

# RSM Tenon Group PLC

## Compliance Committee: Terms of Reference

### **1 Committee constitution**

The Committee was established in July 2011 by the board of RSM Tenon Group PLC as a sub-committee of the Audit Committee. The Committee will operate as detailed in the remainder of this document.

### **2 Membership**

- 2.1 The committee shall comprise at least two members. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee in consultation with the chairman of the Compliance Committee. The members of the Compliance Committee for the time being shall be:

John Newman (Committee chairman) – appointed on 22 July 2011

Adrian Martin– appointed on 22 July 2011

Michael Findlay – appointed on 7 September 2011

- 2.2 All members of the committee shall be independent non-executive directors. The chairman of the board shall not be a member of the committee.
- 2.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chairman of the board, chief executive, finance director, other directors, the heads of risk, compliance and internal audit may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.4 Appointments to the committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.
- 2.5 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.

### **3 Secretary**

The company secretary or his or her nominee shall act as the secretary of the committee.

### **4 Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **5 Frequency of meetings**

The committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.

### **6 Notice of meetings**

- 6.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members.

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- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five 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.

### **7 Minutes of meetings**

- 7.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
- 7.2 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.

### **8 Annual General Meeting**

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

### **9 Duties**

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

#### **9.1 Oversight of all FSA regulated compliance areas across the RSM Tenon Group:**

**Definition:** regulated compliance areas are those areas for which the Financial Services Authority (the "FSA") act as a statutory regulator being at the date of adoption of these terms of reference:

- 9.1.1. Financial management;
  - 9.1.2. Corporate finance; and
  - 9.1.3 Capital management;
- 9.2 Oversight shall include reviewing, monitoring and where necessary challenging the following matters within regulated compliance functions:
- 9.2.1 training programmes
  - 9.2.2 staffing and resourcing
  - 9.2.3 operation of compliance functions both within themselves and with each other
  - 9.2.4 new developments
  - 9.2.5 new areas
  - 9.2.6 major policy review and approval.
- 9.3 Any significant compliance breaches and follow up work on such shall be reported to the Committee. Significant breaches shall be reported to the Audit Committee and/or Board as the Committee considers appropriate. All significant breaches and follow up work shall be included in the Committee's annual report to the Audit Committee and/or Board.
- 9.4 The Committee shall ensure that at least once a year it receives a report, preferably in person, from the head of each of the compliance functions detailed at 9.1. Such meetings shall take place, without management being present, if requested.

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### **10 Reporting responsibilities**

- 10.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The committee shall produce an annual written report on its work for the Audit Committee and/or Board.

### **11 Other matters**

The committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required
- 11.2 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
- 11.3 give due consideration to all relevant laws and regulations as appropriate
- 11.4 oversee any investigation of activities which are within its terms of reference
- 11.5 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.

### **12 Authority**

The committee is authorised:

- 12.1 to seek any information it requires from any employee of the company in order to perform its duties
- 12.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference
- 12.3 to call any employee to be questioned at a meeting of the committee as and when required
- 12.4 to 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.