

Corporate Governance Code

Maldives Tourism Development Corporation

1. BOARD ISSUES

1.1 Effective Board

- (a) MTDC will be headed by an effective Board of Directors which is accountable to the shareholders and, as the circumstances may require, to other stakeholders, including creditors and employees, of the company.
- (b) The MTDC Board is collectively responsible for promoting the success of the company by directing and supervising the company's affairs.
- (c) Each director must be well-qualified to carry out his duties. Such qualifications can be shown through relevant prior experience. The following basic qualifications and professional competencies must be exhibited in the directors:
 - (i) Integrity in personal and professional dealings.
 - (ii) Wisdom and ability to take appropriate decisions.
 - (iii) Ability to read and understand financial statements.
 - (iv) An acknowledged record of business acumen and achievement so as to effectively contribute to the company's management.
 - (iv) Ability to deal with others with a sense of responsibility, firmness, and cooperation.
 - (v) Ability to interact with and consult with the company's employees in order to achieve high management standards.
 - (vii) A track record of a range of skills and experience as well as the ability to think strategically and with foresight.
 - (viii) Ability to disclose financial and none financial information
 - (ix) Ability to publish high quality annual reports
 - (x) Ability to formalize and distribute relevant policies and procedures to staff
- (d) Each director of MTDC must be able and prepared to devote sufficient time and effort to his/her duties as a director. To ensure a director has sufficient time to undertake his or her duties, an individual director should not hold directorships in more than three (3) Boards of public listed companies.
- (e) Each director should add value to the Board and, whether or not an independent director, bring an independent and objective judgment to bear on their duties and decision making.
- (f) Each director must disclose any conflict of interests he may face and abstain from any decision making process where he is so conflicted.
- (g) No term limit will be set for directors. However, given the time and effort that directors Are expected to spend in executing their duties as directors of a listed company, it is strongly recommended that directors do not continue as directors for more than a maximum of six(6) years. In this regard, one third of the Board is required to retire

once every two years to ensure some degree of continuity whilst ensuring that the Board is adequately refreshed.

- (h) To ensure that the Board is effective, any quorum for Board meetings will comprise a majority of non-executive and / or independent directors.

1.2 Composition of the Board

- (a) The size of the Board should be large enough to include directors with diverse expertise and experience to suit the specific requirements of the company and its business.
- (b) To ensure active, unbiased and diverse advice is brought to the company, the Board must have a mix of executive, non-executive and independent directors.
- (c) At least half the Board must comprise of non-executive directors, with a majority of such non-executive directors being independent directors.
- (d) At least two members of the Board will be executive directors. One such director will always be the Chief Executive Officer ('CEO') / Managing Director (MD) and the others will be appointed with the consensus of the Board
- (e) The board will review its size and composition every year. However the matter can and will be addressed sooner if the need arises.
- (f) The following definitions apply for the purposes of this Code:
 - i. **'Executive Directors'** are persons who are appointed to the Board and concurrently hold a senior management position in the company, and for the avoidance of doubt includes the CEO / MD or the General Manager. For the avoidance of doubts, the CEO refers to a person who performs the functions of chief executive of the company, by whatever name called, and typically includes the general manager and managing director.
 - ii. **'Independent Directors'** are persons who are appointed to the Board and (the relationships set out below are not intended to be exhaustive):
 - have not, or their immediate family members have not, during the last one (1) year had any substantial financial dealings, including the receipt of remuneration, commissions, professional fees, payment for goods and services, etc with the company.
 - iii. **'Non-Executive Directors'** are persons who are appointed to the Board and who are not currently employed by the company, but who, either because they do not qualify to be an independent director or otherwise, cannot be considered an independent director.
 - iv. An **'immediate family member'** means the spouse and children of the particular director.

1.3 Nomination Of New / Re-election Of Existing Board Members

- (a) The Nominating and Remuneration Committee will identify suitable candidates for Board appointments or reappointments and make recommendations to the Board.
- (b) When nominating new directors, the Nominating Committee must consider the mix of directors' characteristics, experiences, diverse perspectives and skills that is most appropriate for the company.
- (c) Shareholders will have an opportunity to nominate Board candidates, with at least 21 days notice provided to shareholders to allow them to make their nominations. Any shareholder nomination will be reviewed by the Nominating Committee in accordance with the criteria set out in the preceding Paragraph (b).
- (d) All candidates seeking to be a director must submit the following information to the Nominating Committee:
 - i. Education,
 - ii. Experience,
 - iii. Current directorships,
 - iv. Any interests in the company, and
 - v. In the case of independent and non-executive directors, any other affiliation that may affect the director's ability to make independent and impartial decisions.
- (e) The Board will release the information provided in the preceding sub-paragraph (d) Submitted by the candidates to all shareholders. This information will assist in comparing director candidates and identifying the most suitable person, as well as enable shareholders to make informed decisions

1.4 Separation of Chairman and CEO

- (a) The Chairman and CEO/MD of MTDC will be separate persons, to ensure an appropriate balance of power and increased accountability.
- (b) MTDC will disclose the relationship between the Chairman and CEO/MD where they are related to each other.
- (c) The Chairman must meet the criteria for independent directors given above (1.2, f, ii).
- (d) The division of responsibilities between the Chairman and CEO/MD must be clearly established and set out in writing by the Board.

1.5 Role of the Board, Chairman and Chief Executive Officer

- (a) The Board's role is to:
 - i. Provide entrepreneurial leadership, set strategic aims, provide direction to the Management, and ensure that the necessary financial and Human resources are in place for the company to meet its Objectives;
 - ii. Ensure that a framework of prudent and effective internal controls which Enables risk to be assessed and managed is established, and monitor and assess the effectiveness of such internal controls established;

- iii. Review Management performance and determine its remuneration; and
 - iv. Set the company's values and standards, and ensure that obligations to Shareholders and other stakeholders are understood and met.
- (b) The Board must always act in the best interests of the company and shareholders As a whole.
- (c) If authority to make decisions on certain board matters is delegated by the Board To any Board Committee or to Management, such delegation should be disclosed.
- (d) The non-executive and independent directors' role include the following:
- i. Review all relevant Board papers to acquire a thorough understanding of the company's business and Management's performance;
 - ii. Constructively challenge the company's business directions and management's performance as may be necessary;
 - iii. Develop proposals on long term strategy for the company; and
 - iv. Review the performance of Management in meeting agreed goals and Objectives and monitor the reporting of performance.
- (f) The Chairman's role includes the following as set out:
- i. Lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
 - ii. Ensure that the directors receive accurate, timely and clear information;
 - iii. Encourage constructive relations between the Board and Management;
 - iv. Facilitate the effective contribution of non-executive directors in particular during and outside of Board meetings;
 - v. Encourage constructive relations between executive directors and non-executive directors;
 - vi. Not to unilaterally issue policies without consulting with the Board as a Whole with full frank and discussions being completed, and
 - vii. Ensure effective communication with shareholders;
 - viii. Promote high standards of corporate governance.

1.6 Duties of the Board as a Whole

- (a) The Board of Directors must define its role and job responsibilities. The following include The major responsibilities of the board:
- i. Serve the legitimate interests of the shareholders.

- ii. Ensure that the company complies with all relevant laws and regulations, Including the Code of Corporate Governance, Code of Ethics/ Conduct and other codes of best business practice.
 - iii. Ensure that technology and information systems used in the company are sufficient to operate the company effectively with strong Internal control systems, data security and maintain competitiveness.
 - iv. Establish commercial and financial policies, and ensure the major investments needed to achieve the company's objectives and increase the value of shareholders' equity.
 - v. Adopt internal procedures and regulations for the conduct of the company's affairs.
 - vi. Determine the Management's powers and responsibilities and monitor their performance.
 - vii. Adopt a disclosure policy for the company and the Board, and ensure its follow-up and implementation as required by law.
 - viii. Review the company's performance.
 - ix. Form committees as required, provided that any sub-committee formed has clearly defined tasks, rights, and obligations.
 - x. Evaluate the performance and work of the Board and its committees.
 - xi. Appoint the CEO/MD and key employees of the company.
 - xii. Seek to upgrade the level of proficiency and skills of the Board members through inductions and regular formal training.
 - xiii. Adopt the annual and interim financial statements, recognizing that the final responsibility for the preparation of proper accounts is not able to be delegated and lies with the Board, not the external auditors.
 - xiv. Ensure that the annual report submitted by the Board of Directors contains a statement confirming that the company is able to carry on its activities, implement its proposed plans and achieve its forecast results.
 - xv. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly
- (b) The Board must meet regularly and as warranted by particular circumstances, as deemed appropriate by the Board members.
 - (c) The non-executive and independent directors must meet at least once a year without the presence of Management and the executive directors.
 - (d) The number of Board and Board committee meetings held in the year, as well as the attendance of every board member at these meetings, must be disclosed in the company's annual report.

1.7 Training

- (a) MTDC recognizes that a directorship is a professional appointment and therefore they will be provided with opportunities and funds for training of individual directors and the development of the Board.
- (b) New directors must attend a corporate governance orientation or training on the law, accounting rules and other business matters, offered by a reputed institution or trainer following their appointment every year in April / May
- (c) On a continuing basis, and in any event at least once a year, the Board must go through a refresher course on the latest developments in relevant laws, accounting and tax matters.

1.8 Board Committees

(a) Nominating Committee

i. Establishment

MTDC will establish a Nominating Committee to make recommendations to the Board and to the shareholders on all Board appointments after evaluating the skills, knowledge and experience of the directors whose candidacy are being considered for the Board position.

ii. Composition

The Nominating Committee must comprise of at least three (3) directors, all of whom must be non-executive, and a majority of such non-executive directors, including the Chairman, must be independent.

Due to the fact there are insufficient directors, the Remuneration Committee and the Nomination Committee comprises the same members. Reasons for this will be disclosed in the Annual Report.

iii. Procedure For Review

The Nominating Committee will review annually whether the constitution of the Board remains appropriate, and whether all directors are spending sufficient time to fulfill their duties. If the non-executive directors are offered appointments elsewhere, the chairman of the Nomination Committee must be informed before any new appointments are accepted and the Board should subsequently be informed of any potential conflicts.

iv. Terms Of Reference

The Board will provide clear terms of reference to the Nominating Committee in respect of the frequency, length and agenda of committee meetings.

v. Disclosure

The Nominating Committee must issue a statement in the company's annual report detailing its activities and the process it has used to nominate appointments to the Board.

(b) Remuneration Committee

i. Establishment

The Board must set up a Remuneration Committee to recommend remuneration packages for each director and the CEO/MD. As mentioned above the Remuneration committee and the Nominations Committee comprises the same members.

ii. Composition

The Remuneration Committee must comprise of at least three (3) directors, all of whom must be non-executive, and majority of whom, including the Chairman, must be independent. Where there are insufficient directors or if the company deems it appropriate, the Nominating and Remuneration Committee can be combined as one committee. Since the Nominating and Remuneration Committee are combined into one, the reasons for this will be disclosed in the annual report.

iii. Remuneration Packages

The Remuneration Committee will establish remuneration packages which are sufficient to attract, retain and motivate directors to run the company successfully, but without paying more than is necessary. The level of remuneration must strike a balance between the interests of the company and its shareholders. See further the principles under Remuneration Matters

iv. Terms Of Reference

The Board will provide clear terms of reference to the Remuneration Committee in respect of the frequency, length and agenda of committee meetings.

v. Disclosure

The following disclosures will be made by the Remuneration Committee in the company's annual report:

- All elements of the remuneration package of all the directors, the CEO/MD and key top management;
- Details of fixed component and performance-linked incentives;
- Service contracts, notice period, severance fees;
- Stock options.

(c) Audit Committee

i. Establishment

The Board must establish an Audit Committee.

ii. Composition

The Audit Committee will comprise of at least three (3) directors, all of whom must be nonexecutive, and majority of whom, including the Chairman, must be independent.

iii. Qualification

The Board will ensure that the members of the Audit Committee are duly qualified with at least two (2) members with accounting or related financial expertise or experience.

iv. Frequency of Meetings

Audit committee must meet at least once every quarter to monitor internal and external audits, with one meeting necessary before finalization of annual accounts.

v. Role of the Committee and Terms of Reference

The role and responsibilities of the Audit Committee includes:

- To review effectiveness of company's internal risk controls and risk management systems;
- To monitor the integrity of annual and interim financial statements of the company, the clarity of disclosure and the context in which statements are made;
- To review and challenge where necessary the consistency of, and any changes to, accounting policies;
- To investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- To review the internal and external audit functions; and
- To evaluate the independence and effectiveness of the work of the external auditors.

vi. Disclosure

The Audit Committee must prepare reports on all meetings for the Board, and make a report in the company's annual report for the benefit of all the shareholders.

2. REMUNERATION MATTERS

2.1 Remuneration Policy

- (a) There must be a formal and transparent procedure for developing policy on executive remuneration and for fixing the structure and the amount of the remuneration packages of individual directors. No director must be involved in deciding his own remuneration.
- (b) The Remuneration Committee must provide the packages needed to attract, retain and motivate executive directors of the quality required but must avoid paying more than is necessary for this purpose.
- (c) The performance-related elements of remuneration must form a significant proportion of the total remuneration package of executive directors and must be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.
- (c) The levels of remuneration for non-executive directors must reflect the time commitment and responsibilities of the role.
- (e) The Remuneration Committee must be aware of what comparable companies are paying and should take account of relative performance

2.2 Evaluation of Board Performance

- (a) There must be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.
- (b) The Board must evaluate its own performance, both collectively and individually including the performance of the chairman, at least once a year, to ensure it is operating effectively and adjust its constitution and policies accordingly. The exact process of evaluation can be determined by the Nominating Committee and or the Remuneration Committee.
- (c) The Board may use an independent consultant to conduct an external evaluation of the Board and its performance, which independent consultant shall make recommendations based on its evaluation.
- (d) The Board must also conduct a formal, rigorous and transparent evaluation of the performance of the CEO/MD and the key top Management based on the company's performance and their success in meeting personal development and leadership plans.

2.3 Board Remuneration Disclosure

- (a) MTDC must provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration for the Board and top Management in the company's annual report.
- (b) The company must provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.
- (c) The company will report to the shareholders each year in the annual report on the global remuneration of directors and top Management (who are not also directors) of the company. However MTDC may choose to disclose the individual salaries of its directors and its top Management.

3. MANAGEMENT MATTERS

3.1 Constitution

The Management of MTDC must comprise the CEO/MD, executive directors and the key Managers of the company, involved in the day-to-day activities of the company.

3.2 Roles & Responsibilities of Management

- (a) The Board must clarify the roles and responsibilities of senior management in order to facilitate Board and Management accountability to both the company and its shareholders.
- (b) The Board must ensure that the Management is responsible for implementing the principles of corporate governance provided under this Code, as framed by the Board.
- (c) The Board must ensure that the Management maintains a sound system of internal control to safeguard the shareholders' investments and the company's assets.

(d) The Board must ensure that there is a procedure in place that requires all managers of the company to disclose to the Board all situations of conflict of interests immediately upon such a conflict arising, whether potential or real.

3.3 Access to Information

(a) Disclosures must be made by the Management to the Board relating to all material, financial and commercial transactions, where they have a personal interest, that they may have a potential conflict with the interests of the Company at large.

(b) The Board may invite Management and such others as appropriate persons to board meetings, as required, providing information deemed appropriate or necessary in order to effectively deliberate on decisions and perform its duties.

(c) The Board can obtain, at the company's expense, outside legal or other professional advice on any matter deemed necessary for it to effectively perform its duties.

4. AUDIT, EXTERNAL AUDITORS AND INTERNAL CONTROL

4.1 Internal Audit

(a) MTDC must have an internal audit function within the company.

(b) The Audit Committee must approve the appointment and removal of the internal auditor.

(c) The internal audit department must have a broad scope of work to investigate all levels of the organization and be independent from Management, with direct access to the Board of Directors and the Audit Committee.

(d) The Audit Committee must monitor and review the effectiveness of the internal audit activities, including reviewing all internal audit reports and plans and monitoring management's responsiveness, and ensure that it is adequately resourced.

(e) The Audit Committee must at least annually, ensure the adequacy of the internal audit function

(f) The internal auditor's primary line of reporting will be to the chairman of the Audit Committee although the internal auditor can also report administratively to the CEO/MD.

4.2 External Auditors

(a) The Audit Committee must have primary responsibility for making recommendations on the appointment, re-appointment and removal of the external auditors and approving the remuneration and the terms of engagement of the external auditors, bearing in mind their qualifications, expertise, resources and the effectiveness of the external audit.

(b) The appointment of the external auditors must be affirmed by the shareholders at the Annual General Meeting.

(c) External auditors must be independent, well-qualified to carry out their duties, and free of conflicts of interests. Audit firms must not be engaged in accounting or non-audit consulting in enterprises in which they have been appointed as the statutory auditors.

- (d) The Auditors must not hold shares in MTDC. If the auditors hold shares, the shareholding amount should be disclosed.
- (e) The Audit Committee must review the independence and objectivity of the external auditors annually.
- (f) The Audit Committee must review and approve the annual audit plan; meet regularly with the external auditor external audit partners should be rotated every five (5) years.

4.3 Internal Controls

- (a) The Board must ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.
- (b) The Audit Committee must, at least annually, review the adequacy of the company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management (collectively 'internal controls').
- (c) The Board must comment on the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems in the company's annual report.

5. COMPANY SECRETARY

- 5.1 MTDC must employ a qualified Company Secretary to perform all compliance actions of the company.
- 5.2 The Company Secretary must advise Management and the Board on their responsibilities and liability with regard to legal and regulatory requirements and compliance with this Code.
- 5.3 The Company Secretary must keep an annual record of the company's compliance / non-compliance with this Code and all other relevant laws, and in the event of non-compliance an explanation should be sought for the record from the Board.
- 5.4 In the event that the Board cannot justify the cost of a full time in-house Company Secretary, the functions may be performed by external advisers provided that these advisers are not also the auditor, company lawyer, or other adviser to the board.

6. SHAREHOLDER RIGHTS

- 6.1 A primary concern is that shareholders do not know or understand their rights and Responsibilities. To address this problem, MTDC must make an effort to educate their shareholders as to their rights and responsibilities.

6.2 Shareholder Communications

- (a) Engage in regular, effective and fair communication with shareholders at general meetings or through other means.
- (b) Regularly convey pertinent information, gather views or inputs, and address shareholders' concerns. In disclosing information, MTDC should be as descriptive, detailed and forthcoming as possible.

(c) Disclose information equally to all shareholders. Where there is inadvertent disclosure made to a selected group, MTDC must make the same disclosure publicly to all others as soon as practicable.

6.3 General Meetings

- (a) The general meetings, in particular the Annual General Meeting, is the main means of communication between shareholders, Management and the Board.
- (b) MTDC will encourage greater shareholder participation at annual general meetings by requiring shareholder attendance, and allow shareholders the opportunity to communicate their views on various matters affecting the company.
- (c) Shareholders will be well-informed regarding general meetings through issue of notices and the meeting will be organized in a manner that allows for maximum shareholder participation, subject to reasonable limitations, and equitable treatment of shareholders.
- (d) The notice of the Annual General Meeting will include information about the agenda items to be discussed, including a description of auditor candidates, director candidates, and the text of proposed resolutions. The information provided about the agenda items for any general meeting will be detailed enough to allow shareholders to make an informed decision. The agenda will be presented in the order items will be addressed in the meeting.
- (e) The outcome and proceedings of general meetings will be recorded and be verifiable.
- (f) The chairpersons of the Audit, Nomination and Remuneration Committees must be present and available to address questions at general meetings. The external auditors must also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

6.4 Voting Rights

- (a) Voting rights and procedures must be clearly explained and communicated to shareholders so they may fully assert their rights in general meetings.
- (b) In establishing the voting procedures and rights, the principle of one share, one vote must be the guide. Within a class of shares, all shareholders must have the same voting rights. Information regarding the voting rights of all classes of shares must be available to potential shareholders. voting by shareholders, proxy voting rules must be simple and easy to follow.
- (d) Shareholders may also be allowed to vote in absentia. In this regard, MTDC must make the appropriate provisions in the Articles of Association to allow for absentia voting methods such as by mail, email, fax, and at banks or such other suitable official premises situated on the various Islands etc., if the shareholders so consent.
- (e) There will be separate resolutions at general meetings on each substantially separate issue. MTDC will avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are 'bundled', MTDC will explain the reasons and material implications.

7. DISCLOSURE

7.1 MTDC will ensure that it issues an annual report that complies with the provisions of the Companies Act and the Listing Manual and explain how the Company has achieved compliance with the provisions of this Code. Where there has been no compliance, MTDC will explain why the compliance could not be achieved. The format for such disclosure is contained in Annex 1 to this Code.

7.2 Financial Statements

- (a) MTDC will ensure that the financial statements and accounts conform to international standards and thus, strive to have the financial statements and accounts audited to conform with full International Accounting Standards ('IAS').
- (b) The Balance Sheet and Profit and Loss Statement will be reviewed and signed off by the Chairman of the Board, CEO/MD, and the CFO to certify that the accounts reflect a true and fair picture of MTDC, and that there are no post balance sheet events or off-balance sheet items, the non-disclosure of which can affect the ability of the users of the financial statements to evaluate the company or make decisions.

7.3 Non-Financial Statements

- (a) MTDC will ensure that all current or potential conflicts of interests and interested third party transactions by the directors or the management are disclosed in the annual report.
- (b) MTDC will report to the shareholders each year on the remuneration of directors and the key executives (who are not also directors) of the company. This annual remuneration report will form part of, or be annexed to the company's annual report of its directors.

VOLUNTARY PROVISIONS

8. SYSTEM TO RAISE CONCERNS

8.1 The Board will introduce a system of ensuring that an appropriate process is put in place to enable employees or Management to raise any concerns that they have, whether on a confidential basis or otherwise, of any non-compliance or fraud or other misdemeanor within the company

8.2 All employees will be made aware of the system for raising concerns that has been implemented. All employees will also be given the assurance that they will not be in any way penalized for raising the concern.

8.3 When MTDC implements a system for raising concerns, this must be disclosed in the annual report.

9. INVESTORS AND MEDIA RELATIONSHIPS

9.1 MTDC will:

- (a) Promote development of a strong financial press by disclosing information, and preparing short objective articles and editorials defining the concept of good corporate governance for publication in the business media.
- (b) Encourage the media to publicize corporate governance reforms by providing success

stories from regional and national business associations and others in the business network to identify companies that practice good corporate governance.

- (c) Incorporate the principles of good governance into the agenda of the media seminars or workshops held regularly by institutes and associations.

9.2 MTDC will endeavor to issue a quarterly newsletter providing brief information to its shareholders and other interested parties about the financial status of the Company, the recent non-confidential business undertakings of the Company, its state of compliance with relevant law and regulations, and any other matter that the Company believes would be of interest to its shareholders.

10. INDIVIDUAL BOARD MEMBER REMUNERATION DISCLOSURE

MTDC will report to the shareholders each year in the annual report the individual salaries of its directors and its top Management.

Annex 1 - Format For Disclosure

(a) MTDC will ensure that their annual reports contain a corporate governance section where they will disclose whether they have adhered to the principles and guidelines of the Code, and in the event that there has been no adherence, then specify each area of non-compliance.

(b) The annual report will record:

- i. A statement of how the Board operates, including a statement of which types of decisions are to be taken by the Board and which are to be delegated to management;

- ii. Details of all board members and key senior managers and their brief CVs;

- iii. The names of the Chairman, the CEO/MD, the senior independent directors and the chairmen and members of the nomination, audit and remuneration committees;

- iv. The number of meetings of the Board and the committees and individual attendance by directors;

- v. The names of the non-executive directors whom the Board determines to be independent, with reasons where necessary the other significant commitments of the Chairman and any changes to them during the year;

- vi. How performance evaluation of the Board, its committees and its directors has been conducted; and

- vii. The steps the Board has taken to ensure that members of the Board, and in particular, the non-executive directors, develop an understanding of the views of major shareholders about their Company.

(c) The report will also include:

- i. A separate section describing the work of the nomination committee, including the process it has used in relation to Board appointments and an explanation if neither

external search consultancy nor open advertising has been used in the appointment of a Chairman or a non-executive director;

ii. A description of the work of the remuneration committee including, where an executive director serves as a non-executive director elsewhere, whether or not the director will retain such earnings and, if so, what is the remuneration;

iii. An explanation from the directors of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities;

iv. A statement from the directors that the business is a going concern, with supporting assumptions or qualifications as necessary;

v. A report that the Board has conducted a review of the effectiveness of the Company's system of internal controls;

vi. A separate section describing the work of the audit committee in discharging its responsibilities and how the efficacies of internal controls are validated;

vii. Where there is no internal audit function, the reasons for the absence of such a function;

viii. Where the Board does not accept the audit committee's recommendation on the appointment, re-appointment or removal of an external auditor, a statement from the audit committee explaining the recommendation and the reasons why the Board has taken a different position; and

ix. An explanation of how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.