
GPP 1 - Board Code of Conduct

1. Principles of the Board Code of Conduct

- 1.1. The Board Code of Conduct is a guideline to the minimum standards of conduct expected by the Directors and Board of Capricorn Society Limited ("CSL"). It is not exhaustive.
- 1.2. In all dealings, CSL Directors are expected to live and embody the CSL values and be Proactive, Responsible, Inquisitive, Dedicated and Enthusiastic.

2. Legal Obligations

- 2.1. Directors of CSL will ensure they fully understand and comply with their obligations and duties to CSL placed on them by the CA.
- 2.2. In performing their functions and towards compliance with the most important obligations placed on them, Directors will:-
 - 2.2.1. act with loyalty and in good faith, consistent with their fiduciary duty to CSL;
 - 2.2.2. act honestly, for proper purposes and in good faith;
 - 2.2.3. exercise care, skill and diligence;
 - 2.2.4. not improperly using any information acquired through being a director; and
 - 2.2.5. not improperly use their position for gain.
- 2.3. Directors will also comply with CSL's corporate governance requirements, including as contained in the CSL Corporate Code of Conduct.
- 2.4. The CA and CSL's corporate governance requirements establish the minimum standards of conduct and integrity to be observed by all Directors.
- 2.5. Directors are expected to act in accordance with the spirit, not just the letter, of the law and CSL's corporate governance requirements, recognising both the legal and moral duties of their role.
- 2.6. The Board shall meet its responsibility to ensure that all staff employed by CSL are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined by law.

3. Director Behaviour

- 3.1. Directors will ensure they have a clear understanding of the role and purpose of the Board; the activities and plans of CSL, and will stay informed of all relevant activities and developments.

- 3.2. Directors will strive to attend all Board and relevant committee meetings and other scheduled activities. They will devote sufficient prior time to ensure that they understand the matters to be discussed and can fully participate in decisions to be made.
- 3.3. Directors will abide by the law and treat each other and all employees of CSL with professionalism, courtesy and respect.
- 3.4. Directors will work cooperatively with, and not adversely against, each other towards agreed goals, whilst accepting the obligation to be independent in judgement and actions. Directors will not attempt to improperly influence other Directors or employees of CSL.
- 3.5. Directors will strive to achieve decision by consensus, but if the final decision is reached only by a majority of directors then that will be the decision of the Board. A dissenting Director may have their vote and view recorded in the minutes.
- 3.6. Directors will abide by Board decisions once reached, even though they may pursue a review or reversal of that decision through the Board process.
- 3.7. Directors will ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of CSL's business.

4. Performance Review

- 4.1. The Board will regularly review its own performance as the basis for its own development and quality assurance.

5. Conflict of Interest

- 5.1. CSL benefits from having Directors that have outside interests and responsibilities, particularly in the automotive aftermarket industry. From time-to time however, such outside interests and responsibilities may cause a potential conflict of interest on a matter.
- 5.2. The Board has rigorous processes to deal with actual or potential conflicts of interest on a matter which broadly involve:-
 - 5.2.1. a requirement that all conflicts of interest must be declared by the Board member concerned at the earliest time after the conflict is identified as further detailed below;
 - 5.2.2. declaration of the conflict of interest to all CSL Directors, minuting of such declaration in minutes of the Board and recording of the conflict in CSL's Register of Interests;
 - 5.2.3. the Board determining whether or not the interest is of a material personal nature, likely to create a conflict of interest, and shall advise the individual accordingly;
 - 5.2.4. if the Board determines the interest is of a material personal nature then the Board member concerned shall not vote on any resolution relating to that conflict or issue;
 - 5.2.5. the Board member shall only remain in the room during any related discussion with Board approval. The Board will determine what records and other documentation, if any, relating to the matter will be available to the Board member. All such occurrences will be minuted; and

5.2.6. individual Board members, aware of a real or potential conflict of interest of another Board member, have a responsibility to bring this to the notice of the Board.

5.3. To ensure that processes to deal with actual or potential conflicts of interest support the high standard of corporate governance required, Directors are obligated to:-

5.3.1. declare any interests and responsibilities outside of CSL; and

5.3.2. remove themselves from matters where they may have a conflict

6. Remuneration, Expenses and Other Benefits

6.1. Director remuneration and benefits is determined by the Board under recommendation from the Remuneration & Nomination Committee on an annual basis and is approved by Members.

6.2. Out-of-pocket expenses incurred by Directors in performing their functions will be considered retrospectively by the Chairman and, where approved and the proper receipts are provided, will be reimbursed. Significant expenditure must be approved in advance by the Chairman.

6.3. All equipment provided to Directors remains the property of CSL and Directors will ensure that it is properly used and maintained and securely stored consistently with CSL policy.

6.4. Directors will not accept or offer money or gifts or attend or extend entertainment, which would cause an actual or perceived conflict of interest.

7. Information and Records

7.1. Directors receive a great deal of information. They are responsible for careful handling and secure storage of this information, especially if is confidential to CSL or another person or contains personal information. Directors respect the need for confidentiality in all matters relating to the governance of CSL.

7.2. Directors will take care when handling information, especially emails, to ensure that it is not accidentally made available to unauthorised parties.

7.3. Directors acknowledge that confidential information received in the course of or exercise of Board duties remains the property of the party whose confidential information is provided, whether this is CSL or another entity. The confidential information will not be disclosed unless authorised by the party whose confidential information is provided or disclosure is required by law.

7.4. Information no longer required by Directors must either be destroyed or provided to the Company Secretary for destruction or storage within CSL's document management systems.

7.5. Directors acknowledge that CSL has access on demand to a Director's annotations and notes on all Board Papers (in whatever form). Annotations and notes to Board papers in hard copy or electronic form must be destroyed once the minutes to which they relate have been approved and/or tabled at a Board meeting unless there is existing, potential or anticipated litigation that the annotations or director's notes may be relevant to, in which case these documents must be retained.

- 7.6. Former Directors have rights to access to Board records after their terms of appointment have concluded, which will be exercised by contact with the Company Secretary.

8. Trading in Company Shares

- 8.1. CSL has a Director Shareholding Policy addressing when its Directors are permitted to trade in CSL shares. In summary such policy limits when CSL Directors can trade in CSL shares and provides appropriate transparency for when such trading does take place.
- 8.2. Directors shall not make improper use of either their position on the Board or information gained while in that role to trade in CSL shares.
- 8.3. Directors cannot trade in CSL shares when they possess Price Sensitive Information (as broadly defined), either for personal gain or for the gain of any other person amongst any other reason.
- 8.4. Following any company announcement or release of information concerning CSL shares, CSL's policy provides that Directors should wait at least 4 days after the relevant announcement or release before dealing in CSL shares so that the market has had time to absorb the information.