

## **CHEMRING GROUP PLC**

### **Ethics & Compliance Committee Terms of Reference**

#### **1. Constitution**

- 1.1 The Board has resolved to establish a Committee of the Board to be known as the Ethics & Compliance Committee.

#### **2. Purpose**

- 2.1 The purpose of the Ethics & Compliance Committee (the "Committee") is to assist the Board of Chemring Group PLC (the "Company") (the "Board") in the establishment, integration and oversight of the Company's business ethics and compliance framework and monitoring the overall ethical culture of the Chemring Group (the "Group").

#### **3. Membership**

- 3.1 Members of the Committee shall be appointed by the Board, in consultation with the Committee Chair. The Committee shall comprise a minimum of three members and shall include the Chairman of the Board, the Group Chief Executive, the Group Legal Director and the President of CHG Group, Inc.
- 3.2 The Chairman of the Board shall normally chair the Committee. In the absence of the Committee Chair or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 3.3 The company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **4. Attendance at meetings**

- 4.1 The Committee shall meet at least three times a year and otherwise as required.

#### **5. Quorum**

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

#### **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.
- 6.2 Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each

member of the Committee and any other person required to attend no later than three days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **7. Minutes of meetings**

- 7.1 The secretary of the Committee shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be agreed with the Committee Chair and circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other members of the Board unless in the Committee Chair's opinion it would be inappropriate to do so.

## **8. Duties**

- 8.1 The Committee shall carry out the following duties for Chemring Group PLC, major subsidiary undertaking and the Group as a whole, as appropriate:
- 8.1.1 oversee, review (at least annually), challenge the effectiveness of, provide recommendations for and manage the implementation of amendments to the Group's key policies in relation to business ethics and compliance, including but not limited to:
- (a) the Code of Conduct;
  - (b) anti-bribery and corruption policies;
  - (c) risk management policies and frameworks;
  - (d) conflicts of interest policies;
  - (e) sale of goods and services policies; and
  - (f) export control policies;
- 8.1.2 review the need for external, independent assurance of the Group's ethics and compliance framework, and consider the appointment from time to time of external third parties to conduct assurance of the efficacy of the Group's policies, procedures and initiatives relating to business ethics and compliance;
- 8.1.3 ensure there is an effective training programme in relation to business ethics and compliance for all relevant employees within the Group and ensure those people complete that training;
- 8.1.4 monitor the culture of ethical integrity within the Group and oversee the "tone from the top" set across the Group by the Board and the Executive Committee;
- 8.1.5 review the adequacy of the mechanisms in place for Group employees to obtain advice in relation to business ethics and compliance, and, where necessary, raise and report concerns, in confidence about possible improprieties or breaches of relevant policies, including the operation of the Ethics Reporting Line;
- 8.1.6 ensure that the mechanisms in place for employees to obtain advice and report

concerns facilitate proportionate, independent investigation of such matters and appropriate follow up action;

- 8.1.7 where appropriate, receive reports on issues raised through the Ethics Reporting Line regarding alleged breaches of policies relating to ethics and compliance, oversee any subsequent investigations and review the results of such investigations;
- 8.1.8 consider, together with the Group's Legal Department, any appropriate disciplinary or remedial actions, or lessons learned arising from reports made through the Ethics Reporting Line or subsequent investigations;
- 8.1.9 make proposals regarding appropriate business ethics and compliance related performance objectives for senior leaders of the Group; and
- 8.1.10 review, prior to approval by the Board, the proposed statement to be included in the Annual Report regarding ethics and business conduct.

## **9. Reporting responsibilities**

- 9.1 The Committee Chair shall report at each Board meeting following a Committee meeting on the Committee's work, any areas of concern or issues requiring further action.
- 9.2 The Committee may make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable.
- 9.3 The Committee Chair must attend the Company's Annual General Meeting and be available to answer questions on matters within the Committee's area of responsibility.

## **10. Other matters**

- 10.1 The Committee shall:
  - 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - 10.1.2 arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

- 11.1 The Committee is authorised to:
  - 11.1.1 carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary;
  - 11.1.2 secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense;
  - 11.1.3 seek any information it requires from any employee to perform its duties;

- 11.1.4 call any employee to be questioned at a Committee meeting as and when required;  
and
- 11.1.5 delegate any of its powers to one or more of its members or the secretary of the  
Committee.