

Roger Clark t/a Corporate Governance Shop and
Corporate Governance Group Limited
and subsidiaries

POLICY 003

POLICY AND PROCEDURE ON PURCHASE ORDERS AND COMMITMENTS

Statement

This Policy and Procedure lists the conditions by which all Group companies will deem themselves committed contractually. The Policy gives the overall approach towards committing expenditure while the Procedure states in more detail how a Group company shall become committed. It also states that if the procedure is not followed exactly then any 'contract commitment' will have been *ultra vires* as it was beyond the powers of the person(s) / signatories to commit us because the action was prohibited. This Policy and Procedure document is published on all of the Group company websites and so is notified to the public and is in the public domain.

Policy

It is the Policy of Corporate Governance Group Limited and its subsidiaries (however many subsidiaries there are at any time) ("the Company") that it shall be committed to expenditure only when it desires to be committed and when the Procedure on Purchase Orders and Commitments set out below is followed exactly.

The management undertakes that this Policy will be developed, reviewed and actively supported at the highest level and will be consistent with the other Company policies.

Management also undertakes that this Policy will remain relevant to all Company activities, products and services. It will be understood, implemented and maintained at all levels within the Company.

Responsibilities

The overall responsibility for the implementation of the Policy rests with Mr. Roger Clark, currently Group Chief Executive Officer, and Mr Ian Ilsley, currently Group Chairman, jointly. Together they will actively encourage awareness of the Policy and Procedure on the part of all Company personnel, prospective managers and staff, Resource consultants and suppliers and prospective suppliers. Together they will initiate necessary actions to avoid or mitigate any harmful risks connected with committing expenditure.

All personnel and sub contractors working on any site under the control of the Company will be expected to observe this Policy and Procedure. To this end, we will refer all persons with whom the Company has dealings to the website so that they will be aware of this Policy and Procedure.

Aims

One important aim of this Policy is to prevent or reduce the likelihood of the risk of litigation and loss of management time in dealing with litigation, threatened litigation and spurious claims against the Company and its Directors, management and personnel personally.

A second important aim of this Policy is to ensure expenditure is contained, never exceeds approved budgets and is always committed exactly in accordance with this Policy and Procedure.

The aims of the Policy will be achieved by effective two-way communication with all Directors, Resource consultants, personnel, prospective personnel, suppliers and prospective suppliers to ensure compliance.

Procedure – Preamble

All parties are made aware of the following matters:-

- The importance of compliance with the Policy and Procedure
- The risks of non compliance
- Individual Function Descriptions state the individual's level of ability to commit the Company contractually
- All commitments above £500 in value must be approved by both Directors
- Roles and responsibilities in achieving compliance with the Policy and in educating others
- The potential consequences for the individual of departing from the Procedure
- Fraud is common in this area of business and vigilance is required

A suggestion scheme encourages ideas which may lead to improvements in this Procedure.

Detailed Procedure

Directors and internal personnel either have Function Descriptions or a contract. These documents set out the degree (if any) to which individuals (or their limited companies if they operate through a limited company) can commit the Company. Within these limits individual or their company must observe the following detailed procedure:-

1. When ordering goods and services the individual placing the order shall render him/herself aware of this Procedure and of the approved budget for those goods and services.
2. If there is no budget or the budget will be exceeded then the explicit approval of both Directors shall be obtained in writing. A copy of (both) approvals shall be kept for 2 years by all parties. If there is only one Director then only one approval by that Director shall be obtained and retained.
3. Items exceeding £500 in cost shall similarly require the approval of both Directors.
4. Where a document is received entitled Contract or similar title or it implies that it will commit the Company in such a way as to exceed £500 or exceed the budget, the receipt of the document shall be immediately notified to both Directors.
5. Where invoices are received exceeding £500 the fact of receipt of the document shall be similarly immediately notified to both Directors.
6. Whenever a supplier or apparent supplier or prospective supplier threatens legal action or debt collection action that communication shall be immediately be forwarded to both Directors, and confirmation obtained from both of them that they have received it and have understood it.
7. Instructions from the Directors as regards avoiding action shall be followed. In the event of a conflict between two instructions, then the instruction of the senior Director (currently the Chairman Ian Ilsey) shall be followed.
8. Where any document referred to above is in a foreign language then the Directors shall be informed as above.

Monitoring

Management are to monitor the effects of the Policy by means of questions during training and the number of adverse occurrences recorded which are potentially dangerous to the . Where necessary management will recommend improvements in the way activities are carried out or services delivered.