

THE CHARACTER GROUP PLC

CORPORATE GOVERNANCE AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS

TERMS OF REFERENCE

1. Constitution

The Committee was constituted at a full meeting of the Board of directors of the Company (the "**Board**") held on 21 September 2018 in accordance with the articles of association of the Company.

2. Membership

2.1 The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than two members. At the date of formation of the Committee, it has been agreed that the members of the committee will be Richard King, David Harris and Clive Crouch.

2.2 A quorum shall be two members.

2.3 The Chair of the Committee shall be the Chair of the Board.

3. Attendance at meetings

3.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as otherwise requested.

3.2 Only members of the Committee have the right to attend Committee meetings but other directors and persons and external advisers may be invited to attend all or part of any meeting as and when appropriate.

3.3 The company secretary or his or her nominee shall be the secretary of the Committee.

4. Voting arrangements

4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

4.3 Save where he has a personal interest, the Chair will have a casting vote.

5. Notice of meetings

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and other attendees (as appropriate) at the same time.

6. Authority

The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

7. Duties and terms of reference

7.1 *Leadership and strategy*

The Committee shall:

- (a) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued effective functioning of the Board;
- (b) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (c) review the results of the Board performance evaluation process that relate to the composition of the Board; and
- (d) work and liaise as necessary with other Board committees.

7.2 *Governance Rules*

The Committee shall also

- (a) Establish appropriate structures and procedures with respect to corporate governance consistent with the QCA Code Corporate Governance Code 2018 (the "**QCA Code**") and recommend the same for approval by the Board.
- (b) Monitor the evolution and implementation of corporate governance practices and provide advice and recommendations with respect to the consistency of the Company's practices with published guidelines.

- (c) Prepare the annual declaration of corporate governance practices which is communicated to the shareholders in accordance with the QCA Code.

7.3 *Succession and planning*

The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chair, managing director and senior independent director;
- (b) membership of the Audit, Remuneration and Nominations Committees, and any other Board committees as appropriate, in consultation with the Chairs of those committees;
- (c) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

7.4 *Board of Directors*

The Committee shall also

- (a) Review periodically the terms of reference of the Board and its committees in addition to the mandates of the Chair of the Board and the managing director.
- (b) Develop and review the procedures to periodically evaluate the performance of the Board and its committees.

7.5 *Policies*

- (a) Review the policies related to:
 - good governance of the Company;
 - insider trading and use of privileged information;
 - modern slavery;
 - bribery and anti-corruption
 - other matters for which policies are prescribed by the Company from time to time,

and take all reasonable measures to ensure that such policies are provided to each member of the Board and ensure appropriate communication thereof to all applicable personnel of and contractors to the Company.

- (b) Establish orientation programs and continuing education for the members of the Board.

7.6 *Responsibilities and duties with respect to risk management*

In fulfilling its mandate with respect to risk management, the Committee shall notably:

- (a) Oversee the development of an appropriate risk management policy framework by the Board in implementing appropriate risk management practices throughout the Company's operations, practices and systems.
- (b) Periodically review the effectiveness and suitability of the risk management system including Health, Safety and Environment risks and management systems and compliance with all applicable regulations and legislation.
- (c) Periodically review the effectiveness and suitability of the risk management system including Health, Safety and Environment risks and management systems and compliance with all applicable regulations and legislation.
- (d) Ensure that the management of the Company with the Board's assistance (as required) establish a risk aware culture which reflects the Company's risk policies and philosophies.

7.7 *Other matters*

To consider such other matters as may be requested by the Board.

8. Reporting

- 8.1 The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted by the Company Secretary. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board unless it would be inappropriate to do so.
- 8.2 The Chair of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.4 The Committee shall produce a report to be included in the Company's annual report about its activities. The report should include a statement of its progress on achieving its objectives.

9. General matters

- 9.1 The Chair of the Committee should make himself available at each annual general meeting of the Company to answer questions concerning the Committee's work.
- 9.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its 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.

- 9.3 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.

21 September 2018