DATED 12 OCTOBER 2022

ACG ACQUISITION COMPANY LIMITED

INITIAL PUBLIC OFFERING

MEMORANDUM ON THE RESPONSIBILITIES AND OBLIGATIONS OF DIRECTORS OF A COMPANY ADMITTED TO THE OFFICIAL LIST WITH A STANDARD LISTING

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INTRODUCTION

1. SCOPE OF RULES AND REGULATIONS

1.1 Directors of a company whose securities, including shares and warrants are admitted to the Official List of the Financial Conduct Authority (the "**FCA**") and to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**") are subject to greater restraints and wider responsibilities and duties than directors of a private company.

1.2 Listed companies and their directors must comply with the FCA listing rules (the "**Listing Rules**") which are designed to provide an appropriate level of protection for investors in listed securities and seek to maintain the integrity and competitiveness of the UK markets for listed securities.

1.3 ACG Acquisition Company Limited, a company incorporated in the British Virgin Islands (the "**Company**"), will have one executive director (the "**Executive Director**"), who will be responsible for day-to-day compliance with the continuing obligations set out in this memorandum. In addition, the non-executive directors (the "**Independent Directors**", and together with the Executive Director, the "**Directors**") will (collectively and individually) be responsible for ensuring and supervising such day-to-day compliance.

1.4 This memorandum summarises the responsibilities and obligations of directors in respect of an overseas company with a Standard Listing under Chapters 14 and 20 of the Listing Rules and has been prepared for the Directors of the Company. It also addresses certain continuing obligations which are required to be complied with by Premium Listed companies and which the Directors of the Company may consider following on a voluntary basis. This memorandum is intended as a summary only and the advice of legal or other professional advisers should be sought as necessary in respect of specific matters. Each director should familiarise himself/herself with these obligations and responsibilities.

1.5 Listed companies and their directors must also comply with the disclosure guidance and transparency rules of the FCA (the "**DTRs**") which, along with the EU Market Abuse Regulation (596/2014) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MAR**"), contain rules and guidance on the publication and control of inside information, the disclosure of transactions by persons discharging managerial responsibilities ("**PDMRs**") and their persons closely associated ("**PCAs**"), disclosure of interests in securities and the publication of financial information on the listed company.

1.6 The Company's liability in respect of the prospectus, principally under the FCA's Prospectus Regulation Rules (the "**PRR**") and the UK version of the Prospectus Regulation (2017/1129) (which is also part of UK law by virtue of the EUWA, (the "**UK Prospectus Regulation**"), is discussed in a separate memorandum.

1.7 Essentially, in complying with the continuing obligations of the Listing Rules, the DTRs and UK MAR, companies are required to keep the market properly informed of developments which could affect the price of their securities. Such developments include the acquisitions and disposals of assets, changes in capital structure including issues of shares as well as annual and interim results.

1.8 A failure to comply with the Listing Rules, the DTRs or UK MAR, including the continuing obligations covered by them, can give rise to serious sanctions both for the Company and its Directors, more details of which are contained in Schedule 1. The FCA can impose a financial penalty on, or alternatively publish a statement censuring, a company, a director, a PDMR or a PCA. It can also suspend a company's securities from trading or listing in appropriate circumstances. In certain circumstances non-compliance with the Listing Rules, DTRs or UK MAR regarding disclosure of inside information can amount to market abuse, which can result in both civil and criminal sanctions.

1.9 The Listing Rules, the DTRs and UK MAR are subject to ongoing review by the FCA and the Company and its Directors will be expected to comply with the Listing Rules, DTRs and UK

MAR as revised from time to time. Therefore, the Company should consult regularly with its advisers.

1.10 Although the majority of the relevant rules are contained in the PRR, the Listing Rules, the DTRs and UK MAR, additional prohibitions and rules are contained in the London Stock Exchange's Admission and Disclosure Standards (the "**LSE Standards**"), the Financial Services & Markets Act 2000 (the "**FSMA**"), the Financial Services Act 2012 (the "**FS Act**"), the Criminal Justice Act 1993 (the "**CJA**"), the Theft Act 1968 and the Fraud Act 2006.

1.11 This memorandum relates only to the position under English law. The Directors of the Company will also have ongoing responsibilities under British Virgin Islands ("**BVI**") law, which are addressed in a separate memorandum prepared by BVI counsel to the Company, Harney Westwood & Riegels LP ("**Harneys**").

SECTION A:
GENERAL DISCLOSURE OBLIGATIONS AND DEALING WITH INSIDE INFORMATION

2. REQUIREMENT TO DISCLOSE INSIDE INFORMATION

2.1 An issuer with securities admitted to trading on a regulated market in the UK (i.e. the Official List) is required to comply with UK MAR in relation to the general obligation of disclosure and the control of inside information. Issuers must inform the public as soon as possible of any inside information which directly concerns the issuer,[1] unless disclosure can legitimately be delayed. This is regarded as essential to avoid insider dealing and to ensure that investors are not misled. The information must be notified via a regulatory information service ("**RIS**") (in relation to which, see paragraph 15 below). Therefore, it is essential to determine whether the Company has inside information.

2.2 Issuers are reminded that they must also observe the restrictions contained in the market abuse regime in UK MAR and Sections 89-91 of the FS Act relating to misleading statements and practices, and the insider dealing regime in Part V of the CJA, which are dealt with in more detail in paragraphs 9 and 10 below.

3. IDENTIFYING INSIDE INFORMATION

3.1 Information is "**inside information**" if each of the following criteria in the definition of inside information set out in Article 7 of UK MAR is met, namely, it is information:

3.1.1 of a precise nature;

3.1.2 which has not been made public;

3.1.3 which relates directly or indirectly to one or more issuers or to one or more financial instruments; and

3.1.4 which, if it were made public, would be likely to have a significant effect on the prices of either those instruments or related derivative financial instruments[2] which UK MAR states means information that a reasonable investor would be likely to use as part of the basis for their investment decision.[3]

3.2 The FCA's position is that there is no figure (percentage change or otherwise) that can be set when determining what constitutes a significant effect on the price of the financial instruments, as this will vary from issuer to issuer.

3.3 It is not possible to set out how the reasonable investor test will apply in all situations. Therefore, any assessment should take into consideration the anticipated impact of the information in light of the totality of the Company's activities, reliability of the source and other market variables. Information which is likely to be considered relevant to a reasonable investor's decision includes information which affects:[4]

3.3.1 the assets and liabilities of the issuer;

3.3.2 the performance, or expectation of performance, of the issuer's business;

3.3.3 the issuer's financial condition;

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1 UK MAR, Article 17.

2 UK MAR, Article 7(1)(a).

3 UK MAR, Article 7(4) and DTR 2.2.5.

4 DTR 2.2.6G.

3.3.4 the course of the issuer's business;

3.3.5 major new developments in the issuer's business; or

3.3.6 information previously disclosed to the market.

3.4 For the purpose of the reasonable investor test, a reasonable investor would only be expected to take into account information that may have a non-trivial effect on price, and would not be expected to take into account information which would have no, or only a trivial, effect on price (i.e. the reasonable investor decision is 'economically motivated').

3.5 UK MAR does not set out a specific percentage price movement or materiality threshold for assessing whether the information is of a type that a reasonable investor would be likely to use as part of his or her investment decision. This is also confirmed by the FCA in its guidance contained in DTR 2.2.4G(2).

Information is regarded as "likely" to have a significant effect on price for this purpose if there is a real prospect of it having that effect, which is more than fanciful, although it does not need to be more likely than not.

3.6 Article 7(2) of UK MAR, states that information will be considered of a precise nature if the following two tests are met:

3.6.1 it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur; and

3.6.2 it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivatives.

3.7 Article 7(2) of UK MAR also explains that, in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected, may be deemed to be precise information. Article 7(3) of UK MAR (and Recital 16) then goes on to confirm that an intermediate stage leading up to a particular event can itself be inside information if "by itself" it satisfies the criteria for inside information in Article 7 of UK MAR. In cases where information is deemed not sufficiently precise at first, it may become sufficiently precise at a later stage. In respect of possible future events, there must be a realistic prospect that the event or circumstance will occur, meaning that the prospect must be more than merely fanciful. However, it does not need to be more probable than not that this event or circumstance will occur.

3.8 Not all details need to be known or certain for the information to be "precise", however the more specific the information, the more likely it is to be inside information. Information is capable of being sufficiently precise to be inside information if, despite the potential for inaccuracy in some of the detail, it nevertheless indicates that the relevant circumstances may exist, or may come into existence, or that an event has occurred or may reasonably be expected to occur.

3.9 In order for the second limb of the precise test to be met, the information must enable an investor to know that the price of an investment might move if the information were to be made public. UK MAR (Recital 16) states that the magnitude of the effect of the set of circumstances or event on the price of the financial instruments should not be taken into consideration.

3.10 The Directors must carefully and continuously monitor whether changes in the Company's circumstances are such that an announcement obligation has arisen under Article 17 of UK MAR.[5] Issuers must consult their legal advisers and corporate brokers immediately where there

[5] DTR 2.2.8G.

might be a requirement to announce inside information and, subject to paragraph 4 below, must make an appropriate announcement without delay. The FCA has stated that issuers cannot refuse to disclose negative price sensitive information because it believes other matters are likely to offset it. Doing this hampers an investor's ability to make informed investment decisions and risks distorting the market value of an issuer's securities.

3.11 The FCA is not likely to regard the inability to convene a full board meeting as warranting a delay in releasing inside information, as most companies can delegate authority to make "emergency" announcements to a small number of directors who can quickly agree a course of action during a telephone meeting.

4. DELAY IN DISCLOSURE

4.1 If the Company is faced with an unexpected and significant event, a short delay may be acceptable if necessary to clarify the situation, it should seek urgent advice from its corporate brokers and lawyers in any such situation.

4.2 The Company may only delay the public disclosure of inside information if all of the following conditions are met:

4.2.1 immediate disclosure is likely to prejudice the legitimate interests of the company;

4.2.2 the delay is not likely to mislead the public; and

4.2.3 the company is able to ensure the confidentiality of that information.[6]

4.3 In such situations, a holding announcement should be prepared as a matter of course because of the danger of a leak of inside information, failing which the securities may be suspended from trading, pending an announcement.[7] The holding announcement should detail as much of the subject matter as possible, set out the reasons why a fuller announcement cannot be made and include an undertaking to announce further details as soon as possible.

4.4 Legitimate interests may, for example, relate to negotiations in course or related elements where the outcome or normal pattern of those negotiating would be likely to be affected by public disclosure or where the financial viability of an issuer is in grave and imminent danger and disclosure of specific negotiations could jeopardise the possibility of long term financial recovery. Further guidance on what may constitute legitimate interests are set out in the European Securities and Markets Authority ("**ESMA**") MAR Guidelines on delays in the disclosure of inside information (the "**ESMA MAR Guidelines**").[8]

4.5 FCA guidance states that "delaying disclosure of inside information will not always mislead the public" but that developing situations should be monitored in case an immediate disclosure is required if circumstances change.[9]

4.6 If a company is permitted to delay public disclosure of inside information in order to protect its legitimate interests, it may selectively disclose that information to persons owing it a duty of confidentiality, provided that such disclosure is in the normal course of the exercise of that person's employment, profession or duties. However, selective disclosure cannot be made to any person simply because he/she owes the Company a duty of confidentiality.

4.7 By way of guidance, a list of persons to whom it may be appropriate to selectively disclose information depending on the circumstances and there being a legitimate reason for doing so is given in DTR 2.5.7G which is non-exhaustive. It covers major shareholders, lenders and

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6 UK MAR, Article 17(4).

7 DTR 2.2.9G.

8 https://www.esma.europa.eu/sites/default/files/library/2016-1478_mar_guidelines_-_legitimate_interests.pdf

9 DTR 2.5.2G.

credit rating agencies, the Company's advisers, trade unions, government departments and those with whom the issuer is negotiating a commercial financial or investment transaction.[10]

4.8 The Directors should, therefore, ensure that a consistent policy of disclosing inside information through the Company's chosen RIS is adopted, and that advice is sought from advisers in areas of doubt or concern, including in any circumstances when considering delaying disclosure or selectively disclosing information. Detailed record keeping obligations apply in such circumstances. An issuer should be aware that the wider the group of recipients of inside information the greater the likelihood of a leak which will trigger full public disclosure of the information under UK MAR.[11] Directors should also consult the ESMA MAR Guidelines for further guidance and information.

4.9 If notification to a RIS is required at a time when it is closed (for example, over the weekend), the Company must distribute the relevant information to not less than two national newspapers in the UK and two newswire services operating in the UK and must also ensure that notification is made to a RIS for release as soon as it re-opens.[12] The fact that a RIS is not open for business is not, in itself, sufficient grounds for delaying the disclosure or distribution of inside information.

5. FRAMEWORK FOR CONTROL OF INSIDE INFORMATION

5.1 The DTRs also require companies to have a framework for the control of inside information. The Company should establish effective arrangements to deny access to inside information to persons other than those who require it for the exercise of their functions within the Company.[13] Companies may consider, among other appropriate measures, adoption of closed access and password requirements in their IT systems to deny unnecessary access to inside information as well as ensuring that the systems for circulation and storage of hard copy documents containing inside information is effective. The Company is also required to have in place measures to enable public disclosure to be made via a RIS as soon as possible if the Company cannot ensure the confidentiality of the inside information.[14]

5.2 Directors should consult their advisers to help make an initial assessment of whether information is inside information. The decision as to whether a piece of information is inside information may be finely balanced and the Company, with the help of its advisers, will need to exercise its judgement consistent with the Company's established control framework. Where appropriate, advice may be sought from the FCA via its helpline. There is further informal guidance contained on the FCA website[15] and the ESMA website with regards to the delay in the disclosure of inside information.[16]

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10 DTR 2.5.7G(2).

11 DTR 2.5.9G, UK MAR, Article 17(8).

12 LR 1.3.4R.

13 DTR 2.6.1G.

14 UK MAR, Article 17(7).

15 https://www.fca.org.uk/markets/market-abuse/regulation

16 https://www.esma.europa.eu/document/mar-guidelines-delay-in-disclosure-inside-information

6. PRESS SPECULATION AND MARKET RUMOURS

Where there is press speculation or market rumour concerning the Company, the Company should assess whether its general obligation to announce has arisen under Article 17(1) of UK MAR. To do this the Company needs to assess carefully whether the speculation or rumour has given rise to a situation where the Company has inside information.[17] The knowledge that press speculation or market rumour is false may not amount to inside information, however, if it does, there are certain circumstances in which a Company may be able to delay the disclosure as set out in paragraph 4 above.[18]

7. INSIDER LISTS

7.1 Issuers or any person acting on their behalf or on their account must draw up a list of all persons who have access to inside information who are working for them under a contract of employment, or otherwise performing tasks through which they have access to the inside information, such as advisers, accountants or credit rating agencies (an "**Insider List**").[19]

7.2 The Insider List must contain in relation to each person with access to inside information:

7.2.1 the identity and birthdate of such persons;

7.2.2 personal and work addresses, land and mobile phone numbers;

7.2.3 any national identification number;

7.2.4 the role, function and reason why such person is on the Insider List; and

7.2.5 the date and time when the Insider List was created and updated, when a person obtained access to inside information and when the person ceased to be an insider.[20]

7.3 The Insider List must be kept up to date. It must be promptly updated:

7.3.1 when there is a change in the reason why a person is already on the list;

7.3.2 when any person who is not already on the list is provided with access to inside information; and

7.3.3 to indicate the time and date on which a person already on the list no longer has access to inside information.[21]

7.4 When a person is added to the Insider List (whether as a permanent insider or on a specific transaction) he/she must acknowledge in writing the legal and regulatory duties involved and the civil sanctions applicable to insider dealing and the unlawful disclosure of inside information.[22] The Company should consider training and the circulation of explanatory memoranda to its employees to deal with this requirement together with a written acknowledgement signed by the employee.

7.5 The requirement to create and maintain an Insider List applies whenever a company has inside information, even if that information is disclosed as soon as possible.

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17 DTR 2.7.1G.

18 DTR 2.7.3G, UK MAR, Articles 17(4), 17(5) and 17(7).

19 UK MAR, Article 18(1).

20 UK MAR, Article 18(3).

21 UK MAR, Article 18(4).

22 UK MAR, Article 18(2).

7.6 A person acting on behalf of or on account of the Company may maintain their own insider lists but the Company remains responsible for compliance with UK MAR and must retain a right of access to the lists (Article 18(2) of UK MAR). The Company's advisers and agents must therefore be required by the Company to keep their own insider lists of their employees and other persons working for them who have access to inside information relating directly or indirectly to the Company or its financial instruments.

7.7 The Company must ensure that every Insider List prepared by them or by persons acting on their behalf is kept for at least five years from the date on which it is drawn up or updated, whichever is the later.

7.8 There is also further informal guidance in the GC100: MAR: Guidelines on the requirement to maintain Insider Lists.[23]

8. MEETINGS WITH ANALYSTS AND SHAREHOLDERS

8.1 The Company should have in place a clear policy about the extent to which it should answer analysts' questions and questions raised in meeting with shareholders. The Company should consider in advance how to respond to questions designed to elicit inside information and only those who have been fully briefed on the legal and regulatory implications should take part in such discussions.

8.2 The Company should not answer analysts' questions where individually or cumulatively the answers would provide inside information. If analysts' comments or views appear inaccurate the Company can consider what public information is available to draw to their attention. The mere fact that information is unpublished does not make it inside information. If there is unpublished information that is not inside information in itself or in combination with other information disclosed or available to the recipient, then the Company could use this information to answer analysts' questions without making an announcement.

8.3 If an analyst publishes a forecast which is not correct, the Company is not obliged to make an announcement correcting the public forecast but the Company should consider making a RIS announcement to correct significant errors that come to its attention, which in its view, have led to a widespread and serious misapprehension in the market.

9. RELATED OFFENCES – FS ACT

9.1 It is a criminal offence under Section 89 of the FS Act for a person who:

9.1.1 makes a statement which he/she knows to be false or misleading in a material respect;

9.1.2 makes a statement which is false or misleading in a material respect, being reckless as to whether it is; or

9.1.3 dishonestly conceals any material facts whether in connection with a statement he/she makes or otherwise,

for the purpose of inducing (or being reckless as to whether it may induce) another person (whether or not the person to whom the statement is made) to enter (or refrain from entering) into a relevant agreement or exercise (or refrain from exercising) any rights conferred by a relevant investment.

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[23] https://uk.practicallaw.thomsonreuters.com/2-629-0375?originationContext=document&transitionType=DocumentItem&contextData=(sc.Default)&ppcid=21458ba52ec6443da36275b2188a9019&comp=pluk

9.2 It is also a criminal offence under Section 90 of the FS Act if a person does any act or engages in any course of conduct which creates a false or misleading impression as to the market in or the price or value of any relevant investments and the person:

9.2.1 intends to create a false or misleading impression; and

9.2.2 falls within one or more of the following situations:

(a) intends to induce another person to acquire, dispose of, subscribe for or underwrite the investments or to refrain from doing so or to exercise or refrain from exercising any rights conferred by the investments; or

(b) knowing that the impression is false or misleading (or being reckless as to whether it is), and intends by creating the impression to make a gain for himself/herself or another, or cause or expose another person to a loss, or is aware that creating the impression is likely to produce any of these results.

9.3 A person can be guilty of an offence under Sections 89 and 90 of the FS Act if:

9.3.1 the statement is made or the act is done in the UK;

9.3.2 in respect of Section 89, the person being induced into the relevant agreement is in the UK or the agreement is or would be entered into or the rights are or would be exercised in the UK; or

9.3.3 in respect of Section 90 the false or misleading impression is created in the UK.[24]

9.4 A person who commits a criminal offence under Section 89 or 90 of the FS Act may be liable to a maximum of ten years' imprisonment or to an unlimited fine or both.[25] A body corporate can be convicted of the offence as well as an individual.

9.5 Defences under Sections 89 and 90 of the FS Act include being able to show that the statement, act or conduct was made or engaged in (as applicable) in conformity with the relevant provisions of Article 5 (exemption for buy-back programmes and stabilisation) of UK MAR. A defendant would also have a defence under Section 90 of the FS Act if he/she reasonably believed that his/her act or conduct would not create a false or misleading impression.

10. INSIDER DEALING UNDER PART V OF THE CRIMINAL JUSTICE ACT 1993 AND UK MAR

10.1 Certain dealings by a director in a company's listed securities are restricted by Part V of the CJA, which prohibits "**insider dealing**" and creates criminal penalties for individuals who contravene these provisions. For the purposes of the CJA the following definitions are used:

10.1.1 "**Inside information**" is information which relates to particular securities or to a particular issuer or issuers, and not to securities generally or issuers of securities generally, which is specific or precise, has not been made public, and would, if made public, be likely to have a significant effect on the price of any securities. For this purpose, information is public if, among other things:

(a) it is published in accordance with the rules of a regulated market for the purpose of informing investors and their professional advisers;

(b) it is contained in records which by virtue of any enactment are open to inspection by the public;

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24 Sections 89(4) and 90(10), FS Act.

25 Section 92, FS Act.

(c) it can be readily acquired by those likely to deal in any securities either to which the information relates, or of an issuer to which the information relates; or

(d) it is derived from information which has been made public.[26]

Information may be treated as made public even though it can be acquired only by persons exercising diligence or expertise, it is communicated to a section of the public and not to the public at large, it can be acquired only by observation, it is communicated only on payment of a fee, or it is published only outside the United Kingdom.

10.1.2 **"Professional intermediary"** is a person who carries on the business of acquiring or disposing of securities or of acting as an intermediary between persons undertaking such dealings, and who holds himself/herself out to the public, or any section of the public as willing to engage in such business (or a person who is employed by such a person to carry out any such activity). A person dealing in securities relies on a professional intermediary if a person who is acting as a professional intermediary acquires or disposes of securities (whether as principal or agent) or acts as an intermediary between the parties, in relation to that dealing.[27]

10.2 If an individual has inside information then it is a criminal offence for the individual to deal in the relevant securities on a regulated market, in reliance on a professional intermediary or acting as a professional intermediary. Dealing in securities means acquiring or disposing of the securities (whether as principal or agent) or procuring, directly or indirectly, an acquisition or disposal of the securities by any other person.[28] It is also an offence for the individual to (i) encourage another person to deal in securities that are price-affected securities in relation to the information, knowing or having reasonable cause to believe that the dealing would take place in the acquisition or disposal occurs on a regulated market, or that the person dealing relies on a professional intermediary or is himself/herself acting as a professional intermediary, or (ii) disclose the inside information to another person, other than in the proper performance of his/her employment, office or profession.[29]

10.3 Persons convicted of insider dealing can be jailed for up to ten years or fined or both.[30]

10.4 Points to note in relation to the insider dealing regime include the following:

10.4.1 a director or employee concerned can commit an offence even if he/she does not deal in the Company's securities himself/herself;

10.4.2 the offence of encouragement can be committed even though the individual in question is acting in the proper performance of the functions of his/her office or employment;

10.4.3 for the offence of disclosure, the prosecution does not have to prove that the insider knew or had reasonable cause to believe that the recipient of the information would deal. However, it would be a defence for the insider to show that he/she did not expect anyone to deal as a result of the disclosure;

10.4.4 a director or employee may be guilty of insider dealing in relation to the securities of another company if he/she has obtained information which he/she knows is price sensitive inside information in relation to that other company because he/she is a director or employee of the other company or because he/she has access to the

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26 Sections 56 and 58, CJA.

27 Section 59, CJA.

28 Section 55, CJA.

29 Section 52, CJA.

30 Section 61, CJA.

information by virtue of his/her employment or office (so, if the Company is in negotiations with another public company and a director is involved in those negotiations, any price sensitive information which he/she gains in relation to the other company will make him/her an insider in relation to that company); and

10.4.5 a director or employee who communicates information which is price sensitive in relation to the Company's securities to selected shareholders or analysts is likely to commit an offence.

10.5 The following general defences are provided by Section 53 of the CJA:

10.5.1 where the insider can show that he/she did not at the time expect the dealing in question to result in a profit (or the avoidance of a loss) attributable to the fact that the information in question was price sensitive information in relation to the securities (a defence to all insider dealing offences);

10.5.2 where the insider believed at the time on reasonable grounds that the information in question had been disclosed widely enough to ensure that none of those taking part in the dealing would be prejudiced by not having the information (or in respect of the encouraging offence, that sufficiently wide disclosure would be made and prejudice avoided) (a defence to the dealing or encouraging offences only);

10.5.3 where the insider would have done what he/she did even if he/she had not had the information in question (a defence to the dealing and encouraging offences only); and

10.5.4 where the insider has no expectation that any person to whom information was disclosed would deal in the securities on a regulated market or in reliance on a professional intermediary or would be acting as a professional intermediary (a defence to the disclosing offence only).

10.6 In addition, certain "**Special Defences**" are provided in Schedule 1 to the CJA in respect of the dealing and encouraging offences. Among other things, the defences are available in respect of:

10.6.1 dealing or encouraging carried out in good faith in the course of the defendant's business as or employment in the business of a market maker;

10.6.2 certain actions of users of "market information" where it was reasonable for an individual in his/her position to have acted as he/she did despite having that information as an insider at the time. For the purposes of this defence, "market information" is information consisting of one or more of the following facts:

(a) that securities of a particular kind have been or are to be acquired or disposed of or that their acquisition or disposal is under negotiation or consideration;

(b) that securities of a particular kind have not been or are not to be acquired or disposed of;

(c) the number of securities being acquired or disposed of or whose acquisition or disposal is under negotiation or consideration;

(d) the price or price range at which those securities are to be acquired or disposed of under any of the above transactions; and

(e) the identity of the persons involved or likely to be involved (in any capacity) in the acquisition or disposal; and

10.6.3 certain actions undertaken in relation to buy-back programmes or for the purposes of price stabilisation as under Article 5 of UK MAR.

10.7 Insider dealing under the UK MAR regime, as distinct from the criminal offence of insider dealing under the CJA, arises where a person who possesses inside information uses that information to acquire or dispose of, directly or indirectly, financial instruments to which that information relates.

10.8 Under Article 8 of UK MAR, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates.[31] The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, also amounts to insider dealing.

10.9 For the purposes of UK MAR, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.[32]

10.10 Under Article 14 of UK MAR, it is a civil offence:

10.10.1 to engage, or to attempt to engage, in insider dealing;

10.10.2 to recommend that another person engage in insider dealing or to induce another person to engage in insider dealing; or

10.10.3 unlawfully disclose inside information. [33]

10.11 Article 9 of UK MAR sets out certain types of "legitimate behaviour" relevant for the purposes of Articles 8 and 14 of UK MAR. This is to avoid inadvertently prohibiting legitimate forms of financial activity. [34] Accordingly, where a person is or has been in possession of inside information, it will not be deemed from that fact alone that the person has used the inside information and has therefore engaged in insider dealing on the basis of an acquisition or disposal, if:

10.11.1 the person is a legal person, and (i) it has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that neither the natural person who made the decision on its behalf to acquire or dispose of financial instruments to which the information relates, nor another natural person who may have had an influence on that decision, was in possession of the inside information; and (ii) has not encouraged, made a recommendation to, induced or otherwise influenced the natural person who, on behalf of the legal person, acquired or disposed of financial instruments to which the information relates;

10.11.2 the person is a market maker or a person authorised to act as a counterparty for the financial instrument to which that information relates, and the acquisition or disposal of financial instruments to which that information relates is made legitimately in the normal course of the exercise of its function as a market maker or as a counterparty for that financial instrument;

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31 Article 8, UK MAR.

32 Article 7, UK MAR.

33 UK MAR, Article 8(1) and Article 14(a) and (b).

34 UK MAR, Recital 29.

10.11.3 the person is authorised to execute orders on behalf of third parties, and the acquisition or disposal of financial instruments to which the order relates, is made to carry out such an order legitimately in the normal course of the exercise of that person's employment, profession or duties;

10.11.4 the person conducts a transaction to acquire or dispose of financial instruments and that transaction is carried out in the discharge of an obligation, which (i) results from an order placed or an agreement concluded before the person possessed inside information, or (ii) that is carried out to satisfy a legal or regulatory obligation that arose before the person possessed inside information, that has become due in good faith and not to circumvent the prohibition against insider dealing;

10.11.5 the person has obtained the inside information in the conduct of a public takeover or merger with a company and uses that inside information solely for the purpose of proceeding with that merger or public takeover, provided that at the point of approval of the merger or acceptance of the offer by the shareholders of that company, any inside information has been made public or has otherwise ceased to constitute inside information (this legitimate behaviour does not apply to stake-building); or

10.11.6 the person merely uses his/her own knowledge that he/she has decided to acquire or dispose of financial instruments in the acquisition or disposal of those financial instruments.

10.12 Several exemptions from Article 14 of UK MAR (as well as Article 15 of UK MAR which prohibits market manipulation) are available under Article 5 of UK MAR for certain actions undertaken in relation to buy-back programmes or for the purposes of price stabilisation under certain conditions.

11. MARKET MANIPULATION UNDER UK MAR

11.1.1 It is a civil offence to engage, or to attempt to engage, in "**market manipulation**". This is committed where a person:

(a) engages in behaviour that gives or is likely to give false or misleading signals as to the supply of, demand for, or price of, a financial instrument, or secures or is likely to secure the price of one or several financial instruments at an abnormal or artificial level (save where legitimate reasons exist and there has been conformance with an accepted market practice as established in accordance with Article 13 of UK MAR);

(b) carries out any activity or behaviour which affects or is likely to affect the price of one or several financial instruments which employs a fictitious device or any other form of deception or contrivance;

(c) disseminates information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, or secures, or is likely to secure, the price of one or several financial instruments, at an abnormal or artificial level. This includes the dissemination of rumours where the person who made the dissemination knew, or ought to have known, that the information was false or misleading; and

(d) transmits false or misleading information or provides false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was

false or misleading, or any other behaviour which manipulates the calculation of a benchmark.[35]

11.1.2 UK MAR provides a non-exhaustive list of examples of market manipulation[36] and lists indicators of behaviour falling within paragraphs (a) and (b) above.[37]

12. THEFT ACT 1968

12.1 A director may also be liable to imprisonment for up to seven years under Sections 17 and 19 of the Theft Act 1968 if they knowingly:

12.1.1 falsify any account or makes use of any falsified account in furnishing information (including the omission of material information in a prospectus); or

12.1.2 publish a misleading statement with the intent to deceive members or creditors of the Company.

12.2 A statement can be false if, in its context, it conveys a misleading impression even though it may be literally correct.

12.3 If these Theft Act 1968 offences are committed by a company then, by virtue of Section 18, if they are shown to have been committed with the consent or connivance of a director (or certain other officers) such person is also guilty of the offence.

13. FRAUD ACT 2006

13.1 Section 2 of the Fraud Act 2006 makes it an offence to dishonestly make a false representation with the intent of making a personal gain, causing loss to another or exposing another to a risk of loss. Representations can be in relation to facts or opinions and can be express or implied. Section 3 of the Fraud Act 2006 makes it an offence if a person dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose (for example under FSMA) with the intention of (i) making a personal gain or a gain for another person, or (ii) causing loss to another or exposing another to a risk of loss.

13.2 Provided that there is the necessary intent and presence of dishonesty, it is not necessary to show that any gain or loss actually occurred.

13.3 The Fraud Act 2006 applies to statements by a non-UK company in a prospectus to potential investors in England or Wales or a dishonest failure by a non-UK company to disclose information when under an English law obligation to do so.

13.4 It is therefore essential to ensure the complete accuracy of statements in the prospectus to be issued by the Company and any other documents relevant to the offering of securities of the Company, and that all duties of disclosure are fully complied with.

13.5 If the Fraud Act 2006 offences are committed by a company then, by virtue of Section 12(2), if they are shown to have been committed with the consent or connivance of a director (or certain other officers) such person is also guilty of the offence.

13.6 Those convicted can receive a fine or be sentenced for a period of up to 10 years or both.

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35 UK MAR, Article 12(1).

36 UK MAR, Article 12(2).

37 UK MAR, Article 12(3) and Annex I.

14. THE LSE STANDARDS

14.1 The LSE Standards set out rules and responsibilities in relation to the Company's admission to trading on the Main Market and ongoing disclosure obligations for the Company once admitted to trading.

14.2 The main continuing obligation under the LSE Standards is that the Company complies with the Listing Rules and the DTRs.

14.3 The London Stock Exchange must also be kept informed of any timetables for dividends, bonus issues, scrip dividends or other actions affecting shareholders' rights. The Company need not notify the London Stock Exchange in advance of its dividend timetable if it follows the guidelines set out in the London Stock Exchange's Dividend Procedure Timetable (available on its website) and provided the dividend information is disseminated under the correct headline category. Dividends outside the Dividend Procedure Timetable must be agreed by the London Stock Exchange in advance. The announcement of a timetable for other corporate actions affecting the rights of shareholders must be sent to the London Stock Exchange no later than 9 a.m. on the day before the proposed announcement.

14.4 The enforcement powers of the London Stock Exchange for a breach of the LSE Standards include suspension or cancellation of trading, public or private censure, a fine and a restitution order.

SECTION B:
SPECIFIC DISCLOSURE OBLIGATIONS

15. NOTIFICATIONS TO A RIS

15.1 Regulatory information that needs to be announced to the public under the Listing Rules, the DTRs and UK MAR must be communicated to the public via a RIS making it clear that the information is regulated information and clearly identifying the Company, the subject matter of the regulated information and the time and date of the communication of the information.

15.2 In addition to the general obligations of disclosure, the Company must notify a RIS without delay of certain specific matters under the Listing Rules, including:

15.2.1 any proposed change in capital structure including the structure of any listed debt securities;[38]

15.2.2 any redemption of listed shares including details of the number of shares redeemed and the number of shares of that class outstanding following the redemption;[39]

15.2.3 any extension of time granted for the currency of temporary documents of title;[40] and

15.2.4 the results of any new issue of equity securities or preference shares or of a public offering of existing shares or other equity securities.[41]

15.3 In respect of listed warrants, the Company must notify a RIS of:

15.3.1 all notices to holders of warrants no later than the date of despatch or publication;[42] and

15.3.2 any adjustment or modification made to the warrants as a result of any change to the shares over which the warrants carry a right to buy or subscribe.[43]

15.4 The DTRs impose a general obligation on issuers to take all reasonable steps to ensure any information published in a RIS is not misleading, false or deceptive and does not omit anything likely to effect the import of the information.[44]

15.5 In addition, the DTRs require that a company must disclose without delay any change in the rights attaching to its various classes of shares[45] and securities.[46]

15.6 Once inside information has been announced via a RIS, the Company must make it available on its website and the information should be kept on the Company's website for at least five years.

16. CONTACT DETAILS FOR THE FCA

The Listing Rules contain a continuing obligation requiring the Company to provide the FCA with up to date contact details of at least one appropriate person nominated to act as the first

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38 LR 14.3.17R(1).

39 LR 14.3.17R(3).

40 LR 14.3.17R(5).

41 LR 14.3.17R(7).

42 LR 20.5.2R.

43 LR 20.5.3R.

44 DTR 1A.3.2.

45 DTR 6.1.9R.

46 DTR 6.1.10R.

point of contact with the FCA in relation to the Company's compliance with the Listing Rules and the DTRs.[47] The Company may nominate a group of people (rather than one person) or its broker. Any contact person is expected to be knowledgeable about the Company and the applicable Listing Rules, capable of ensuring that appropriate action is taken on a timely basis and contactable on business days between the hours of 7 a.m. to 7 p.m.

17. ONGOING COMPLIANCE WITH LISTING RULE 5.6.18

In July 2021, the FCA published a policy statement on amendments to the Listing Rules to provide investor protection measures for special purpose acquisition companies ("**SPACs**") (PS21/10) (the **"FCA Policy (PS21/10)"**). This policy statement sets out certain investor protection measures which the Company has adopted, and means that the FCA will generally be satisfied that the Company has sufficient measures in place to protect investors and not temporarily jeopardise the smooth operation of the market (LR 5.6.18AG).

The investor protection measures focus on the protection of "public shareholders" of a SPAC (being shareholders who are not a founding shareholder, a sponsor or a director of the SPAC) (LR 5.6.18BR). The Company will benefit from the exemption from the presumption of suspension if it satisfies, and until completion of a merger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination with a company or business (a "**Business Combination**") continues to satisfy, the following conditions:

- at the time of listing, the Company must raise aggregate gross cash proceeds in consideration for its listed shares issued to "public shareholders" of at least £100 million;

- the Company must have adequate binding arrangements in place with an independent third party to ensure that the aggregate gross cash proceeds received in consideration for its listed shares at the time of listing are protected from being used for any purpose other than:

    - to provide consideration for a Business Combination (following approval by the Company's directors and its public shareholders);

    - to redeem or purchase its shares following the exercise of a redemption right;

    - to distribute to public shareholders if a Business Combination has not been completed within a specified period; or

    - to return capital to public shareholders in the event of a winding up of the Company,

  other than a specified amount or proportion of such proceeds which may be retained by the Company and used to fund its operations where that amount or proportion has been disclosed in a prospectus.

- the Company's constitution provides that it will cease operations and return capital to public shareholders if it has not completed a Business Combination on or before the date which is 24 months from the date of its listing (which may be extended for a further period of up to 12 months provided that any such extension is approved by its public shareholders) and can be extended for a period of up to 6 months in certain circumstances where a Business Combination has been agreed;

- the Company's constitution provides that a Business Combination must be approved by its board before it is entered into, and that any director who has a conflict of interest in relation to the target does not vote on the relevant board resolution;

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[47] LR 14.3.8R.

- the Company's constitution provides that a Business Combination must be approved by its public shareholders before it is entered into or, if the Business Combination is expressed to be conditional on such approval, before it is completed;

- the Company's constitution provides that where a director has a conflict of interest in relation to the target of a Business Combination, the Company shall publish, in sufficient time before shareholder approval for the Business Combination is sought, a statement by the board that the proposed Business Combination is fair and reasonable as far as the public shareholders of the Company are concerned and that the directors have been so advised by an appropriately qualified and independent adviser; and

- the Company provides a redemption mechanism to shareholders so that it will redeem or repurchase their shares for a pre-determined amount which is exercisable at the discretion of a shareholder prior to completion of a Business Combination and whether or not such shareholder has voted in favour of the resolution to approve the Business Combination.

Pursuant to the requirements of the Listing Rule 5.6.18CR, the Company must provide a written confirmation to the FCA stating that (1) the conditions set out in Listing Rule 5.6.18AG have been met; and (2) the conditions set out in Listing Rule 5.6.18AG(2) to (7) will continue to be met until a reverse takeover is completed. Pursuant to the requirements of the Listing Rule 5.6.18FR, the Company must contact the FCA as soon as possible if, at any time after the written confirmation referred to above has been provided to the FCA, any of the conditions set out in LR 5.6.18AG(2) to (7) are no longer met.

The Company must make an announcement of the acquisition at an appropriate time, as is further described in the prospectus published by the Company on 7 October 2022, relating to the offer of class A ordinary shares of no par value in the Company together with 1/2 of a redeemable warrant per class A ordinary share. In the FCA Policy (PS21/10), the FCA has encouraged companies seeking to benefit from Listing Rule 5.6.18 to discuss with the FCA in advance of making this announcement. Directors should consult their advisers as discussions between the Company and potential targets progress, to ensure compliance both with these requirements and those of UK MAR.

18. FREE FLOAT

At least 10% (or such lower percentage as the FCA has permitted pursuant to LR 14.2.2R (3)) of the shares must be held by the public at all times.[48] The Company must notify the FCA as soon as possible of non-compliance.[49] The FCA may cancel the listing where it appears to the FCA that this requirement is not satisfied but it may allow a reasonable time to restore the percentage.[50]

The Company's shares must also remain admitted to trading on a regulated market for listed securities.

19. CANCELLATION OF LISTING (LR 5)

19.1 A Company may only cancel its listing when it is required to do so by the FCA or by complying with the procedure and approval requirements set out in LR 5.

19.2 When the cancellation is not in connection with a takeover offer or other restructuring, a Company must obtain approval from shareholders by a resolution passed by a majority of not less than 75% of the votes cast on the resolution. In addition, a Company with a controlling

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48 LR 14.2.2R.

49 LR 14.3.2R(2).

50 LR 5.2.2G(2).

shareholder is required to obtain a majority of over 50% of the votes cast by its independent shareholders (LR 5.2.5 R).

20. LEGAL ENTITY IDENTIFIER

20.1 DTR 6.2.2A R requires an issuer to notify the FCA of its Legal Entity Identifier (LEI) and to classify the announcement when it files regulated information (including inside information under UK MAR). The different categories and subcategories of regulated information are set out in DTR 6 Annex 1.

21. COPIES OF DOCUMENTS

21.1 A listed company is required to forward to the FCA **two** copies of:

21.1.1 all circulars, notices, reports or other documents to which the Listing Rules apply at the same time as they are issued; and

21.1.2 all resolutions passed by the company, other than resolutions concerning ordinary business at an annual general meeting, as soon as possible after the relevant meeting,

for publication on the National Storage Mechanism ("**NSM**") viewing facility.[51] The NSM viewing facility is located at https://data.fca.org.uk/#/nsm/nationalstoragemechanism where documents referred to in the Listing Rules as being documents made available at that facility can be inspected by the public.

21.2 In addition, an issuer must, without delay, notify a RIS when a document has been submitted for publication through the NSM viewing facility, unless the full text of the document is provided to a RIS.[52]

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[51] LR 14.3.6R.

[52] LR 14.3.7R.

SECTION C:
DISCLOSURE OF MAJOR SHAREHOLDINGS

22. INTRODUCTION

22.1 Chapter 5 of the DTRs sets out the rules in relation to the acquisition or disposal of major shareholdings or voting rights in an issuer, including the thresholds when a person holding voting rights in such issuer is required to notify the issuer of the percentage voting rights that it holds.

22.2 The purpose of the notification regime is so that a company and the market can identify who is controlling the way in which voting rights are exercised.

22.3 DTR 5 applies to issuers with shares admitted to trading on a UK regulated market (such as the main market of the London Stock Exchange) and to other UK incorporated companies with shares admitted to trading on a prescribed market, including AIM. The notification requirements are stricter for shareholdings in UK incorporated issuers. DTR 5 also applies to non-UK issuers with shares admitted to trading on a regulated market whose member state is the UK.

22.4 This applies to Class A Ordinary Shares and Class B Shares.

22.5 In its press release relating to the completion of the offering, the Company noted that:

"[i]n accordance with DTR 5.6.1, the Company's issued voting share capital consists of 12,500,000 Class A Ordinary Shares and 3,125,000 Class B Shares, as set forth in the Prospectus. The Company does not hold any Class A Ordinary Shares or Class B Shares in treasury. The total number of voting rights of the Company is 15,625,000 and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to, their interest in the shares under the DTRs."

23. NOTIFICATION OBLIGATION ON SHAREHOLDERS

23.1 Under DTR 5 where a person holds shares in a UK issuer, he/she must notify that issuer if he/she acquires or disposes of shares with voting rights attached and as a result the percentage of voting rights he/she holds as a shareholder reaches, exceeds or falls below 3% or any whole percentage figure above 3%.[53]

23.2 The disclosure thresholds for holdings in non-UK companies are 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.[54] As the Company is a non-UK issuer, these are the thresholds which are relevant for the purposes of this memorandum.

23.3 The notification to the issuer should be effected by an individual as soon as possible, no later than four trading days in the case of a non-UK issuer and two trading days in all other cases, after the date on which the relevant person: [55]

23.3.1 learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or

23.3.2 is informed about the relevant threshold event, as outlined in paragraph 23.2, is reached.

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53 DTR 5.1.2R(1).

54 DTR 5.1.2R(1).

55 DTR 5.8.3R.

The person must also file a copy of the form through the FCA portal: https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/shareholding-notification-disclosure.

23.4 Except where the transaction lasts only for a short period and the voting rights are not exercised, the requirement to notify changes in voting rights also applies where a person is an indirect holder of shares and may be able to control the manner in which voting rights are exercised in certain cases, including where a person:

23.4.1 has agreed with a third party holding voting rights to adopt, by concerted exercise of their voting rights, a lasting common policy towards the management of an issuer;

23.4.2 temporarily acquires voting rights for consideration; or

23.4.3 has voting rights which he/she may exercise at their own discretion as a proxy.[56]

23.5 This means, for example, that where the chair of a meeting holds discretionary proxies representing more than 5% of the voting rights (in the case of a non-UK issuer), he/she will have a notification obligation.

23.6 Any direct and indirect holdings must be aggregated,[57] but also separately identified in a notification to the issuer. In addition, a notification must be made in respect of holdings of certain financial instruments that entitle the holder to acquire issued shares to which voting rights are attached[58] and, where appropriate, aggregated.[59] An indicative list of the financial instruments that are subject to the notification requirements has been published by ESMA:

https://www.esma.europa.eu/document/indicative-list-financial-instruments.

23.7 There are certain instances where holdings do not have to be disclosed, including:

23.7.1 where shares are acquired for the sole purpose of clearing and settlement within a three day settlement cycle;[60]

23.7.2 shares held by a custodian or nominee[61] or by a collateral taker;[62] or

23.7.3 shares held by a market maker up to a 10% threshold.[63]

23.8 The provisions dealing with disclosure by groups of companies are slightly different. Under DTR 5 a person must aggregate their holdings with those of any undertaking controlled by it.[64] A person controls an undertaking where he/she holds the majority of the voting rights, he/she can appoint or remove a majority of the board of directors or he/she has the power to exercise dominant influence or control.

24. NOTIFICATION AND DISCLOSURE BY ISSUERS

24.1 A UK company that has received a major shareholder notification must in turn make public through a RIS all the information in such notification as soon as possible, and in any event, by

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56 DTR 5.2.1R.

57 DTR 5.2.3G.

58 DTR 5.3.1R.

59 DTR 5.3.1.R.

60 DTR 5.1.3R(1).

61 DTR 5.1.3R(2).

62 DTR 5.1.3R(5).

63 DTR 5.1.3R(3).

64 DTR 5.2.1R(e) and DTR 5.2.2G(1).

the end of the trading day after it receives such a notification.[65] A non-UK issuer or an issuer with shares admitted to a prescribed market must notify by not later than the end of the third trading day following receipt of notification.[66]

24.2 In addition there are detailed obligations on issuers to disclose, on an ongoing basis, details of changes to their share capital. In order to assist a shareholder to calculate whether a notification obligation has arisen under DTR 5, a company must notify the public, via a RIS:

24.2.1 of any acquisition or disposal by it of its own shares where the percentage of shares acquired or disposed of reaches, exceeds or falls below 5 per cent or 10 per cent of the voting rights at such time.[67] Such notification must be made within four trading days of the relevant acquisition or disposal; and

24.2.2 at the end of each calendar month, if there has been a change in the total number of voting rights and capital in respect of its issued share capital or the number of shares held in treasury (or immediately if there is a material change during the month).[68]

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65 DTR 5.8.12R(1).

66 DTR 5.8.12R(2).

67 DTR 5.5.1R.

68 DTR 5.6.1.R.

SECTION D:
RESTRICTIONS ON AND DISCLOSURE OF RESTRICTIONS ON PDMRS AND PCA'S DEALINGS

25. COMPANY'S SHARE DEALING CODE

25.1 For the purposes of this section, the following terms have the definitions set out below:

25.1.1 "**PDMR**" means a person discharging managerial responsibilities in respect of the Company,[69] being either:

(a) a director of the Company; or

(b) any other employee who has been told that he or she is a PDMR.

25.1.2 "**PCA**" means a person closely associated with a PDMR,[70] being:

(a) the spouse or civil partner of a PDMR; or

(b) a PDMR's child or stepchild under the age of 18 years who is unmarried and does not have a civil partner; or

(c) a relative who has shared the same household as the PDMR for at least one year on the date of the relevant dealing; or

(d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR (or by a PCA referred to in paragraphs (A), (B), or (C) of this definition), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person or which has economic interests which are substantially equivalent to those of such a person.

25.2 The freedom of PDMRs and their PCAs of listed companies to deal in the Company's securities and debt instruments is restricted in a number of ways. Premium listed companies are required to have effective systems and controls in place regarding the process for PDMRs to obtain clearance to deal. The Company's share dealing code imposes restrictions beyond those imposed by law. Its purpose is to ensure that PDMRs and their PCAs do not abuse, and do not place themselves under suspicion of abusing, inside information that he/she has, or may be thought to have, especially in periods leading up to an announcement of results.

25.3 In accordance with the Company's share dealing code, PDMRs must not deal in any securities of the Company without first obtaining clearance to deal from the Company's Code Administrator (as defined in the Company's share dealing code). A response to a request for clearance will normally be given within five business days of the request being made. If clearance is given, dealing should take place within two business days.

25.4 Clearance must not be given to deal in any securities of the Company:

25.4.1 to PDMRs or their PCAs, during any period when there exists any matter which constitutes inside information in relation to the Company; or

25.4.2 to PDMRs, during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report that the Company is obliged to make public according to either the rules of the relevant exchange or national law.

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69 UK MAR, Article 3(25).

70 UK MAR, Article 3(26).

25.5 However, a company may allow a PDMR to trade on their own account or for the account of a third party during a closed period where either of the following apply:[71]

25.5.1 on a case-by-case basis due to the existence of exceptional circumstances such as severe financial difficulty, which require the immediate sale of shares; or

25.5.2 due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

25.6 The Company may impose more rigorous restrictions upon dealings by PDMRs and their PCAs if it wishes and the precise terms of the share dealing code to be approved and adopted should be discussed with the Company's professional advisers.

25.7 The Company's share dealing code cannot sanction a breach of the market abuse regime or the insider dealing provisions of the CJA. The market abuse and insider dealing regimes can extend to people other than PDMRs and their PCAs. Therefore, the Company should ensure that all such persons understand and comply with the market abuse and insider dealing regimes in addition to their own internal share dealing codes. Many companies do this by providing an explanation of the market abuse and insider dealing regimes for staff in addition to their share dealing code and by obtaining written acknowledgement to comply with these obligations.

25.8 PDMRs are required to write to their PCAs asking them not to deal in the circumstances outlined above. In addition, PDMRs are required to advise their PCAs in writing that it is their responsibility to notify the Company and the FCA of any transaction in the Company's shares as soon as practicable and in any event within one business day of the transaction.

25.9 PDMRs and their PCAs must notify both the Company and the FCA of certain transactions in or related to the Company's shares which have been conducted on their own account. The Company is under an obligation to make notifications public within three business days of the transaction date.

26. NOTIFICATION OF TRANSACTIONS

26.1 PDMRs, as well as their PCAs, are required to notify the Company using a specific template of any transactions they conduct on their own account in the Company's shares or debt instruments or derivatives or other financial instruments linked thereto, as soon as possible and in any event within one business day of the transaction; guidance in filling out this form is also available at:

https://www.fca.org.uk/publication/forms/pdmr-form-guide.pdf.

26.2 The details to be given in the notification include: the price and volume of the transaction, nature of the transaction, date and place of the transaction and a description of the financial instrument. This notification must also be submitted to the FCA within three business days of the transaction. The Company must announce the transaction to the market through its RIS. If required, PDMRs and PCAs should consult the Company's Code Administrator (as indicated by the Company's share dealing code) and/or the Company's legal advisers for guidance on and assistance when making the necessary notifications.

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[71] UK MAR, Article 19(12).

SECTION E:
PUBLISHING FINANCIAL INFORMATION

27. INTRODUCTION

27.1 Chapter 4 of the DTRs sets out the obligations in relation to periodic financial reporting and provides the timing and manner of publication by an issuer of its audited financial statements, its half yearly financial reports.

27.2 DTR 4 applies to any issuer whose transferable securities (as defined in the Glossary in the FCA Handbook) are admitted to trading and whose home member state is the UK and so will apply to the Company.

28. ANNUAL FINANCIAL REPORT/ANNUAL REPORT AND ACCOUNTS

28.1 Under DTR 4 an issuer must publish its annual financial report at the latest four months after the end of the financial year[72] and must make the report publicly available for at least 10 years.[73]

28.2 The annual financial report must include:[74]

28.2.1 audited financial statements;[75]

28.2.2 a management report; and

28.2.3 responsibility statements.

28.3 The management report must contain a fair review of the issuer's business and describe the principal risks and uncertainties that the issuer faces.[76]

28.4 The responsibility statements must be made by the persons responsible within the issuer (their name and function within the issuer must be stated) and state that the financial statements give a true and fair view of the assets, liabilities and financial position and profit or loss of the issuer, and that the management report includes a fair review of the development and performance of the business and a description of the principal risks and uncertainties that they face.[77]

29. HALF-YEARLY FINANCIAL REPORTS (INTERIMS)

Under DTR 4 an issuer must publish a half-yearly financial report, as soon as possible, and at the latest three months after the end of the first six-month period of the financial year and must make the half-yearly financial report publicly available for at least 10 years.[78]

29.1 The half-yearly report must include:[79]

29.1.1 a condensed set of financial statements;[80]

29.1.2 an interim management report; and

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72 DTR 4.1.3R.

73 DTR 4.1.4R.

74 DTR 4.1.5R.

75 Refer to DTR 4.1.6R for the content requirements for audited financial statements.

76 DTR 4.1.8R. Also, refer to DTR 4.1.9R to 4.1.11R for content requirements.

77 DTR 4.1.12R.

78 DTR 4.2.2R.

79 DTR 4.2.3R.

80 See also DTR 4.2.4R.

29.1.3 responsibility statements.

29.2 The half-yearly report must indicate if it has been audited or reviewed by auditors and if so, the audit report or review must be reproduced in full. If not, the issuer must make a statement to this effect in its report.[81]

29.3 The interim management report must include at least details of any important events in the relevant period, the principal risks and uncertainties for the remaining six months and (for issuers of shares) details of related party transactions.[82]

29.4 The responsibility statements must confirm that the condensed statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer which can be satisfied by a statement that the condensed accounts have been prepared in accordance with the international accounting standards ("**IAS 34**").[83]

29.5 The rules on half-yearly reports in DTR 4 apply to issuers with shares or debt securities admitted to trading on a regulated market whose member state is the UK.[84] Issuers of convertible securities and depositary receipts do not have to publish half-yearly reports.[85]

30. FURTHER LIABILITY UNDER FSMA

30.1 Under Section 90A of FSMA, an issuer will be liable to pay compensation to persons who have suffered loss as a result of:

30.1.1 a misleading statement or dishonest omission in certain published information (i.e., information published via a regulatory news service or other permitted means for communicating information to the public when a regulatory news service is unavailable ("**recognised means**") or by other means where the availability of the information has been announced by the issuer by recognised means) relating to the securities; or

30.1.2 a dishonest delay in publishing such information.

30.2 Accordingly, there is a statutory liability regime for false or misleading statements in certain publications which applies to periodic financial reports required by DTR 4 and to ad hoc disclosures. Under Section 90A of FSMA, an issuer will be liable to pay compensation to a person who acquires, continues to hold or disposes of the securities in reliance on published information and who suffers loss in respect of the securities as a result of either:

30.2.1 any untrue or misleading statement in that information; or

30.2.2 the omission from that information of any matter required to be included in it.[86]

An issuer will only be liable to third parties if a PDMR for the publication knew that the statement was wrong or misleading, was reckless as to whether it was or knew any omission was a dishonest concealment of a material fact.[87]

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81 DTR 4.2.9R.

82 DTR 4.2.7R and 4.2.8R.

83 DTR 4.2.10R (4).

84 DTR 4.2.1R.

85 DTR 4.4.5R and 4.4.7R.

86 Schedule 10A, para. 3(1), FSMA.

87 Schedule 10A, para 3, FSMA.

SECTION F:
CONTINUING OBLIGATIONS TO SHAREHOLDERS

31. EQUALITY OF TREATMENT

31.1 DTR 6.1.3R provides that issuers of shares or debt securities must ensure equal treatment for all holders of such shares or debt securities, as the case may be, to ensure that all holders of shares or debt securities ranking *pari passu* are given equal treatment in respect of all the rights attaching to those shares or debt securities.

31.2 An issuer of shares or debt securities must ensure that all facilities and information necessary to enable holders to exercise their rights are available in the home state and that the integrity of data is preserved.[88]

31.3 Under DTR 6.1.6R an issuer of shares or debt securities must designate as its agent a financial institution through which shareholders or debt security holders may exercise their financial rights.

32. PROXY FORMS

Shareholders and debt securities holders must not be prevented from exercising their rights by proxy. An issuer must make available a proxy form in paper or electronic form to each person entitled to vote at the relevant meeting. The proxy form must be made available either with the notice of meeting or after the announcement of the meeting.[89]

33. ELECTRONIC COMMUNICATIONS

Subject to the obtaining of prior shareholder approval, an issuer may use electronic means to communicate with its shareholders or debt security holders. The use of electronic means must not depend on the location of shareholders or debt security holders and identification arrangements must be put in place to ensure that shareholders etc. are informed of the change to communication by electronic means.[90]

34. CIRCULATION OF INFORMATION TO SHAREHOLDERS

34.1 An issuer of shares must provide information to holders on:[91]

34.1.1 the time, place and agenda of meetings;

34.1.2 the total numbers of shares and voting rights; and

34.1.3 the rights of holders to participate in meetings.

34.2 It must also publish notices or distribute circulars concerning the allocation and payment of dividends and the issue of new shares including information on any arrangements for allotment, subscription, cancellation or conversion.[92]

34.3 An issuer must file regulated information with the FCA at the same time as it discloses the information to a RIS.[93] Regulated information includes all information which an issuer is required to disclose under the Listing Rules and the DTRs.

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88 DTR 6.1.4R.

89 DTR 6.1.5R.

90 DTR 6.1.7G and DTR 6.1.8R.

91 DTR 6.1.12R.

92 DTR 6.1.13R.

93 DTR 6.2.2R.

35. DISSEMINATION OF REGULATED INFORMATION

35.1 DTR 6 applies to issuers with transferable securities admitted to a trading on a regulated market whose home member state is the UK

35.2 Filing of regulated information:

35.2.1 When an issuer discloses regulated information, it must at the same time file this with the FCA.[94] Companies can continue to use a RIS for this.[95] This information has to be disclosed in a manner which ensures that it is capable of being disseminated simultaneously to as wide a public as possible, and as close to simultaneously as possible in the UK.[96]

35.2.2 Regulated information must be communicated in unedited full text[97] and make clear that it is regulated information.[98] For results announcements issuers should note:

(a) an annual report does not have to be released in unedited full text except for the information that would have to be included in a half yearly report;[99]

(b) half yearly reports will have to be released in unedited full text;[100] and

(c) an announcement relating to the publication of the annual financial report, the half yearly financial report and the report on payments to governments must indicate a website where the relevant documents are available.[101]

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94 DTR 6.2.2R.

95 DTR 6.2.3G

96 DTR 6.3.4R.

97 DTR 6.3.5R.

98 DTR 6.3.7R.

99 DTR 6.3.5R(2)(a).

100 DTR 6.3.5R(2)(b)

101 DTR 6.3.5R(3).

SECTION G:
FURTHER ONGOING REQUIREMENTS TO CONSIDER

36. LISTING PRINCIPLES

36.1 The Listing Rules contain two general high level principles known as the Listing Principles. They are enforceable like other provisions of the Listing Rules and are designed to assist listed companies in identifying their obligations and responsibilities under the Listing Rules and the DTRs. There are also six general high level principles, which apply to companies with a premium listing of equity securities (the "**Premium Listing Principles**"), which we have included in this memorandum for information purposes only.

36.2 The Listing Principles which all listed companies must comply with are as follows:

36.2.1 Principle 1 - A listed company must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations.

36.2.2 Principle 2 - A listed company must deal with the FCA in an open and co-operative manner.

36.3 The Premium Listing Principles are as follows:

36.3.1 Principle 1 – A listed company must take reasonable steps to enable its directors to understand their responsibilities and obligations as directors.

36.3.2 Principle 2 – A listed company must act with integrity towards the holders and potential holders of its premium listed securities.

36.3.3 Principle 3 – All equity shares in a class that has been admitted to premium listing must carry an equal number of votes on any shareholder vote. In respect of certificates representing shares, that have been admitted to premium listing, all the equity shares of the class which the certificates represent must carry an equal number of votes on any shareholder vote.

36.3.4 Principle 4 – Where a listed company has more than one class of equity shares admitted to premium listing, the aggregate voting rights of the shares in each class should be broadly proportionate to the relative interests of those classes in the equity of the listed company.

36.3.5 Principle 5 – A listed company must ensure that it treats all holders of the same class of its premium listed securities and its listed equity shares that are in the same position equally in respect of the rights attaching to those premium listed securities and listed equity shares.

36.3.6 Principle 6 – A listed company must communicate information to holders and potential holders of its premium listed securities and its listed equity shares in such a way as to avoid the creation or continuation of a false market in those premium listed securities and listed equity shares.

36.4 The Company should remain aware of its broad obligations under the Listing Principles and Premium Listing Principles even where its conduct does not breach a specific Listing Rule or DTR. The Company should look at the systems, controls and procedures, staff training and standard form documents that it uses to ensure compliance with its obligations under the Listing Rules and the DTRs.

37. RELATED PARTY TRANSACTIONS

37.1 DTR 7.3 implements the Shareholder Rights Directive II ((EU) 2017/828) and sets out certain requirements in respect of material related party transactions. This chapter will have application

to the Company, subject to the modifications outlined in LR 14.3.26R.[102] Chapter 11 of the Listing Rules sets out specific requirements for transactions and arrangements with "related parties" or with any other person that may benefit a related party. However, notwithstanding that the rules in Chapter 11 only apply to premium listed companies, the overlap between DTR 7.3 (which does apply) and Chapter 11 of the Listing Rules means that compliance with the former will satisfy certain requirements of the latter.

37.2 DTR 7.3.8 provides that, if the Company enters into a material related party transaction, the Company must no later than the time when the terms of the transaction or arrangement are agreed, publish an announcement on a RIS which sets out:

37.2.1 the nature of the related party relationship;

37.2.2 the name of the related party;

37.2.3 the date and the value of the transaction or arrangement; and

37.2.4 any other information necessary to assess whether the transaction or arrangement is fair and reasonable from the perspective of the issuer and of the shareholders who are not a related party, including minority shareholders.

37.3 Pursuant to LR 14.3.26R, the Company need only comply with DTR 7.3.8(1) in relation to the disclosure element of a material related party transaction. There is no obligation on the Company to obtain the approval of its board for the transaction or arrangement before it is entered into, but may be sought nonetheless should the board consider this appropriate pursuant to directors' duties and the corporate governance of the Company.

37.4 The Company must monitor each individual element of the DTR 7.3.8 requirements before deciding to make a RIS announcement:

37.4.1 **Related party**: whether the party with whom the Company is entering into the transaction is a "related party" as defined in the IFRS.

37.4.2 **Related party transaction**: whether there is the presence of:

(a) a transaction (other than a transaction in the ordinary course of business and concluded on normal market terms) between the Company and a related party;

(b) an arrangement (other than an arrangement in the ordinary course of business and concluded on normal market terms) pursuant to which the Company and a related party each invests in, or provides finance to, another undertaking or asset; or

(c) any other similar transaction or arrangement (other than a transaction or arrangement in the ordinary course of business and concluded on normal market terms) between the Company and any other person the purpose and effect of which is to benefit a related party.

37.4.3 **Materiality**: where any percentage ratio is 5% or more according to any one of the profits, assets, market capitalisation or gross capital tests set out in Annex 1 to DTR 7.

[102] LR 14.3.25R

37.5 DTR 7.3, along with Chapter 11 of the Listing Rules, aims to provide safeguards which are intended to prevent a related party from taking advantage of its position and also to prevent any perception that it may have done so.

37.6 However, the rules in Chapter 11 of the Listing Rules only apply to premium listed issuers and therefore this section has been included in this memorandum for information purposes only. For the purposes of Chapter 11 of the Listing Rules, a related party transaction is a transaction, other than in the ordinary course of business, between the Company and a substantial shareholder, a director or a shadow director of the Company or any of its subsidiary undertakings or parent undertakings, a person exercising significant influence, or a person who is or was within the last 12 months prior to the transaction a director or shadow director of the Company or affiliate thereof, or an associate of any of them. Where the related party is an individual, an "associate" may be (i) a spouse, civil partner or child; (ii) a trustee of any trust the individual or any of the individual's family is a beneficiary of; or (iii) a company in which the individual or any member or members (taken together) of the individual's family has a direct or indirect interest and is able to exercise or control the exercise of 30% of the votes or is able to appoint and remove directors holding majority voting rights. Where the related party is a company, an "associate" may be (i) a subsidiary, fellow subsidiary or parent company; or (ii) a company whose directors are accustomed to acting under the direction or instruction of the related party.

37.7 Where a transaction is proposed between a listed company (or any of its subsidiary undertakings) and a related party, notification to a RIS, a circular and the prior approval of the company in general meeting will generally be required. Any circular sent to shareholders must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the company. The board must state that the transaction or arrangement is fair and reasonable as far as the company's shareholders are concerned and that the directors have been so advised by an independent adviser acceptable to the FCA. There are certain exceptions, including an exception for small transactions. Where shareholders' approval is required, the circular must include a statement that the related party will not vote and that it has undertaken to take all reasonable steps to ensure that its associates will not vote on the relevant resolution at the meeting.

37.8 Annex 1 to Listing Rule 11 sets out transactions to which related party transaction rules do not apply e.g. certain small transactions; certain transactions related to employee share schemes and issues of new securities; and certain directors' indemnities and loans.

SECTION H:
CORPORATE GOVERNANCE, THE UK CODE AND DTR 7

38. INTRODUCTION

38.1 The UK Corporate Governance Code (the "**UK Code**") is the key source of corporate governance recommendations for UK listed companies with a Premium Listing. With a Standard Listing, the Company is not required to comply with the UK Code (although see paragraph 44 below relating to DTR 7).

38.2 Although not all elements of the UK Code will be relevant for the Company prior to the Acquisition, the Company currently intends to comply with relevant sections of the UK Code on a voluntary basis.

38.3 Set out below is a summary of the main areas covered by the UK Code. Whilst the following can be used for reference purposes it is advised that you refer to the UK Code itself for full guidance, a copy of which can be found at:

https://www.frc.org.uk/document-library/corporate-governance/2018/uk-corporate-governance-code-2018

38.4 The UK Code should be read in conjunction with the Financial Reporting Council's Guidance on Board Effectiveness (the "**UK Code Guidance**"), which elaborates on the Principles and Provisions contained in the UK Code, and provides certain practical steps in how to achieve the high quality of governance envisaged by the UK Code. This can be found at:

https://www.frc.org.uk/document-library/corporate-governance/2018/guidance-on-board-effectiveness

38.5 The Company should discuss with its advisers which elements of the UK Code should be adopted with effect from Admission.

39. BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

39.1 Every company should be led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.[103]

39.2 The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All the Directors must act with integrity, lead by example and promote the desired culture.[104]

39.3 The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.[105]

39.4 The board should assess the basis on which the company generates and preserves value over the long term (including when identifying an acquisition), and should describe in the annual report how opportunities and risks to the future success of the business have been considered

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[103] UK Code, Principle A.

[104] UK Code, Principle B.

[105] UK Code, Principle C.

and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.[106]

39.5 The board should meet regularly to discharge its duties effectively and to allow adequate time for consideration of all the issues falling within its remit. Ensuring there is a formal schedule of matters specifically reserved for its decision will assist the board's planning and provide clarity to all over where responsibility for decision-making lies including forward visibility and predictability for shareholders and investors.[107]

39.6 The chair is responsible for ensuring board committees are properly structured with appropriate terms of referencing, which should be published on the company's website. The terms of each committee (once established) should set out its responsibilities and the authority delegated to it by the board. The chair has further responsibility for ensuring committee membership is periodically refreshed and that the non-executive Independent Directors are not over-burdened when deciding the chairs and membership of committees. [108]

39.7 The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.[109]

Shareholder Engagement

39.8 The board should, in order for the company to meet its responsibilities to shareholders and stakeholders, ensure effective engagement with, and encourage participation from, these parties.[110]

39.9 The chair should also seek regular engagement with investors and major shareholders in order to understand their views on governance and performance against the strategy of the Company with regard to the long-term success and future viability of the Company as described in paragraph 39.4.[111] The board should also communicate how the strategy relates to the values and behaviours that shape its culture and the way it conducts its business.[112]

39.10 To ensure that there is sufficient time to consider issues, for the notice of the annual general meeting and related papers to be sent to the shareholders at least 20 working days before the meeting.[113]

40. DIVISION OF RESPONSIBILITIES

The UK Code aims to achieve a clear division of responsibilities at the head of the company, between the running of the board and the executives responsible for the running of the company's business.

Establishment and Composition of the Board

40.1 The chair is responsible for leadership of the board and ensuring its overall effectiveness on all aspects of the role. He/She should demonstrate objective judgment throughout their tenure and promote a culture of openness and debate, and facilitate constructive board relations and the

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106 UK Code, Provision 1

107 UK Code Guidance, paragraph 28.

108 UK Code Guidance, paragraph 63.

109 UK Code, Provision 7.

110 UK Code, Principle D.

111 UK Code, Provision 3.

112 UK Code Guidance, paragraph 11.

113 UK Code Guidance, paragraph 36.

effective contribution of all non-executive directors, and ensure that the Directors receive accurate, timely and clear information.[114]

40.2 In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. The chair should hold meetings with the non-executive directors without the executive directors being present. The chair is responsible for ensuring that the directors continually update their skills and maintain the knowledge and familiarity with the company required to fulfil their role.

40.3 The board should include an appropriate combination of executive and non-executive directors (and in particular, independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking.[115] Given the nature of the Company prior to the Acquisition, the balance of executives to non-executives is not important although the independence of non-executive directors is.

40.4 At least half of the board, excluding the chair, should be non-executive directors whom the board considers to be independent.[116] A non-exhaustive list of circumstances which are likely to impair, or could appear to impair, a non-executive director's independence is set out in Provision 10 of the UK Code.

40.5 The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.[117]

40.6 On appointment, the chair should meet the independence criteria set out in Provision 10 of the UK Code. The roles of chair and chief executive should not be exercised by the same individual.[118]

Role of Non-Executive Directors

40.7 Non-executive directors have the responsibility of ensuring they have sufficient time to meet their board responsibilities, and provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.[119]

40.8 The board should identify in the annual report each non-executive director it considers to be independent, with regard to the non-exhaustive circumstances outlined in provision 10 of the UK Code. If any such circumstances, or otherwise, where the board nonetheless considers that a non-executive director is independent, a clear explanation should be provided.[120]

40.9 The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. The senior independent director should also be available to shareholders if he/she has concerns that contact through the normal channels of chair, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate.[121]

40.10 Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as

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[114] UK Code, Principle F.

[115] UK Code, Principle G.

[116] UK Code, Provision 11.

[117] UK Code, Principle I.

[118] UK Code, Provision 9.

[119] UK Code, Principle H.

[120] UK Code, Provision 10.

[121] UK Code, Provision 12, UK Code Guidance, paragraph 67.

necessary.[122]

40.11 Non-executive directors have a prime role in appointing and removing executive directors. This should be decided on the basis of scrutiny and holding to account the performance of management and individual executive directors against agreed performance objectives. It is the responsibility of the chair to hold meetings with the non-executive directors without the executive directors' present. [123]

40.12 The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. It should set out the number of meetings of the board and its committees, along with a record of individual attendance by directors.[124]

41. COMPOSITION, SUCCESSION AND EVALUATION

Appointments and Prospective Appointees

41.1 There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board and an effective succession plan should be maintained for board and senior management, i.e. appointments and succession plans should be made on merit and against objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. [125]

41.2 Care should also be taken to ensure that any appointee has sufficient time to devote to the role. Significant commitments to be undertaken should be disclosed with an indication of the time involved and the board should take into account other demands on individual directors' time.[126]

41.3 The terms and conditions of appointment of the chair and the non-executive directors must be available for inspection and should set out the expected time commitment and also indicate the possibility of additional commitment when the company is undergoing a period of particularly increased activity, such as an acquisition or takeover.[127]

41.4 The board and its committees should have a combination of skills, experience and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.[128]

Re-Election

41.5 All directors should be submitted for annual re-election. The names of directors submitted for election or re-election should be accompanied by board guidance outlining in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.[129]

Role of Nomination Committees

41.6 There should be a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and to oversee the development of a diverse pipeline for succession. A majority of members should

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122 UK Code, Provision 12.

123 UK Code, Provision 13.

124 UK Code, Provision 14.

125 UK Code, Principle J, UK Code Guidance, paragraph 96.

126 UK Code, Provision 15.

127 UK Code Guidance, paragraphs 95-96.

128 UK Code, Principle K.

129 UK Code, Provision 18.

be independent non-executive directors. The chair or an independent non-executive should chair the committee, but the chair should not chair the nomination committee when it is dealing with the appointment of their successor.[130]

41.7 The nomination committee should evaluate the balance of skills, knowledge and experience on the board when preparing a description of the role and capabilities required for a particular appointment, and then agree a process to be undertaken to identify, sift and interview suitable candidates, building in a proper assessment of values and expected behaviours into the recruitment process.[131]

41.8 A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments, with particular regard to long-term succession planning and developing a diverse pipeline, policies on diversity and inclusion and gender balance of those in senior management.[132]

Evaluation and Professional Development

41.9 The board should undertake a formal and rigorous annual evaluation, considering its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.[133]

41.10 The UK Code suggests that the chair should consider having a regular externally facilitated board evaluation at least every three years. This should be a formal and vigorous annual evaluation of the performance of the board, its committees, the chair and individual directors.[134]

41.11 It is the responsibility of the chair to act on the results of the performance evaluation by recognising any strengths and addressing any weaknesses of the board. This extends to taking appropriate action when development needs have been identified.[135]

42. AUDIT, RISK AND INTERNAL CONTROL

Policies and Procedures

42.1 The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.[136]

42.2 The board should present a balanced and understandable assessment of the company's position and prospects.[137]

42.3 It should also be explained in the annual report by the directors their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.[138]

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130 UK Code, Provision 17.

131 UK Code Guidance, paragraph 92.

132 UK Code, Provision 23.

133 UK Code, Principle L.

134 UK Code, Provision 21.

135 UK Code, Provision 22.

136 UK Code, Principle M.

137 UK Code, Principle N.

138 UK Code, Provision 27.

Audit Committee and Auditors

42.4 The board should establish an audit committee of at least two members who should all be independent non-executive directors with a minimum membership of three, or in the case of smaller companies, two. At least one member is required to have recent and relevant financial experience. The chair of the board should not be a member. The committee as a whole shall have competence relevant to the sector in which the company operates.[139]

42.5 Specific guidance in relation to audit, risk and internal control is found in Provisions 25-31 of the UK Code and paragraphs 117-122 of the UK Code Guidance. The UK Code sets out the role and responsibilities of the audit committee which includes monitoring the integrity of financial statements, reviewing internal financial controls, monitoring and reviewing the internal audit function and the external auditor's independence and objectivity and the effectiveness of the audit process.[140]

42.6 The annual report should describe the work of the audit committee, and should include, among other things, any significant issues that the audit committee considered relating the financial statements (and how these issues were addressed) and if an external auditor was appointed, the basis on which the independence and effectiveness of the auditor was assessed, and an explanation of why any recommendations from the auditors were not followed by the board.[141]

Risk Management

42.7 The board should carry out a robust assessment of the Company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.[142]

42.8 The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.[143]

43. REMUNERATION

General Principles

43.1 Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to the company purpose and values, and have a clear link to the successful delivery of the company's long-term strategy.[144]

43.2 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding their own remuneration.[145]

43.3 Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider

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139 UK Code, Provision 24.

140 UK Code, Provision 25.

141 UK Code, Provision 26.

142 UK Code, Provision 28.

143 UK Code, Provision 29.

144 UK Code, Principle P.

145 UK Code, Principle Q.

circumstances. [146]

Remuneration Committee

43.4 The Company should establish a remuneration committee of independent non-executive directors with a minimum membership of three, or in the case of smaller companies, two. The chair of the board may be a member *provided that* he/she was independent on appointment and cannot chair the committee. The appointee of the chair should have served on a remuneration committee for at least 12 months.[147]

43.5 The committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and any senior management. The remuneration committee have responsibility for the appointment of third parties or consultants when deciding or delegating such responsibility for remuneration, with such appointments to be identified in the annual report.[148]

43.6 The work of the remuneration committee should be described in the annual report, including with reference to how it has set its schemes and policies, how the principles and provisions of the UK Code regarding levels and the basis of remuneration have been adhered to, or where appropriate, departed from, and whether and why any discretion has been applied in relation to remuneration outcomes.[149]

Levels and Basis of Remuneration

43.7 When determining non-executive director remuneration policy, this should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should generally not include share options or other performance-related elements.[150]

43.8 When determining executive director remuneration policy, the remuneration committee should address the following: clarity, simplicity, risk, predictability, proportionality and alignment to culture.[151]

43.9 The remuneration committee, when setting schemes and policies of directors of the company, should build in discretion to overcome formulaic outcomes, extending to the ability of the company to recover and/or withhold any sums or share awards, and on what basis such recovery or withholding is based upon. should carefully consider compensation commitments in directors' terms of appointment in the event of a director's early termination so as to avoid rewarding poor performance. Notice or contract periods should typically be set at one year or less.[152]

44. DTR 7 CORPORATE GOVERNANCE REQUIREMENTS

44.1 DTR 7 requires an issuer to appoint an audit committee and to include disclosures about it in its financial report.

44.2 DTR 7.2 requires all companies with a listing of securities, including overseas companies with a standard listing, to publish a corporate governance statement in their directors' report including disclosure of, among other things, the main features of their internal control and risk

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146 UK Code, Principle R.

147 UK Code, Principle 32.

148 UK Code, Principle 33, 35.

149 UK Code, Principle 41.

150 UK Code, Principle, 34.

151 UK Code, Provision 40.

152 UK Code, Provisions 37, 39.

management systems (and an explanation of any departure from such corporate governance code) and the corporate governance code to which the issuer is subject (or voluntarily subject).[153]

44.3 Appendix B to the UK Code Guidance also sets out the overlap between DTR 7 and the UK Code.

[153] DTR 7.2.2R and DTR 7.2.5R.

SCHEDULE 1

SANCTIONS FOR BREACH OF THE LISTING RULES AND THE DTRS

1. SANCTIONS FOR BREACH

1.1 The FCA may impose the following sanctions for breach of the Listing Rules, the DTRs and the PRRs:

(a) Censure of the issuer and/or any person who was at the material time a director of the issuer and was knowingly concerned in the contravention.[154] (This includes an ex-director if he/she was a director at the material time).[155] If the FCA does intend to take action against a director, it must give him or her a warning notice.

(b) A fine on the issuer and/or a director knowingly concerned in the breach.[156]

1.2 In the case of breach of the DTRs, sanctions also include:

(a) censure or a fine on PDMRs within an issuer or their PCAs;[157] or

(b) suspension of the issuer's securities from trading.[158] (Examples of when the FCA may impose suspension for breach of the DTRs include where an issuer fails to make an announcement to a RIS as required by the DTRs within the time limit or where there is a leak of inside information and the issuer is unable to issue an appropriate RIS announcement within a reasonable period of time,[159] where an issuer publishes misleading information[160] and where the issuer fails to publish any information, when required to do so by the FCA).[161]

1.3 Sanctions for breaches of the Listing Rules additionally include:

(a) suspension of the issuer's securities from listing;[162] and

(b) cancellation of the issuer's listing of securities where the FCA is satisfied that there are special circumstances that preclude normal regular dealings in them.[163]

1.4 Additionally, in the case of breach of the PRR, the FCA may:

(a) suspend or prohibit the offer to the public of transferable securities;[164] or

(b) suspend or prohibit admission of transferable securities to trading on a regulated market.[165]

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154 Section 91(2) and (3), FSMA.

155 Section 91(2), FSMA.

156 Section 91(1) and 91(1A), FSMA.

157 DTR 1.5.3G.

158 DTR 1.4.2G.

159 DTR 1.4.4G.

160 DTR 1A.3.2R.

161 DTR 1A.3.1R.

162 LR 5.1.1R and 5.1.2G.

163 LR 5.2.1R.

164 Section 87K, FSMA.

165 Section 87L, FSMA.

1.5 Where trading or listing of an issuer's securities is suspended, the issuer, any PDMRs and any PCAs must continue to comply with all applicable rules in the DTRs and the Listing Rules.

1.6 Instead of taking any of the more formal disciplinary actions set out above, the FCA may decide to give the issuer or relevant person a private warning.

1.7 The FCA will usually contact a company by telephone if it suspects that a breach has occurred. Where an issuer realises or thinks that it may have breached the rules, it should contact the FCA for guidance. When discussing potential breaches with the FCA, a policy of full disclosure should be adopted.

1.8 Breach of the Listing Rules, the PRRs, the DTRs and UK MAR may, in some circumstances, amount to the civil offence of market abuse.

2. FINANCIAL PENALTIES

2.1 Section 91 of FSMA contains the FCA's power to fine issuers and others for breaches of the Listing Rules, the PRR or the DTRs. The FCA may impose a penalty of such amount as it considers appropriate.

2.2 FSMA requires the FCA to have a policy to determine the amount of a penalty having regard to:[166]

(a) the seriousness of the contravention in question in relation to the nature of the requirement contravened;

(b) the extent to which that contravention was deliberate or reckless; and

(c) whether the person on whom the penalty is to be imposed is an individual.

2.3 The FCA's policy on financial penalties for breach of the Listing Rules, the PRRs and the DTRs is contained in its Decision Procedure and Penalties Manual. In its policy, the FCA states that it will consider all relevant circumstances of a contravention when it determines whether to impose a sanction.[167] To ensure flexibility of approach there is no tariff of penalties for different kinds of contravention.

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166 Section 93(2), FSMA.

167 The Decision Procedure and Penalties Manual, 6.2.1.