



Terms of Reference and Charter for the KEFI Board

1. **PURPOSE**

In carrying out the responsibilities and powers set out in this Charter, the board of directors of the Company (the Board):

- recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- recognises its duties and responsibilities to its employees, customers and the community.

2. **THE SPECIFIC RESPONSIBILITIES OF THE BOARD**

In addition to matters it is expressly required by law to approve, the Board and its committees have the following specific responsibilities:

Management structure and appointments

- Senior management responsibilities
- Board and other senior management appointments or removals
- Board and senior management succession, training, development and appraisal
- Appointment or removal of Company Secretary
- Appointment or removal of internal auditor
- Remuneration, contracts, grants of options and incentive arrangements for senior management
- Delegation of the Board's powers
- Agreeing membership and terms of reference of board committees and task forces
- Establishment of managerial authority limits for smaller transactions
- Matters referred to the Board by the board committees

Strategic/Policy considerations

- Business strategy
- Diversification/retrenchment policy
- Specific risk management policies including insurance, hedging, borrowing limits and corporate security
- Agreement of codes of ethics and business practices

- Receipt and review of regular reports on internal controls
- Annual assessment of significant risks and effectiveness of internal controls
- Calling of shareholders' meetings
- Avoidance of wrongful or fraudulent trading

Transactions

Transactions which are notifiable under the AIM Rules and Market Abuse Regime (MAR)

- Substantial commitments including:
 - Contracts in excess of one year's duration
 - Giving security over significant group assets (including mortgages and charges over the group's property)
 - Contracts not in the ordinary course of business
 - Actions or transactions where there may be doubt over propriety
 - Approval of certain announcements, prospectuses, circulars and similar documents
 - Disclosure of directors' interests
 - Transactions with directors or other related parties

Finance

- Raising new capital and confirmation of major financing facilities
- Treasury policies including foreign currency and interest rate exposure
- Discussion of any proposed qualification to the accounts
- Final approval of annual and interim reports and accounts and accounting policies
- Appointment/proposal of auditors
- Charitable and political donations
- Approval and recommendation of dividends

General

- Allotment, calls or forfeiture of shares

3. COMPOSITION OF THE BOARD

- The composition of the Board is to be reviewed regularly against the Company's board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

- In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- Where practical, the majority of the Board is comprised of non-executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally. Independent Directors should meet the definition of what constitutes independence as set out in the QCA governance code.
- Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- The Board must disclose the independence of each Director as determined by the Board.
- Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Remuneration Committee to ensure that they continue to contribute effectively to the Board.
- The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
- The Board must disclose the relevant qualifications and experience of

4. THE ROLE OF THE CHAIRMAN

- Where practical, the Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director then the Board will

consider appointing a lead independent Director.

- Where practical, the Chief Executive Officer/Managing Director should not be the Chairman of the Company during his term as Chief Executive Officer/Managing Director or in the future.
- The Chairman must be able to commit the time to discharge the role effectively.
- The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

5. BOARD COMMITTEES

- Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the following committees, each with written terms of reference and charters:
 - Audit and Financial Risk Committee;
 - Remuneration Committee; and
- The charter of the Committees is approved by the Board and reviewed following any applicable regulatory changes.
- The Board will ensure that the Committees are sufficiently funded to enable them to fulfil their roles and discharge their responsibilities.
- Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.
- The Board must disclose the members and Chairman of each Committee.
- The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- The Board must disclose, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- Where the Board does not consider that the Company will gain any

benefit from a particular separate committee, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.

6. BOARD MEETINGS

- The Directors may determine the quorum necessary for the transaction of business at a meeting, however, until otherwise determined, there must be two Directors present at a meeting to constitute a quorum.
- The Board will schedule formal Board meetings at least six times annually and hold additional meetings, including by telephone, as may be required.
- Non-executive Directors may confer at scheduled times without management being present.
- The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.
- The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.
- Minutes of meetings must be approved at the next Board meeting.
- Further details regarding board meetings are set out in the Company's Articles.

7. THE MANAGING DIRECTOR

- The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his or her responsibilities, the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is a Matter Retained to the Board.
- All reports to the Board must present a true and fair view of the Company's financial condition and operational results

8. NON-EXECUTIVE DIRECTORS

- Non-Executive Directors are engaged through a letter of appointment.
- Each new Non-Executive Director will participate in an induction program.
- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behavior.

- Directors will carry out their duties in accordance with the law and the Company's corporate governance framework and policies, including without limitation the Company's Code of Conduct and Securities Dealing Policy.
- The Board will agree, and Non-Executive Directors will abide by, guidelines for declaring and dealing with potential conflicts of interest. Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.

9. COMPANY SECRETARY

- When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.
- The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- The Company Secretary is to facilitate the induction and professional development of Directors.
- The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
- The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the AIM Rules and applicable other laws.
- All Directors have access to the advice and services provided by the Company Secretary.
- The Board has the responsibility for the appointment and removal of the Company Secretary.

10. ACCESS TO ADVICE

- All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.
- All Directors may consult management and employees as required to enable them to discharge their duties as Directors.
- The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

11. PERFORMANCE REVIEW

The Remuneration Committee shall conduct an annual performance review of the

Board that:

- compares the performance of the Board with the requirements of its Charter;
- critically reviews the mix of the Board; and
- suggests any amendments to the Charter as are deemed necessary or appropriate.

12. DISCLOSURE POLICY

The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company. The Board shall:

- consider information provided to it to decide if it is or is not inside information and in determining this, consider whether a reasonable investor would be likely to use the information as part of the basis of their investment decision;
- if it is decided the information is inside information, determine whether it gives rise to an obligation to make an immediate announcement and, if so, the nature and timing of that announcement or whether it is permissible to delay the announcement;
- take external advice on the need for an announcement and the form of any announcement where it considers this is appropriate;
- consider the requirement for an announcement in the case of rumours relating to the Company or in the case of a leak of inside information and, in particular, the need to issue holding statements;
- review any announcement proposed to be made by the Company other than any announcement of a routine nature or to be considered by the Board;
- generally review and advise on the scope and content of disclosure;
- review the steps taken to ensure that any announcement is not misleading, false or deceptive and does not omit anything material;
- alert the Company Secretary to the existence of any inside information that will require an amendment to the Company's insider list or the creation of a new project insider list;
- monitor compliance with the Company's disclosure controls and procedures;
- review other public disclosures by the Company, including those relevant as part of the regular reporting cycles;
- if practicable, refer to the Board:

- any decision to make an unplanned announcement regarding trading; and
 - any decision to make an unplanned announcement regarding an event or development,
 - or, if a meeting of the Board cannot be convened sufficiently quickly, take such decisions; and
- monitor the market view of the Company and its share price as well as rumours about the Company.

13. REVIEW

The schedule of matters reserved to the Board will be reviewed by the Board regularly to ensure that they remain appropriate to the needs of the Company