

AUTOLOGIC HOLDINGS PLC

TERMS OF REFERENCE

And

MATTERS RESERVED FOR THE BOARD

References to Audit, Nominations or Remuneration Committees refer to the board committees which will consider the item and make recommendations to the board for its final decision.

Main Principle: There should be a formal schedule of matters specifically reserved for the board's decision and that the annual report should contain a high level statement of which types of decisions are to be taken by the board, and which are to be delegated to management.

1. GENERAL

1 Membership

- 1.1 Members of the Board shall be appointed by the Board, on the recommendation of the Nominations Committee. In accordance with the Articles of Association of the Company, Directors appointed during a year will retire at the next AGM and may put themselves forward for re-election.
- 1.2 The minimum number of Directors under the Articles of Association of the Company is 3 and the maximum is 20.
- 1.3 Directors are not required to hold any shares in the Company.
- 1.4 The Board comprises all formally appointed statutory Directors of the Company.
- 1.5 Only members of the Board and the Company Secretary have the right to attend Board meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.6 The Board will comprise a mix of Executive and Non-Executive Directors as appropriate.
- 1.7 The Chairman of the Board is appointed by the Board. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 Secretary

The Company Secretary or their nominee shall act as the Secretary of the Board.

3 Quorum

The quorum necessary for the transaction of business shall be two members.

4 Frequency of Meetings

The Board aims to meet towards the end of each calendar month and prior to the announcement of the Preliminary and Interim Results.

5 Telephone Meetings

Meetings of the Board may be held by telephone.

6 Notice of Meetings

- 6.1 Meetings of the Board may be summoned by the Company Secretary at the request of any Director.

- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Director no later than 5 days before the date of the meeting. Where circumstances require, meetings of the Board may be convened on shorter notice and papers may be circulated closer to or at the relevant meeting. Board papers may be circulated by email or in hard copy as circumstances permit.

7 Minutes of Meetings

- 7.1 The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.
- 7.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Minutes of Board meetings shall be circulated with the papers for the succeeding Board Meeting to all members of the Board.

2. RESPONSIBILITY OF AND MATTERS RESERVED TO THE BOARD

1. Strategy and Management

- 1.1 Responsibility for the overall management of the group.
- 1.2 Approval of the group's long term objectives and commercial strategy
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the group's operations ensuring:
- Competent and prudent management
 - Sound planning
 - An adequate system of internal control
 - Adequate accounting and other records
 - Compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the group's activities into new business or geographic areas
- 1.7 Any decision to cease to operate all or any material part of the group's business.

2. Structure and capital

- 2.1 Changes relating to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares).
- 2.2 Major changes to the group's corporate structure.
- 2.3 Any changes to the company's listing or its status as a plc.

3. Financial reporting and controls

- 3.1 Approval of preliminary announcements of interim and final results Audit
- 3.2 Approval of the annual report and accounts (including corporate governance statements and remuneration report). * Audit
- 3.3 Approval of the dividend policy
- 3.4 Declaration of the interim dividend and recommendation of the final dividend. * Audit
- 3.5 Approval of any significant changes in accounting policies or practices Audit
- 3.6 Approval of treasury policies (including foreign currency exposure and the use of financial derivatives).

4. Internal Controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
- receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives. Audit
 - Undertaking an annual assessment of these processes
 - Approving an appropriate statement for inclusion in the annual report.

5. Contracts

- 5.1 Approval of major capital projects, subject to the following delegated authority:
- Capital Expenditure of under £100,000 (budgeted): approval by CEO and FD;
 - Capital Expenditure of £100,000 or above (budgeted): approval by CEO and FD and also the PLC Board.
 - All unbudgeted Capital Expenditure: approval by CEO and FD and also the PLC Board (De-minimus level of £5,000)
- 5.2 Entry into commercial contracts in the ordinary course of business does not normally require PLC Board approval (unless the contract includes a commitment to capex requiring approval). Variation of an existing commercial contract where the variation implies a value/liability over €1m requires CEO plus Group Commercial Director approval.
- 5.3 Any transaction (other than normal capex) which would involve the assumption of material liabilities (defined as an annual liability of £250k or more) requires PLC Board approval.
- 5.4 Contracts which are material strategically or by reason of size, entered into by the company (or any subsidiary) other than in the ordinary course of business.
- 5.5 Major investments (including the acquisition or disposal of interests of more than (5) percent in the voting shares of any company or the making of any takeover offer).

6. Communication

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).
- 6.3 Approval of press releases concerning matters decided by the board.

7. Board membership and other appointments

- 7.1 Changes to the structure, size and composition of the board, following recommendations from the Nominations Committee Nominations
- 7.2 Ensuring adequate succession planning for the board and senior management.
- 7.3 Appointments to the board, following recommendations from the Nominations Committee Nominations
- 7.4 Selection of the Chairman of the board and the Chief Executive Nominations
- 7.5 Appointment of the Senior Independent Director Nominations
- 7.6 Membership and Chairmanship of board committees Nominations
- 7.7 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate. Nominations
- 7.8 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company, subject to the law and their service contract. Nominations
- 7.9 Appointment or removal of the company secretary.
- 7.10 Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee. Audit
- 7.11 Appointments to boards of subsidiaries.

8. Remuneration

- 8.1 Determining the remuneration policy for the directors, company secretary and other senior executives. Remuneration
- 8.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval. Remuneration

9. Delegation of Authority

- 9.1 The division of responsibilities between the Chairman, the Chief Executive (and other executive directors,) which should be in writing.
- 9.2 Approval of terms of reference of board committees.

9.3 Receiving reports from board committees on their activities.

10. Corporate governance matters

10.1 Undertaking a formal and rigorous review (annually) of its own performance, that of its committees and individual directors.

10.2 Determining the independence of directors

10.3 Considering the balance of interests between shareholders, employees, customers and the community.

10.4 Review of the group's overall corporate governance arrangements

10.5 Receiving reports on the views of the company's shareholders.

11. Policies

11.1 Approval of policies, including:

— Code of Conduct

— Share dealing code

— Health and Safety policy

— Environmental policy

— Communications policy (including procedures for the release of price sensitive information)

— Corporate social responsibility policy

— Charitable donations policy

12. Other

12.1 The making of political donations

12.2 Approval of the appointment of the group's principal professional advisers

12.3 Prosecution, defence or settlement of litigation (involving above £500,000 or being otherwise material to the interests of the group).

12.4 Approval of the overall levels of insurance for the group including Directors' and Officers' liability insurance (and indemnification of directors).

12.5 Major changes to the rules of the group's pension scheme, or changes of trustees or (when this is subject to the approval of the company) changes in the fund management arrangements.

12.6 Any changes to this schedule of matters reserved for board decisions.

Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

* Items are considered by whole board but with the final formal decision being delegated to a committee. This allows time for any changes requested at the board meeting to be incorporated into the final document before publication.