsibilities of the Chairman, Executive Directors and Non-Executive Directors are clearly defined. The Board is satisfied that the Non-Executive Directors, each of whom is independent from management and has no commercial or other connection with the Company, are able to exercise independent judgement. The appointment of new directors is a matter for the Board as a whole. The Board is responsible to shareholders of the Company for the strategy and future development of the Group and the efficient management of its resources. As a result, the Board has a schedule of matters reserved for its decision, which includes approval of annual budgets, acquisition and divestment policy, approval of major capital projects, the raising of finance and management policies. The Board is supplied, in a timely fashion, with the information it needs to enable it to discharge its duties. The Board is also kept informed of changes in relevant legislation and changing commercial risks, and each Director has access to independent professional advice and the advice and services of the Company Secretary. All Directors are required to submit themselves for re-election by rotation and at least every three years.

The Board has the following Standing Committees:

**Remuneration Committee** The Remuneration Committee comprises J.D. Hambro (Chairman), S. T. Gee and R S Mully. It is responsible for making recommendations to the Board on all aspects of remuneration policy for Executive Directors.

**Audit Committee** The Audit Committee comprises S.T. Gee (Chairman), J. D. Hambro and R. S. Mully. Senior representatives of the external auditors, Executive Directors and senior management may be invited to attend the meetings. The committee reviews Hansteen's external audit arrangements including the independence and objectivity of the auditors and the level of non-audit services, internal controls and the merits of establishing an internal audit function. Given the size of the Group and the close involvement of the Joint Chief Executives, the Committee do not believe that an internal audit function is merited at this time. The Committee also reviews the interim and full year financial statements prior to their submission to the Board, the application of the Group's accounting policies and any changes to financial reporting requirements.