Committees recommended by the Corporate Governance Code 2014.

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The establishment of committees, as outlined in the Corporate Governance Code 2014, is intended to increase accountability and transparency of decision. The committee members are intended to provide a constructive but challenging dialogue to the board of directors on its operations. Enhanced disclosure on the workings of the appointment and remuneration committees is intended to increase the confidence of the shareholder on the internal processes of the organisation.

The committees should be populated in the main by non-executive directors, as a balance to the executive directors, with support from the chairman and other executive board members when required. To ensure the appropriate mix and levels of skills, directors are encouraged to attend training courses and have access, when required, to professional knowledge and support. The annual report should identify members of the board committees. The board of directors should review the effectiveness of its committees and of individual members and should state in the annual report how the performance evaluation has taken place.

It is the responsibility of the board of directors to determine the terms of reference for the committee and to delegate suitable authority and responsibility. Induction sessions and regular training needs to be provided to committee members. The number of committee meetings to be held are not specified but it is expected that the audit committee will hold meetings at least three times in the financial year.

Nomination Committee

The process of the selection and recommendation of board members should be undertaken by a nomination committee. This should ensure independence and objectivity in the selection and appointment process. A majority, if not all, of the members of the nomination committee should be independent non-executive directors. The chairman or an independent non-executive director should chair the board. The terms of reference of the committee, its role and authority should be clearly stated by the board.

A detailed job specification for the role of chairman must be prepared by the committee. The terms and conditions of appointment of non-executive should be made available for inspection.

The annual report should disclose, in a separate section, the work of the nomination committee including details on how board appointments have been made, the board's policy on diversity, measureable objectives and progress on achieving these objectives. An explanation must be provided if neither an external search consultancy nor open advertising has been used in the appointment of the chairman or a non-executive director. If an external search organisation has been used it should be identified and a statement made of any other connection with the organisation.

Remuneration Committee

The board should establish a remuneration committee of at least three, or in the case of smaller companies two, independent non-executive directors. The board of directors should establish the terms of reference of the remuneration committee and delegate responsibility for setting remuneration for all executive directors and the chairman. The committee should also review and monitor the remuneration for senior management. Remuneration will include pension rights, stock options and any other compensation payments.

Boards of listed companies need to ensure that executive remuneration is aligned to the long term success of the company and need to demonstrate this to the shareholders. The committee should determine an appropriate balance between fixed and performance-related, immediate and deferred remuneration packages. No director should be involved in deciding his or her own remuneration. Shareholders should be invited, as per the Listing Rules, to approve all new long-term incentive schemes.

A description of the work of the remuneration committee should be included the annual report. Where remuneration consultants are appointed, this should be clearly stated in the annual report with details of any other connection with the company.

Audit Committee

The board should establish an audit committee of at least three, or in the case of smaller companies two, independent non-executive directors. At least one member of the audit committee should have recent and relevant financial experience. The role and responsibilities of the audit committee should be clearly set out in writing, by the board of directors, and should include the following:

- Monitor the integrity of the financial statements of the company and review significant financial reporting judgements contained therein.

- Review the company's internal financial controls and, if required, review the company's internal control and risk management systems.

- Monitor and review the effectiveness of the company's internal audit function.

- Make recommendation as to the appointment, re-appointment or removal of the external auditors and to approve the terms of engagement and the remuneration of the external auditor. Review and monitor the independence and effectiveness of the audit process.

- Develop and implement policy on the engagement of the external auditor for non-audit services.

The role of the audit committee includes providing advice, upon request, to the board of directors on whether the annual report and accounts provides a fair and balanced view and sufficient for the shareholders to determine the company's financial position and performance. The committee should review arrangements by which staff may, in confidence, raise concerns in relation to financial issues and should ensure that an appropriate and independent investigation and follow up is undertaken.

The annual report, in a separate section, in describing the work of the audit committee should include

- The significant issues that the committee considered in relation to the financial statement and how they were addressed.

- An explanation on how the committee considered the effectiveness of the external audit process, the process for the appointment or reappointment of the external auditors and information on the length of time the current external auditors have been appointed.

- Details of non-audit services provided by the external auditor and an explanation on how the auditor maintained their objectivity and independence.