

Staffline

Group PLC

Governance

Introduction

Staffline Group plc (the "**Company**") is an AIM listed company and is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value.

Therefore, and in compliance with the updated AIM Rules for Companies, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "**QCA Code**"). Staffline Group plc, being a UK registered and traded company, is subject to The City Code on Takeovers and Mergers.

Accordingly, the Company has established specific committees and implemented certain policies, to ensure that:

1. it is led by an effective board which is collectively responsible for the long-term success of the Company;
2. the board and the committees have the appropriate balance of skills, experience, independence, and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
3. the board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with the Company's auditors; and
4. there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the Company has adopted policies in relation to:

1. anti-corruption and bribery;
2. whistleblowing;
3. health and safety;
4. environment and community;
5. IT, communications and systems; and
6. social media,

so that all aspects of the Company are run in a robust and responsible way.

Corporate Governance Disclosures

In order to achieve its objectives, the board adopts the ten principles of the QCA Code. The ten principles are:

Principal	Disclosure
Establish a strategy and business model which promotes long-term value for shareholders.	See “Our Strategy, Vision and Values” and “Managing Our Risk” sections of the Company’s Annual Report for the year ended 31 December 2017.
Seek to understand and meet shareholder needs and expectations.	See Relations with shareholders section below.
Take into account wider stakeholder and social responsibilities and their implications for long term success.	See Other Stakeholders section below
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	See “Managing Our Risks” and “Internal Controls” sections of the Company’s Annual Report for the year ended 31 December 2017. The Audit Committee formally reviews the Risk Register twice a year.
Maintain the board as a well-functioning, balanced team led by the chair.	See “Our Leadership Team” and “Corporate Governance” sections of the Company’s Annual Report for the year ended 31 December 2017.
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.	See “Our Leadership Team” and “Corporate Governance” sections of the Company’s Annual Report for the year ended 31 December 2017.
Evaluate all elements of board performance based on clear and relevant objectives, seeking continuous improvement.	See “Corporate Governance” section of the Company’s Annual Report for the year ended 31 December 2017. As set out on page 34 of the Annual Report, the Nominations Committee reviews the structure and composition of the Board and its Committees, in particular the skills, knowledge and experience of Directors.
Promote a corporate culture that is based on sound ethical values and behaviours.	See “People” and “Corporate Social Responsibility” sections of the Company’s Annual Report for the year ended 31 December 2017. Also see the “Corporate Responsibility” section of the Company’s website.
Maintain governance structures and processes that are fit for purpose and support good decision making by the board.	See “Board of Directors” section of the Company’s website and the “Corporate Governance” section of the Company’s Annual Report for the year ended 31 December 2017. The roles of the Board, the Chairman, Non-Executive directors and the three Board Committee are set out below.
Communicate how the company is governed by maintaining a dialogue with shareholders and other relevant stakeholders.	See “Corporate Governance” section of the Company’s Annual Report for the year ended 31 December 2017, the “Shareholder Information” section of the Company’s website and the Relations with shareholders section below. Pages 33-37 of the Company’s Annual Report for the year ended 31 December 2017 specifically sets out the work of the three board committees during the year.

Through successfully implementing these principles, the Company is able to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

The Board of Directors

The officers of the Company and their Committee memberships are as follows:

	Board	Company Secretary	Audit Committee	Remuneration Committee	Nominations Committee
John Crabtree	Non-exec Chairman			Yes	Yes
Chris Pullen	CEO Executive				Yes
Mike Watts	CFO Executive				Yes
Ed Barker	Non-exec		Chairman	Yes	Yes
Tracy Lewis	Non-exec		Yes	Chair	Chair
Dawn Ward	Non-exec		Yes	Yes	Yes
Paul Collins		Yes			

The Board is responsible to the shareholders for:

1. Setting the Group's strategy.
2. Maintaining the policy and decision-making process around which the strategy is implemented.
3. Ensuring that necessary financial and human resources are in place to meet strategic aims.
4. Monitoring performance against key financial and non-financial indicators.
5. Providing leadership whilst maintaining the controls for managing risk.
6. Overseeing the system of risk management and
7. Setting values and standards in corporate governance matters.

The **Chairman** is responsible for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. The Chief Executive Officer is responsible for the leadership of the business and implementation of the strategy. The Company Secretary is responsible, on behalf of the Chairman, for ensuring that all Board and Committee meetings are conducted properly, that the Directors receive the appropriate information prior to the meeting, for ensuring that governance requirements are considered and implemented and for accurately recording each meeting. The Directors may have access to independent professional advice, where needed, at the Group's expense.

The role of the **non-executive Directors** is to:

- Challenge constructively and help develop proposals on strategy;
- Satisfy themselves as to the financial integrity of the financial information;
- Satisfy themselves as to the robustness of the controls;
- Ensure that the systems of risk management are robust and defensible; and
- Review management performance and the monitoring and reporting of such performance.

They have a role in determining the pay and benefits of the Executive Directors, and play a key role in the appointment and, if necessary, removal of Executive Directors and Board succession.

It is important that the board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the board is comprised of:

1. a chairman, whose primary responsibility is the delivery of the Company's corporate governance model. The chairman has a clear separation from the day-to-day business of the Company which allows him to make independent decisions;
2. Two executive directors; and
3. Three independent, non-executive directors.

The board has not appointed a senior independent director but intends to as soon as it is prudent to do so taking into account the Company's size and stage.

Additionally, the Company has appointed a professional company secretary (a qualified Chartered Accountant) who assists the chairman in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretary provides advice and guidance to the extent required by the board on the legal and regulatory environment.

Each director serves on the board until the annual general meeting following his or her election or appointment, and the board meets at least eight times a year.

Corporate Governance

In compliance with UK best practice, the board has established corporate governance committees.

Audit Committee (terms of reference as set out in Appendix One)

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Company.

Some of the Audit Committee's duties include:

1. reviewing the Company's accounting policies and reports produced by internal and external audit functions;
2. considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
3. reporting its views to the board of directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
4. reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
5. reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
6. overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has three members, each of whom are independent, non-executive directors and at least one member has recent and relevant financial experience. The current members of the committee under the Chairmanship of Ed Barker are as set out in the table above.

Remuneration Committee (terms of reference set out in Appendix Two)

The purpose of the Remuneration Committee is to determine and agree with the board the framework or broad policy for the remuneration of the Company's chairperson and the executive directors.

Some of the Remuneration Committee's duties include:

1. reviewing the pay and employment conditions across the Company, including the board of directors and senior managers (i.e. those whose salary exceeds £100,000);
2. approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;

The Remuneration Committee has four members, each of whom are independent, non-executive directors. The current members of the committee under the Chairmanship of Tracy Lewis are as set out in the table above.

Nomination Committee (terms of reference set out in Appendix Three)

The purpose of the Nomination Committee is to determine and agree with the board the framework or broad policy for the composition of the board itself.

Some of the Nomination Committee's duties include:

1. regularly reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes succession planning and vacancies; and
2. identifying suitable candidates from a wide range of backgrounds to be considered for positions on the board.

The Nomination Committee has six members, the two executive directors and four independent, non-executive directors. The current members of the committee under the Chairmanship of Tracy Lewis are as set out in the table above.

Share Dealing Code

The Company has adopted a share dealing code to ensure directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("**MAR**") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

1. disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
2. keep a list of each person who is in possession of inside information relating to the Company;
3. procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
4. procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Relations with Shareholders

At least twice a year, the Board is updated by the Executive Directors on meetings and communications with shareholders and an analysis of the shareholder base is made available. Research notes by brokers are circulated to all Board members. Throughout the year the Chief Executive Officer and Chief Financial Officer meet the large, institutional shareholders who hold the majority of the shares. Regular feedback is given to the Board following meetings with the shareholders via the brokers and the financial PR advisors.

The Group recognises that, whilst the majority of the shareholders are large institutions, attention should be paid to private shareholders. The Investor Relations section of the Group's website (<https://www.stafflinegroupplc.co.uk/investor-relations/>) is regularly updated and amended with the aim of providing relevant information to all shareholders, and in particular private investors. The website provides a facility to receive email alert notifications of group news and stock exchange announcements. Presentations given to institutional investors, covering interim and full year results in particular) are available to view and listen to on the Group's website.

In addition, the Chief Executive Officer and Chief Financial Officer are encouraged to present at conferences attended by potential and existing private shareholders and meet with Private Client Fund Managers representing the interests of private investors, following which, feedback is given to the Group.

At the Annual General Meeting, the Chairman issues a statement on current trading. All Directors are available following the meeting to answer questions and for informal discussions. The results of the proxy votes are announced at the meeting, including the abstentions and these are published on the website following the meeting.

The outcome of all AGM votes is clearly set out on our website at <https://www.stafflinegroupplc.co.uk/investor-relations/shareholder-information/agm/>

and where 20% or more of votes are cast against a resolution the company seeks to understand and resolve shareholder concerns. At the 2017 AGM, the Remuneration Report and Dis-application of Pre-emption rights resolutions both had 20% or more votes cast against. Shareholders concerns were sought, listened too and appropriate disclosure improvements were implemented and votes against both resolutions at the 2018 AGM were reduced to 10% and 2% respectively.

Other Stakeholders

At Staffline, we place great importance on the role we play in helping support local communities and the environment surrounding us. We understand the importance of integrating our business values and operations to meet the expectations of our stakeholders. These include clients, employees, flexible workers, regulators, investors and suppliers. We recognise that our social, economic and environmental responsibilities to our stakeholders are integral to our business. We aim to demonstrate these responsibilities through our actions and within our corporate policies.

The Group has implemented a robust environmental and sustainability monitoring system, which is supported by a clear strategy and development plan

Date on which this information was last reviewed: 20 September 2018

Staffline Group plc Audit Committee – Terms of Reference

(approved at a meeting of the Board of Directors (the "Board") on 20 September 2018)

1 Membership

- 1.1 The Committee shall comprise at least two non-executive directors/members which shall, to the extent possible in light of the composition of the Board (from time to time), be independent. Where possible one member of the remuneration committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee.
- 1.2 All members of the Committee shall be independent Non-Executive Directors, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chairman of the Board may be a member of, but (unless approved by the Board, with the Chairman abstaining) not chair, the Committee provided he or she was independent on appointment as Chairman.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, the external auditor and Chief Financial Officer will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 1.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 Secretary

The Company Secretary, or his or her nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3 Quorum

The quorum necessary for the transaction of business shall be two members.

4 Frequency of meetings

- 4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit (if any).

5 Notice of meetings

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members or at the request of the external audit lead partner or head of internal auditor (if any) if they consider it necessary.
- 5.2 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 to each member of the Committee, any other person required to attend, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6 Minutes of meetings

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

7 Annual general meeting

The Committee Chairman should attend the annual general meeting to answer shareholder questions on the Committee's activities.

8 Duties

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

8.1 Financial reporting

8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports interim management statements, preliminary announcements, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

8.1.2 In particular, the Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, significant accounting policies both in a year on year basis and across the Company/Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management.

8.1.3 The committee shall review any other statements requiring board approval which contain financial information first, where to carry out a review prior to board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook

8.1.4 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.2 Narrative reporting

Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the board's statement in the annual report on these matters that is required under the Code

8.3 Internal controls and risk management systems

The Committee shall:

8.3.1 keep under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and

8.3.2 review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement.

8.4 Compliance, whistleblowing and fraud

The Committee shall:

8.4.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

8.4.2 review the Company's procedures for detecting fraud; and

8.4.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

8.5 Internal audit

If and when it is deemed appropriate for the Company to have an internal audit function, the Committee shall:

8.5.1 approve the appointment or termination of appointment of the head of internal audit;

- 8.5.2 review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- 8.5.3 review and approve the annual internal audit work plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- 8.5.4 ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 8.5.5 ensure the internal auditor has direct access to the board chairman and to the committee chairman, providing independence from the executive and accountability to the committee;
- 8.5.6 carry out an annual assessment of the effectiveness of the internal audit function and as part of this assessment:
 - 8.5.6.1 meet with the head of internal audit at least once a year without the presence of management; and
 - 8.5.6.2 review and assess the annual internal audit work plan;
 - 8.5.6.3 receive a report on the results of the internal auditor's work;
 - 8.5.6.4 determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business;
 - 8.5.6.5 review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function
 - 8.5.6.6 monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor and
 - 8.5.6.7 consider whether an independent, third party review of processes is appropriate.

8.6 External audit

The Committee shall:

- 8.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.6.2 develop and oversee the selection process for the appointment of the audit firm, and ensure that all tendering firms have access to all necessary information and individuals during the duration of the tendering process;
- 8.6.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.4 oversee the relationship with the external auditor including (but not limited to):

- 8.6.4.1 approve their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
- 8.6.4.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 8.6.5 assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard⁶² and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit service
- 8.6.6 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) which could adversely affect the auditor's independence and objectivity;
- 8.6.7 agreeing with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements and monitoring the implementation of this policy;
- 8.6.8 monitoring, the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard 8.6.10 assessing annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 8.6.9 seeking to ensure co-ordination with the activities of the internal audit function;
- 8.6.10 evaluating the risks to the quality and effectiveness of the financial reporting process and consideration in the light of the external auditor's communications with the committee
- 8.6.11 develop and recommend to the board the company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements.

The policy should include consideration of the following matters:

- 8.6.11.1 threats to the independence and objectivity of the external auditor and any safeguards in place;
- 8.6.11.2 the nature of the non-audit services;
- 8.6.11.3 whether the external audit firm is the most suitable supplier of the non-audit service;
- 8.6.11.4 the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
- 8.6.11.5 the criteria governing compensation;

- 8.6.12 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 8.6.13 discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- 8.6.14 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 8.6.14.1 a discussion of any major issues which arose during the audit;
 - 8.6.14.2 the auditor's explanation of how the risks to audit quality were addressed;
 - 8.6.14.3 key accounting and audit judgements;
 - 8.6.14.4 the auditor's view of their interactions with senior management; and
 - 8.6.14.5 levels of errors identified during the audit;
 - 8.6.14.6 review any representation letter(s) requested by the external auditor before they are signed by management;
 - 8.6.14.7 review the management letter and management's response to the auditor's findings and recommendations, and
 - 8.6.14.8 review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

9 Reporting responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
 - 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
 - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.6.10) the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - 9.1.3 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code (the "Code").

9.4 In the compiling the reports referred to in 9.1 and 9.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

10 Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 be responsible for co-ordination of the internal and external auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference;
- 10.6 work and liaise as necessary with all other Board Committees, taking particular account of the impact of risk management and internal controls being delegated to different committees, and
- 10.7 arrange for periodic reviews of its own performance and, at least annually, 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.

11 Authority

The Committee is authorised to:

- 11.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 11.3 call any employee to be questioned at a meeting of the Committee as and when required; and
- 11.4 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

Staffline Group plc Remuneration Committee – Terms of Reference

(approved at a meeting of the Board of Directors (the "Board") on 20 September 2018)

1 Membership

- 1.1 The Committee shall comprise at least two members who shall, to the extent possible in light of the composition of the Board (from time to time), be independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. To the extent permitted by the composition of the Board (from time to time), the Chairman of the Board shall not be Chairman of the Committee.

2 Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3 Quorum

The quorum necessary for the transaction of business shall be two.

4 Meetings

The Committee shall meet at least twice a year and otherwise as required.

5 Notice of meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 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 to each member of the Committee, any other person required to attend, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6 Minutes of meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

7 Annual general meeting

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

8 Duties

The Committee should carry out the duties detailed below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate. The Committee shall:

- 8.1 have responsibility for setting the remuneration policy for all Executive Directors and the Company's Chairman, including pension rights and any compensation payments. The Board itself should determine the remuneration of the Non-Executive Directors within the limits set in the articles of association. No Directors or senior manager shall be involved in any decisions as to their own remuneration;
- 8.2 recommend and monitor the level and structure of remuneration for senior management;
- 8.3 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the "Code") and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- 8.4 when setting remuneration policy for Directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases;
- 8.5 review the on-going appropriateness and relevance of the remuneration policy;
- 8.6 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each Executive Director, the Company Chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 8.7 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity with specific attention being given to gender pay gaps and equality. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;

- 8.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.9 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code);
- 8.10 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and other designated senior executives and the performance targets to be used;
- 8.11 determine the policy for, and scope of, pension arrangements for each Executive Directors and other designated senior executives;
- 8.12 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;
- 8.13 oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.14 agree the policy for authorising claims for expenses from the Directors; and
- 8.15 work and liaise as necessary with all other Board Committees.

9 Reporting responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.4 Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

10 Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

10.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate; and

10.4 arrange for periodic reviews of its own performance and, at least annually, 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.

11 Authority

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Schedule A: The design of performance-related remuneration for executive directors

Balance

The remuneration committee should determine an appropriate balance between fixed and performance-related, immediate and deferred remuneration. Performance conditions, including non-financial metrics where appropriate, should be relevant, stretching and designed to promote the long-term success of the company. Remuneration incentives should be compatible with risk policies and systems. Upper limits should be set and disclosed.

The remuneration committee should consider whether the directors should be eligible for annual bonuses and/or benefits under long-term incentive schemes.

Share-based remuneration

Traditional share option schemes should be weighed against other kinds of long-term incentive scheme. Executive share options should not be offered at a discount save as permitted by the relevant provisions of the Listing Rules.

Any new long-term incentive schemes which are proposed should be approved by shareholders and should preferably replace any existing schemes or, at least, form part of a well-considered overall plan incorporating existing schemes. The total rewards potentially available should not be excessive.

For share-based remuneration the remuneration committee should consider requiring directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the company, subject to the need to finance any costs of acquisition and associated tax liabilities. In normal circumstances, shares granted or other forms of deferred remuneration should not vest or be paid, and options should not be exercisable, in less than three years. Longer periods may be appropriate. Grants under executive share option and other long-term incentive schemes should normally be phased rather than awarded in one large block.

Pensions

In general, only basic salary should be pensionable. The remuneration committee should consider the pension consequences and associated costs to the company of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.

Staffline Group plc Nominations Committee – Terms of Reference

(approved at a meeting of the Board of Directors (the "Board") on 20 September 2018)

1 Membership

- 1.1 The Committee shall comprise at least three Directors the majority of which shall, to the extent possible in light of the composition of the Board (from time to time), be independent Non-Executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and 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.
- 1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

2 Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be two.

4 Frequency of meetings

The Committee shall meet at least once a year and otherwise as required.

5 Notice of meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 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 to each member of the Committee, any other person required to attend, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

7 Annual General Meeting

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

8 Duties

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 8.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- 8.2 give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- 8.3 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 8.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.6 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 8.6.1 use open advertising or the services of external advisers to facilitate the search;
 - 8.6.2 consider candidates from a wide range of backgrounds; and
 - 8.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

- 8.7 for the appointment of a Chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- 8.8 prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- 8.9 ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings;
- 8.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 8.11 review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties; and
- 8.12 work and liaise as necessary with all other Board Committees.

The Committee shall also make recommendations to the Board concerning:

- 8.13 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive;
- 8.14 suitable candidates for the role of Senior Independent Director;
- 8.15 membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairman of those Committees;
- 8.16 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 knowledge, skills and experience required;
- 8.17 the re-election by shareholders of Directors under the annual re-election;
- 8.18 provisions of the UK Corporate Governance Code (the "Code") or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years);
- 8.19 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
- 8.20 the appointment of any Director to executive or other office (i.e. to Chief Executive Officer etc).

9 Reporting responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 9.4 The report referred to in 9.3 above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

10 Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 10.4 arrange for periodic reviews of its own performance and, at least annually, 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.

11 Authority

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.