

## Corporate Governance Statement

### INTRODUCTION

The board of directors (**the “Board”**) of Driver Group plc (**the “Company”**) recognises the importance of good corporate governance and has elected to adopt the QCA Corporate Governance Code which was published on 25 April 2018 (**“QCA Code”**) as its corporate governance code. The Board believes that this provides an appropriate and suitable framework for a group of our size and complexity.

This Corporate Governance Statement will be updated on the date of publication of the audited accounts of the Company and its subsidiaries (**the “Group”**) for the financial year ending 30 September 2019 and thereafter annually at the same time as the publication of the audited accounts of the Company for each financial year.

### THE BOARD

The Board consists of three Executive Directors comprising Gordon Wilkinson (Chief Executive Officer), David Kilgour (Finance Director) and Mark Wheeler (Chief Operating Officer) and three Non-Executive Directors comprising Steven Norris (Chairman), John Horgan and Peter Collini.

The three Executive Directors work full time in the business.

The Non-Executive Directors are expected to attend Board meetings, meetings of Board committees (of which they are members), annual general meetings and any other shareholder meetings convened from time to time.

The Non-Executive Directors are considered by the Company to be independent in that: (i) none of them are executive officers or employees of the Company; and (ii) none of them have a relationship with the Company that will interfere with the exercise of independent judgment in carrying out their responsibilities as Directors. As mentioned in the Report of the Directors included in the annual report and accounts for the Group for the financial year ended 30 September 2018 (the **“2018 Accounts”**), John Horgan and Peter Collini are each interested in 50,000 shares and Steven Norris has an option to purchase up to 150,000 shares. However, these are not considered by the Company to impact their independence.

Each of the Non-Executive Directors (along with the Executive Directors) is subject to re-election as a director at least once every 3 years at an annual general meeting of the Company.

The Chairman is responsible for the leadership of the Board and for ensuring that the corporate governance of the Group is maintained in line with appropriate practice and policies agreed by the Board. The Board meets at least six times a year and is responsible for the overall strategy and financial performance of the Group. Each Board meeting is preceded by a clear agenda and any relevant information is provided to the directors in advance of the meeting.

The Board has put in place a schedule of matters that are reserved for decision by the Board (or which need to be referred to the Board) and these are set out in Appendix 1 of this Corporate Governance Statement.

### AUDIT COMMITTEE

The audit committee comprises Peter Collini and John Horgan. Other directors may attend by invitation.

The audit committee is expected to meet at least twice a year and at such other times as may be required.

The primary function of the audit committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other information provided by the Company to

shareholders, the Group's systems of internal control regarding finance and accounting and the Group's auditing, accounting and financial reporting processes.

The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Group's financial reporting and internal control system, to review the Group's financial statements, to review and appraise the performance and independence of the Group's external auditors and to provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

The Company does not publish a separate audit committee report as it considers that the time and expense involved cannot be justified given the size of the Group and its needs.

The terms of reference of the audit committee are set out in Appendix 2 of this Corporate Governance Statement.

### **REMUNERATION COMMITTEE**

The remuneration committee comprises John Horgan, Steven Norris and Peter Collini. Other directors may attend by invitation.

The remuneration committee is expected to meet not less than twice a year and at such other times as may be required.

The principal function of the remuneration committee is to determine the policy on the remuneration packages of the Company's Executive Directors and other senior executives designated by the Board.

The remuneration committee has responsibility for: (i) recommending to the Board a remuneration policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of each executive director (including bonuses, incentive payments and share awards); (iii) approving and recommending to the Board the individual remuneration package of other senior executives (including bonuses, incentive payments and share awards); (iv) approving the design of, and determine targets for, any performance related share schemes operated by the Company; and (v) reviewing the design of all equity-based incentive plans for approval by the Board.

No Director or member of management may be involved in any discussions as to their own remuneration.

The performance of the Chairman and Non-Executive Directors will be reviewed by the Executive Directors.

Performance is normally reviewed in September of each year with any revisions normally taking place in October.

The Company includes a Directors' Remuneration Report in the annual audited accounts.

The terms of reference of the remuneration committee are set out in Appendix 3 of this Corporate Governance Statement.

### **EXPERIENCE OF THE BOARD**

Details of the individual directors and their experience are set out in the Directors and Advisors section of the 2018 Accounts and in the Investors section of our website under the heading "Board of Directors".

Each individual director has personal responsibility for keeping up to date on matters which may be relevant to their role as a director.

The Company's nominated adviser, retained solicitors and retained accountants are available to deal with any questions which arise in relation to the application of the AIM Rules, legal matters or accountancy matters. Details of the relevant advisers can be found in the Directors and Advisors section of the 2018 Accounts and in the Investors section of our website under the heading "Advisers and Registrars".

In order to ensure their independence the Non-Executive Directors are also entitled to obtain independent legal advice, at the cost of the Company, in relation to matters which arise where they consider independent advice is required.

The Company Secretary is responsible for providing support to the Chairman and the Board on corporate governance, regulatory and compliance matters, dealing with procedural matters that arise from time to time and dealing with all matters relating to the annual general meeting and any other shareholder meetings.

In the financial year of the Company for the period ended 30 September 2018, the Company's nominated adviser and accountants have advised the Company on routine matters within the scope of their respective engagement letters. The Company's solicitors have advised on corporate governance matters and share option matters.

## **BOARD EVALUATION, EFFECTIVENESS AND SUCCESSION PLANNING**

The performance of the Executive Directors as individuals is monitored by the remuneration committee as set out above.

The performance of the Chairman and Non-Executive Directors as individuals is reviewed by the Executive Directors.

The Company has not historically carried out a formal evaluation of the performance of the Board but intends to do so in the future. A Board effectiveness review will be undertaken annually through the completion of an internal questionnaire to be circulated to all Directors as part of the review of the year end accounts and returned to the Chairman. The questionnaire will ask the directors to rate the Board's performance in a number of key areas around Board composition, processes, activities and behaviours. The results will be considered and discussed at a meeting of the Board. Any recommendations arising from such review will be identified and addressed.

The initial evaluation of performance will be completed following the publication of the 2018 Accounts and any recommendations and progress against recommendations will be included in the accounts for the financial year ended 30 September 2019.

With regard to succession planning, the Company considers that at this stage, and given the current size of the Board, it is not necessary to establish a formal nominations committee. The Board as a whole considers the appointment of all Directors and senior managers. The position will be reviewed on a regular basis by the Board.

## **ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

The Directors attendance at meetings of the Board and meetings of the audit committee constituted by the Board during the financial year ended 30 September 2018 are as follows:

<b>Attendance</b>	<b>Board Meeting Eligible</b>	<b>Board Meeting Attended</b>	<b>Audit Committee Meeting Eligible</b>	<b>Audit Committee Meeting Attended</b>
Steven Norris	<b>10</b>	<b>10</b>	<b>0</b>	<b>1</b>

John Horgan	<b>10</b>	<b>8</b>	<b>3</b>	<b>3</b>
Peter Collini	<b>10</b>	<b>10</b>	<b>3</b>	<b>3</b>
Gordon Wilkinson	<b>10</b>	<b>10</b>	<b>3</b>	<b>3</b>
David Kilgour	<b>6</b>	<b>6</b>	<b>2</b>	<b>2</b>
Mark Wheeler	<b>10</b>	<b>9</b>	<b>0</b>	<b>0</b>

**Note 1:** Although not members of the audit committee, Gordon Wilkinson and David Kilgour attended by invitation.

**Note 2:** David Kilgour was appointed director on 12 December 2017 and therefore not required to attend board meetings prior to that date.

A number of meetings of the remuneration committee were held over a number of weeks prior to 19 January 2018 as part of the annual review. Each member of the remuneration committee attended the meetings.

### **NON-EXECUTIVE DIRECTOR TERMS OF APPOINTMENT**

Steven Norris, John Horgan and Peter Collini have each entered into appointment letters with the Company.

The appointment letter of Steven Norris is terminable by either party on 12 months' written notice and the appointment letters of John Horgan and Peter Collini are terminable on 3 months' written notice by either party. The appointment letters contain provisions for earlier termination in certain circumstances. For example, the appointment letters can be terminated earlier for material breach and terminate immediately where a director is not re-elected at an annual general meeting of the Company where he is subject to retirement by rotation.

Steven Norris is currently paid £5,000.00 per calendar month, John Horgan £2,500 per calendar month and Peter Collini £2,500 per calendar month. Fees are reviewed annually.

### **STRATEGY AND BUSINESS MODEL**

The Strategic Report (Description of Business) in the 2018 Accounts, includes a detailed description of our business, the relevant risks that we consider applying to our business and how we manage those risks.

As mentioned in the Chairman Statement in the 2018 Accounts, the Group's strategy is to focus on those areas where we believe we have a particularly strong position, which is in claims, dispute resolution and in expert witness work, and to consolidate the Group's position in its areas of expertise.

### **SHAREHOLDER NEEDS AND EXPECTATIONS**

The Company encourages the participation of both institutional and private investors in order to understand their needs and expectations.

Steven Norris (Chairman), Gordon Wilkinson (Chief Executive Officer) and David Kilgour (Finance Director) can be contacted on the email and telephone number provided in the Investors section of our website under the heading "Investor and Media Contacts".

Meetings with institutional shareholders are held twice a year following the announcement of the Group's interim and final results and feedback is encouraged both at the meetings and following such meetings (either directly or through the Company's nominated adviser).

Communication with investors (both private and institutional) is also maintained through the annual general meeting, and the annual reports and interim reports published by the Company which are available in the Investor section of our website under the heading “Results and Reports”.

Details of our strategy and performance can be found in the 2018 Accounts and on our website. We also include copies of press releases on our website to keep shareholders informed and up to date.

The Group is always willing, where practicable and subject to its regulatory obligations, to discuss its objectives with shareholders.

## **STAKEHOLDERS AND SOCIAL RESPONSIBILITY**

In addition to its shareholders, the Company considers its staff and customers to be key stakeholders in its business as they are fundamental to the success of the business.

Employees are encouraged to provide feedback on training, policies and remuneration as part of their annual review.

Customer assignments are managed by a director who remains responsible until its conclusion and who will regularly reevaluate the client requirements and issues.

The Group’s remuneration policy is to provide a remuneration package to attract, motivate and retain high calibre individuals, who will deliver significant value to the Group. We are committed to the development and training of our staff.

The Group is also committed to ensuring the health and safety of its employees in the workforce and where possible implementing health and safety policy improvements. The Group invests in training and development of safe working practices. The Group measures its health and safety policies through 3 metrics: lost time due to accidents, lost time delays and reportable incidents.

The Group operates an Anti-Slavery and Human Trafficking Policy which is published on our website and has implemented an Anti-Corruption Policy which has been made available to all employees. The Group takes a zero-tolerance approach to acts of bribery and corruption.

The Board do not consider that there are any material action points in terms of engagement with stakeholders at the present time.

## **CORPORATE CULTURE**

The Group’s culture is one of employee and client focus as both are fundamental to the success of the business.

As mentioned in the above paragraph, the Group is committed to ensuring the health and safety of its employees and operates an Anti-Slavery and Human Trafficking Policy which is published on our website and has implemented an Anti-Corruption Policy which has been made available to all employees.

The Group has also adopted corporate values and policies to encourage employee and client engagement in relation to its business. These are published on our website and set out below:

### *Innovation*

Our policy is to try to recruit only the best professionals in the business and utilise their skills and experience to create innovative and flexible solutions at every opportunity.

### *People*

We value ideas based on merit and regardless of position, treat people with consideration. We strive to be the employer of choice in our industry, recruiting top quality professionals and providing them with respect, opportunities and the support to excel within our team.

### *Our Clients*

We focus on building professional relationships, delivering great quality service and real value that supports the requirements for each project. Our commitment to our client's success is how we measure ourselves.

### *Integrity*

We strive to apply the highest professional, ethical and technical standards throughout our organisation. We encourage accountability at all levels.

### *Transparency*

We strive to communicate openly, honestly and with clarity of actions and words at all times. We seek to deliver best practice solutions on every occasion.

The Company welcomes feedback from our employees and clients and will review its corporate culture, ethical values and social responsibility obligations annually as part of the Board evaluation process. As part of that review the Board will request feedback from employees and directors who manage customer assignments.

## **RISK MANAGEMENT**

The Board has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness. Although no system of internal control can provide absolute assurance against material misstatements or loss, the Group's systems are designed to provide the directors with reasonable assurance that issues are identified on a timely basis and dealt with appropriately.

The Group has an established organisational structure with clearly defined lines of authority, responsibility and accountability, which is reviewed regularly. Group management is responsible for the identification and evaluation of key risks applicable to their areas of business.

The Board has considered the need for an internal audit function, but has resolved that due to the current size and complexity of the Group, this cannot be justified on the grounds of cost effectiveness

## **SHAREHOLDER INFORMATION**

The Company announces the voting decisions of shareholder meetings.

In addition, where votes are cast at a general meeting on a show of hands, the votes by proxy received by the Company, including abstentions or votes withheld, will be reported in the Investors section of the Company website under the heading "Voting Results". Where votes are conducted on a poll, the actual votes, including votes withheld and or abstentions, will be reported in the Voting Results section of our website.

Where a significant proportion of votes (20 per cent or more) have been cast against a resolution at a general meeting, the Company will provide an explanation on its website of what actions it intends to take to understand the reasons behind that vote result and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Notices of all general meetings for the last 5 years can be found in the Investors section of our website under the heading “Notices of General Meetings”.

The annual reports and interim reports for the last 5 years can be found in the Investors section of our website under the heading “Financial Reports”.

#### **UK CITY CODE ON TAKEOVERS AND MERGERS**

The Company is subject to the UK City Code on Takeovers and Mergers.

#### **ANNUAL REVIEW**

This Corporate Governance Statement is effective as at 30 September 2018 and was last reviewed by reference to that date.

The Corporate Governance Statement will be updated further on the date of publication of the audited accounts of the Group for the financial year ending 30 September 2019 and thereafter annually at the same time as the publication of the audited accounts of the Company for each financial year.

## **APPENDIX 1**

*Matters reserved for the board of directors (the “Board”) of Driver Group plc (the “Company”)*

### **1.1 The following matters have been reserved for decision by the Board:**

**(a) Strategy**

- (i) Approval of long term objectives, strategy and policies.*
- (ii) Acquisition, disposal or restructuring.*
- (iii) Expansion of activities into new business areas.*
- (iv) Any decision to cease to operate in any material part of the current business.*

**(b) Structure and Capital**

- (i) Changes to capital structure.*
- (ii) Major changes to corporate structure.*
- (iii) Any changes to the listing or plc status.*

**(c) Financial Controls and Reporting**

- (i) Approval of preliminary announcement of interim and final results.*
- (ii) Approval of annual report and accounts.*
- (iii) Approval of dividend policy.*
- (iv) Declaration of dividends.*
- (v) Approval of any significant changes in accounting policies.*
- (vi) Approval of the annual budget.*
- (vii) Lending or borrowing.*
- (viii) Arrangements of new borrowing facilities.*
- (ix) Capital expenditure in excess of the amount provided for in the budget.*

**(d) Risk Management and External Controls**

- (i) Oversight and review of risk management and internal control.*
- (ii) Determining the appropriate level of risk exposure for the Company.*

- (e) **Contracts**
  - (i) *Approval of any contracts not in the ordinary course of business.*
- (f) **Communication**
  - (i) *Approval of all resolutions and related documentation to be put forward to shareholders at a general meeting.*
- (g) **Board membership and appointments**
  - (i) *Board appointments and removals.*
  - (ii) *Selection of the chairman.*
  - (iii) *Membership and chairmanship of Board committees*
  - (iv) *Succession planning for the Board.*
  - (v) *Appointment, reappointment or removal of the external auditor to be put to the shareholders for approval, following the recommendation of the audit committee.*
- (h) **Remuneration**
  - (i) *Determining the remuneration policy for the Executive Directors, following the recommendations of the remuneration committee.*
  - (ii) *Determining the remuneration of the Non-Executive Directors.*
  - (iii) *The introduction of new shares schemes or new long-term incentive schemes or changes to existing schemes.*
- (i) **Delegation of Authority**
  - (i) *Terms of reference for Non-Executive Directors.*
  - (ii) *Approval of terms of reference of Board committees.*
  - (iii) *The schedule of matters reserved for Board decisions.*
- (j) **Corporate Governance**
  - (i) *Conduct of the annual evaluation of Board performance.*
  - (ii) *Determining the independence of directors.*
  - (iii) *Monitoring of corporate governance.*

(k) ***Litigation***

- (i) *Instigating or settling material litigation outside the ordinary course of business.*

(l) ***Other Matters***

- (i) *Any matter that requires the Company to publish results or issue a regulatory announcement.*

## **APPENDIX 2**

### *Terms of Reference for the Audit Committee of Driver Group plc (the “Company”)*

#### **1. Constitution**

*The committee has been established by a resolution of the board of directors of the Company (the “Board”) and is to be known as the Audit Committee (the “Committee”).*

#### **2. Membership**

*2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members. Members of the Committee shall be independent non-executive directors of the Company at least one of whom shall have recent relevant financial experience.*

*2.2 The Chairman of the Committee shall be appointed by the Board and shall not be the Chairman of the Board.*

*2.3 The Committee may at each meeting appoint one of their number to be the Secretary of the Committee.*

*2.4 Each member of the Committee shall disclose to the Committee:*

*(a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or*

*(b) any potential conflict of interest arising from a cross-directorship or otherwise; and*

*any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself/herself from all or part of the meeting of the Committee in question.*

*2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointment to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.*

*2.6 Membership of the Committee shall be noted in the annual directors’ report of the Company.*

#### **3. Attendance at Meetings**

*3.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, Finance Director, other directors, Company Secretary and representatives from the finance function and/or external*

*advisers may be invited to attend all or part of any meeting as and when appropriate but such persons have no right of attendance.*

- 3.2 *A representative of the external auditors shall normally attend meetings. At least once in each year the members of the Committee shall meet the external auditors without the presence of any executive director or other employee of the Company and the Committee shall decide if the executive directors (or any of them) should be present or not at any other meeting attended by the external auditors.*

#### **4. *Proceedings at Meetings***

- 4.1 *A quorum for a meeting of the Committee shall be two members and it is preferable for any quorum to include a member with recent and relevant financial experience. A duly convened meeting of the 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 the Committee.*

- 4.2 *Meetings may be held by telephone.*

- 4.3 *Subject as provided in paragraph 2.4 above, each member of the Committee shall have one vote. In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote (again subject as provided in paragraph 2.4 above). In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.*

#### **5. *Frequency of Meetings***

*Meetings shall be held at least two times in each financial reporting period at the time of the interim and year-end financial statements and at such other times as the Chairman of the Committee shall require. The external auditors may request a meeting if they consider that one is necessary.*

#### **6. *Notice of Meetings***

- 6.1 *Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors (if applicable) if they consider it necessary.*

- 6.2 *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 by the Secretary of the Committee to each member of the Committee, any other person required to attend, the external auditors and all other non-executive directors no later than five working days (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.*

7. **Minutes of Meetings**

7.1 *The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.*

7.2 *The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.*

8. **Annual General Meeting**

*The Chairman of the Committee shall attend the annual general meeting of the Company and be available to answer shareholder questions on the Committee's activities.*

9. **Authority**

9.1 *The Committee is authorised by the Board to investigate and undertake any activity within its terms of reference. It shall have unrestricted access to the auditors, is authorised to seek any information it properly requires from any director, employee or professional adviser of the Company and all directors, employees and professional advisers are directed to co-operate with any request made by the Committee.*

9.2 *The Committee is authorised by the Board to obtain outside legal, accounting or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.*

10. **Duties**

*The duties of the Committee are to:*

(a) *consider the appointment, re-appointment and terms of engagement of the external auditors, the auditors' remuneration and any question of resignation or dismissal of the auditors and to make recommendations to the Board on the same, to be put to shareholders for approval. 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;*

(b) *keep under review and oversee the relationship with the external auditors including (but not limited to):*

(i) *approval of their remuneration, whether fees for audit or non-audit services should be paid and that the level of fees is appropriate to enable an adequate 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) *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);*
- (iv) *the nature and extent of non-audit services supplied by the auditors (where they supply a substantial volume of such services to the Company), seeking to balance the maintenance of objectivity and value for money;*
- (v) *develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;*
- (vi) *discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards, if applicable;*
- (vii) *ensuring that the external auditors report in a timely manner to the Committee on:*
  - (A) *all accounting policies and practices used or to be used;*
  - (B) *all alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and*
  - (C) *all other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;*
- (viii) *ensuring that procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;*
- (ix) *monitoring the external auditor's compliance with 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;*
- (x) *the co-ordination with the activities of the internal audit function, if applicable;*

- (xi) *review the findings of the audit with the external auditor. This shall include but not be limited to, the following:*

  - (A) *a discussion of any major issues which arose during the audit;*
  - (B) *any accounting and audit judgements; and*
  - (C) *levels of errors identified during the audit;*
- (xii) *assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and*
- (xiii) *reviewing the effectiveness of the audit;*
- (b) *report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities;*
- (c) *make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;*
- (d) *monitor and review, in discussion with the auditors, the integrity of the financial statements, including the half-year financial statements and annual accounts and reports to shareholders and any other public announcement concerning the Company's financial position which has not previously been reviewed by the Board or a committee of the Board before submission to the Board;*
- (e) *keep under review the consistency of accounting policies both on a year-to-year basis and across the Company;*
- (f) *discuss problems, reservations and recommendations arising from audits and any matters the external auditors may wish to discuss (in the absence of executive directors and other management, where necessary);*
- (g) *review any representation letter(s) requested by the external auditors before they are signed by management and the external auditors' management letter and response;*
- (h) *monitor and review the internal audit programme (or where there is no internal audit function, consider annually whether there is a need for an internal audit function and make recommendations to the Board), ensure co-ordination between the internal and external auditors, and ensure that the internal audit function, if applicable, is adequately resourced and has appropriate standing within the Group;*
- (i) *keep under review and challenge where necessary the effectiveness and adequacy of the Company's internal financial controls, and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the*

*Board itself, to review the Company's internal control and risk management systems;*

- (j) review the effectiveness of the Company's internal control system and to review any statement on internal control and risk management to be included in the directors' report before submission to the Board for its approval;*
- (k) review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action;*
- (l) review the Company's procedures for detecting fraud;*
- (m) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;*
- (n) consider the major findings of internal investigations and management's response;*
- (o) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;*
- (p) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and*
- (q) consider other topics, as requested by the Board.*

## **11. The Committee**

- 11.1 The Committee shall, 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.*
- 11.2 The Committee shall make available its terms of reference for inspection at the registered office of the Company.*

## **12. General**

- 12.1 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.*
- 12.2 Any of the terms set out in this document may be varied by a majority resolution of the Board.*

## **APPENDIX 3**

### *Terms of Reference for the Remuneration Committee of Driver Group plc (the “Company”)*

#### **1. Constitution**

*The committee has been established by resolution of the board of directors of the Company (the “Board”) and is to be known as the Remuneration Committee (the “Committee”).*

#### **2. Membership**

*2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members. All members of the Committee shall be independent non-executive directors of the Company.*

*2.2 The Chairman of the Committee shall be an independent non-executive director who shall be appointed by the Board.*

*2.3 The Committee may at each meeting appoint one of their number to be the Secretary of the Committee.*

*2.4 Each member of the Committee shall disclose to the Committee:*

*(a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or*

*(b) any potential conflict of interest arising from a cross-directorship or otherwise; and*

*any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself/herself from all or part of the meeting of the Committee in question.*

*2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.*

*2.6 Membership of the Committee shall be noted in the annual directors’ report of the Company.*

#### **3. Attendance at Meetings**

*3.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Finance Director, Chief Executive Officer, any other member of the Board and external advisers may be invited to attend for all or part of any meeting as and when appropriate, but such persons have no right of attendance.*

3.2 *No member of the Board shall participate at a meeting of the Committee (or during the relevant part) at which any part of his/her remuneration (including his/her options) is being discussed or participate in any recommendation or decision concerning his/her remuneration (including his/her options).*

4. ***Proceedings at Meetings***

4.1 *A quorum for a meeting of the Committee shall be two members. A duly convened meeting of the 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 the Committee.*

4.2 *Meetings may be held by telephone.*

4.3 *Subject as provided in paragraphs 2.4 and 3.2, each member of the Committee shall have one vote. In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote (again subject as provided in paragraphs 2.4 and 3.2 above). In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.*

5. ***Frequency of Meetings***

*Meetings shall be held not less than twice a year and at such other times as the Chairman of the Committee shall require. The chairman of the Board may request a meeting if he/she reasonably considers that one is necessary.*

6. ***Notice of Meetings***

6.1 *Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.*

6.2 *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 by the Secretary of the Committee to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.*

7. ***Minutes of a Meetings***

7.1 *The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.*

7.2 *The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.*

8. ***Annual General Meeting***

*The Chairman of the Committee shall attend the annual general meeting of the Company and be available to respond to any shareholder questions on the Committee's activities.*

**9. Authority**

*9.1 The Committee is authorised by the Board to investigate and undertake any matter within its terms of reference. It is authorised to seek any information it properly requires from any director, employee or professional adviser and all directors, employees and professional advisers are directed to co-operate with any requests made by the Committee.*

*9.2 The Committee is authorised by the Board to obtain outside legal, accounting or other professional advice and the advice of independent remuneration consultants and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the chairman of the Board. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.*

**10. Purpose**

*The purpose of the Committee is to:*

- (a) ensure that the executive directors and other key employees of the Company (together, "Executives") are fairly rewarded for their individual contribution to the overall performance of the Company; and*
- (b) demonstrate to the shareholders of the Company that the remuneration of the Executives are set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of shareholders of the Company.*

**11. Duties**

*The duties of the Committee are:*

- (a) to determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, the Finance Director, the Chief Operating Officer, the Chairman of the Board (where executive), and other Executives as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;*
- (b) in determining such policy, to take into account all factors which it deems necessary. The objective of such policy shall be to ensure that Executives 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;*

- (c) *to provide the packages needed to attract, retain and motivate Executives of the quality required (but avoid paying more than is necessary for this purpose) and to co-ordinate closely with the Company's nomination committee (if any) in relation to the remuneration to be offered to any new Executive;*
- (d) *within the terms of the agreed policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive director and other senior Executives including bonuses, incentive payments and share options or other share awards;*
- (e) *approve the design of, and determine targets for, basic salary and fees, any performance related pay schemes, discretionary payments including compensation payments, pension contributions, benefits in kind and all forms of long term incentive schemes operated by the Company and approve the total annual payments made under such schemes;*
- (f) *to consider whether the Executives should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;*
- (g) *to consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;*
- (h) *to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company's group, especially when determining annual salary increases;*
- (i) *to approve the terms of any service agreement to be entered into with any Executive, bearing in mind that the performance-related elements of remuneration should be designed to align their interests with those of the shareholders of the Company;*
- (j) *review the ongoing appropriateness and relevance of the remuneration policy;*
- (k) *review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount, timing, exercise price and conditions of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used and to consider whether the Executives should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive schemes;*
- (l) *to approve any amendments to be made to the rules of the share options schemes or the adoption of a new replacement scheme of the Company or its subsidiaries;*
- (m) *determine the policy for, and scope of, pension arrangements for each Executive director and other senior Executives and to consider the pension consequences*

*and associated costs to the Company of basic salary increases and other changes in remuneration, especially for Executives close to retirement;*

- (n) 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;*
- (o) to consider and determine what compensation commitments (including pension contributions) the Executives' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;*
- (p) in early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The Committee should ensure that poor performance is not rewarded, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing Executives' obligations to mitigate loss;*
- (q) in determining such packages and arrangements, give due regard to any relevant legal requirements, including the provisions and recommendations in the QCA Corporate Governance Code and associated guidance and any published guidelines regarding the remuneration of directors of companies whose shares are traded on AIM (as applicable);*
- (r) oversee any major changes in employee benefits structures throughout the Company or group;*
- (s) ensure that all provisions regarding disclosure of remuneration packages, structures, policy, including pensions are fulfilled;*
- (t) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;*
- (u) make available the Committee's terms of reference for inspection at the registered office of the Company which should set out the Committee's delegated responsibilities and be reviewed and, where necessary, updated annually; and*
- (v) to consider other matters as referred to the Committee by the Board.*

## **12. Exclusions**

*The remuneration of the Company's non-executive directors (including the Chairman of the Board if a non-executive) shall be a matter for the Company's executive directors. Further, no director or manager of the Company shall be involved in any decisions as to their own remuneration.*

13. **The Committee**

- 13.1 *The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.*
- 13.2 *The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.*
- 13.3 *The Committee shall, 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.*

14. **Reporting Procedures**

- 14.1 *The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.*
- 14.2 *The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.*

15. **General**

- 15.1 *The recommendations of the Committee minutes must be approved by the Board before they can be implemented.*
- 15.2 *Any of the terms set out in this document may be varied by a majority resolution of the Board.*