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CORPORATE GOVERNANCE POLICY MANUAL

Issue 1 JANUARY 2004 Revision A
STANDARD POLICY MANUAL
FOR MANAGEMENT OF RISKS IN A
GENERAL MANUFACTURING BUSINESSES
IN ACCORDANCE WITH
BRITISH STANDARD PUBLISHED GUIDE PD6668:2000

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PREPARED BY

PARTRIDGE DOCUMENTS QUALITY LIMITED
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HAMPSHIRE,SO53.4LN ©

AUTHORISED BY

MANAGING DIRECTOR

APPROVED BY

QUALITY REPRESENTATIVE

POLICY MANUAL
CLAUSE
REFERENCE

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CORPORATE GOVERNANCE RISK ENGAGEMENT, MANAGEMENT AND CONTROL POLICY

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0.1	MISSION We are committed to the effective implementation and communication of this policy throughout the company, by which we focus on the management and control of risks, which the company engages in and profits from as a principle aspect of our corporate governance. We will communicate this mission at all levels in the company by adopting the British Standard Specification PD6668:2000 for Managing Risk for Corporate Governance.	3.2
0.2	POLICY It is the policy of the members of our board of directors to respect and be deserving of the trust placed in them for the stewardship of the company business and its operations in the engagement and management of business risk. We shall at all times respect the legitimate interest in the risk management activities of the company and the directors' corporate governance and responsibility issues. Our accountability will be exercised with proper diligence through clear statements of risk management policy objectives and regular, reliable reporting on the behavior and activity of our programmes, for which this policy manual has been authorised and will be effectively implemented with the full consent and approval of the board.	3.2
0.3	OBJECTIVES Our risk management corporate governance objectives are to:	4.1
	a) Maintain and operate an effective risk management system	3.1
	b) Promote the Company Cooperate Governance Policy	3.2
	c) Operate an effective Corporate Governance Plan	3.3
	d) Assign duties and responsibilities to competent company authorities	3.6
	e) Plan and control the management of individual risks	3.7
	f) Document and implement an effective operational internal control	3.8
	g) Identify and provide the necessary resources and their management	3.5/9/10
	h) Communicate effectively with all stakeholders involved in the business	3.11
	j) Monitor, measure and review the company performance	3.12
	k) Manage, analyse and prevent recurrence of non-conformities	3.13.1
	l) Maintain and use effectively the internal audit program	3.13.2
	m) Identify and promote improvements in risk management	3.13.3
	n) Convene and attend management review meetings	3.13.4
	p) Be diligent and correct in our corporate governance reporting	3.13.5
	q) Establish a risk management strategy	4.2/4.5
	r) Identify business threats and risks	4.3
	s) Identify and respect all our stakeholders needs	4.4
	t) Encourage the management of change when necessary	5.0
	u) Respect and incorporate other related management systems	6.0
0.4	COMMUNICATION This corporate governance risk management policy statement is communicated at all levels within our company and forms the commitment of our directors, managers and employees to our objective of continuous improvement. It is reviewed annually and shall only be changed after thorough technical evaluation. This policy and its implementation is supportive of our corporate governance policy, published within the contents of the annual report and accounts.	3.2 3.11
		3.2 3.11 3.13.5

Chairman of the Board of Directors

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POLICY MANUAL CONFIGURATION CONTROL

**PD6668:2000
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QUALITY MANUAL CONFIGURATION CONTROL

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30/01/2004 Issue 1 Revision A
Initial Issue for review, authorisation
and implementation.

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MANUAL CORRELATION OF POLICY AND PROCEDURES WITH CODES AND GUIDES

SUBJECT	PD6668:2000 CLAUSE No	COMBINED CODE CLAUSE No	CGP MANUAL SECTION CLAUSE No	PROCEDURE REFERENCE		
0 INTRODUCTION	0	Preamble	Front Foreword	CG Guide 00/001		
0.1 General Matter	0.1	Schedule C	Front Foreword 0.1			
What corporate governance is						
Separation of ownership problems						
New element of risk management						
Summary of section 0		Provides background				
0.2-0.7		Broader considerations				
0.8		Risk assessment and management				
0.2 Background Influence	0.2	Turnbull 1 to 7	Front Foreword 0.2	CG Guide 00/002		
a) director accountable to shareholders		A1				
b) transparent markets		C.3				
c) equitable treatment for all shareholders		D.1				
d) easy and effective proxy voting methods		D.2				
e) code of best practice defining director-shareholder relationship						
f) longterm corporate vision emphasising sustained shareholder value	C.1.2					
0.3 UK Turnbull Guidance for UK Listed Companies	0.3	C2 & C3	Front Foreword 0.2	CG Guide 00/003		
0.4 Importance of Corporate Governance	0.4	Preamble 4-7	Front Foreword 0.3	CG Guide 00/004		
0.4.1 Many interested parties	0.4.1					
0.4.2 Shareholders OECD Principle for corporate governance framework:	0.4.2	A.1&D.1			0.3.1	
a) protect shareholders rights		D.1				
b) ensure equitable treatment of all shareholders		D.1				
c) recognise the rights of stakeholders		Turnbull				
d) timely and accurate disclosure needed of all material matters		D.2.4				
e) strategic guidance of the company and the boards accountability	D.2.2					
0.4.3 Stakeholders	0.4.3	Turnbull			0.3.2	
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0.5 How Does Corporate Governance Apply to Organisation	0.5	Preamble Turnbull 14	Front Foreword 0.4	CG Guide 00/005		
0.6 What are the Barriers to Good Corporate Governance	0.6	Preamble	Front Foreword 0.5	CG Guide 00/006		
0.7 How can Organisation Meet the Requirements	0.7	Preamble	Front Foreword 0.6	CG Guide 00/007		
0.8 Management System Approach to Corporate Governance	0.8	A1 Turnbull	Front Foreword 0.7	CG Guide 00/008		
1.0 SCOPE	1.0	Preamble	Front	CG Guide 00/009		
a) Establish arrangements at top management level		A.2				
b) Implement, maintain and continual improve risk management		A.1				
c) Assurance of conformance with policy		Preamble 4				
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2.0 TERMS AND DEFINITIONS	2.0	Preamble	Front Terms and Definitions	CG Guide 00/010		
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Risk						
Tolerable risk						
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3.0 RISK MANAGEMENT SYSTEM	3.0	Turnbull 8-13,	1.0	1.1	CG01/001
3.1 General: Top Management commitment to strategic risk identifications	3.1	Turnbull 16, 25/26			
3.2 Policy Focussed On Managing Risk for Corporate Governance	3.2	Turnbull 17	2.0 and Front Policy		CG02/001
3.3 Planning for identification of business threats, risk assessments and control measures	3.3	Turnbull 18	3.0	3.1	CG03/001
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3.3.2 Risk assessments	3.3.2	Turnbull Appendix			
3.4 Deciding on how risks are managed	3.4	Turnbull 20 to 24			
3.5 Identify Resources	3.5	Turnbull 10-12			
3.6 Identify Organisational Structure, Roles, Responsibilities & Authorities	3.6	A1 to A4 Turnbull 18 & 19	4.0	4.1	CG04/001
3.7 Planning for Management of Individual Risks	3.7	Turnbull 13	5.0	5.1	CG05/001
3.8 Operational Internal Control	3.8	Turnbull 20, 21, 22, 23, and 24	6.0	6.1	CG06/001
a) Stipulating normal operation controls and conditions					
b) Documented procedures where required					
c) Systems and infrastructure for effective operation control					CG07/001
3.9 Managing Human Resources	3.9	Turnbull 19	7.0	7.1	CG07/002
3.10 Managing Other Resources	3.10				CG07/003
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Document and data controls		Turnbull 20			
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b) Reviewed and authorised		Turnbull 22			
c) Current versions available at correct locations		20			
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e) Archive documents for legal or reference purposes					
3.11 Communications	3.11	D1, D2	8.0	8.1	CG08/001 CG08/002
3.12 Monitoring and Measurements	3.12	C2	9.0	9.1	CG09/001
3.13 Analysis and Handling of Non-conformances	3.13	C3.4	10.0	10.1	CG10/001 CG10/002 CG10/003
3.13.1 General identify responsibilities for handling non-conformances	3.13.1	C3.4			
3.13.2 Internal Audit Programme	3.13.2	Turnbull 42 to 47	11.0	11.1	CG11/001 CG11/002 CG11/003
a) Determine conformance of management system					
b) Review the results of previous audits					
c) Provide information to management					
3.13.3 Improvements	3.13.3	Turnbull 25 to 34	12.0	12.1	CG12/001
3.13.4 Management Reviews	3.13.4		13.0	13.1	CG13/001
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4.0 IMPLEMENTING A RISK MANAGEMENT SYSTEM	4.0	A1.1	15.0 15.1	CG15/001
4.1 General: Framework for implementing an effective system	4.1	A1.1 A4.6 Turnbull 20		
4.2 Establishing a Risk Management Strategy	4.2	C1.2 Turnbull 22		
4.3 Process for Identifying Business Threats and Risks	4.3	C1.2 Turnbull 24	16.0 16.1	CG16/001
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4.3.2 Determining the risk and risk prioritisation	4.3.2	Turnbull 30		
a) with the necessary management and internal controls				
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4.4 Identifying Stakeholder Needs	4.4	D1.2	17.0 17.1	CG17/001
4.5 Establishing Ownership of Risk	4.5	Turnbull 13	18.0 18.1	CG18/001
4.5.1 Cultures and values	4.5.1			
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b) strategic changes may require changes in culture				
4.5.2 Organisation structure	4.5.2	Turnbull 16 to 19		CG04/001
4.5.3 Performance management	4.5.3	A6.1 Turnbull 21 Turnbull 22 Turnbull 23 Turnbull 24		CG18/002
a) contentious process				
b) communicates vision, objectives and strategic agenda				
c) outcomes, contributions are qualitative and quantitative				
d) process subject to regular revision				
e) upward assessment is included				
f) use of existing objective setting processes				
g) top management commitment				
h) line management understanding and commitment				
i) cultural commitment				
j) high level of skill established through achievements				
4.5.4 Establish appropriate competencies and behaviours	4.5.4	Turnbull 21 Turnbull 22 Turnbull 23 Turnbull 24		CG18/003
a) strategic planning				
b) legal requirements				
c) agreements and contracts				
d) organisation				
e) communication techniques and information management				
f) involvement and motivation				
g) education and continual professional development				
h) continuous improvement and analytical techniques				
i) evaluations and monitoring				
j) delegation and equal opportunities				
k) resource management				
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5.0 IMPLEMENTING CHANGE WITHIN THE RISK PROFILE	5.0	Turnbull 33	19.0 19.1	CG19/001
5.1 General: Area of potential conflict needs positive management	5.1	Turnbull 34		
5.2 Gaining a Commitment to a Change Process	5.2	Turnbull 33		
6.0 OTHER MANAGEMENT PROCESSES	6.0	Turnbull 10 & 11	20.0 20.1	CG20/001
7.0 BENCHMARK QUESTIONNAIRE	7.0	Turnbull 15	Appx C	

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INTERNAL CONTROL GUIDANCE FOR DIRECTORS ON THE COMBINED CODE	PD6668:2000 CLAUSE No	TURNBULL CLAUSE REF No	CGP MANUAL SECTION CLAUSE No	PROCEDURE REFERENCE
THE BOARDS STATEMENT ON INTERNAL CONTROL		35 to 41		CG00/009
35 Board to disclose that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the company	3.13.5	35	14.0 14.2 14.2.16	CG14/001
36 Board can provide additional information in the annual report to assist the understanding of the risk management process and the system of internal control	3.13.5	36	14.2.17	
37 Board to acknowledge that it is responsible for the internal control system and for reviewing its effectiveness	3.13.5	37	14.2.18	
38 Board to summarise its process, for reviewing the effectiveness of the systems	3.13.5	38	14.2.19 14.2.20 14.2.21	
39 If the board can not make such disclosures, it must report as such and offer an explanation. The listing rules require the board to disclose if it has failed to complete its review obligations	3.13.5	39	14.2.22	
40 It must not give a misleading impression in such a disclosure	3.13.5	40	14.2.23	
41 Material joint ventures and associates that have been excluded as part of a group it must be disclosed.	3.13.5	41	14.2.24	
INTERNAL AUDIT		42 TO 47		CG00/010
42 Companies who do not have an internal audit function should review the need for one from time to time.	3.13.2	42	11.0 11.2 11.2.8	CG11/001
43 Need and scope of internal audits will vary according to size and technology Senior management may require 3rd party audit facilities/reports Systems and data from environment, health, safety is supportive	3.13.2	43	11.2.9 11.2.10	
44 In the absence of internal audit, management must apply alternative monitoring and measurements of its governance.	3.13.2	44	11.2.11	
45 Current factors and trends to direct need for internal audits	3.13.2	45	11.2.12 11.2.13	
46 Annual assessment for audits to be undertaken were non exist.	3.13.5	46	11.2.14	
47 Listing rules require board to disclose if they have not reviewed the need for an audit.	3.13.2	47	11.2.15	
ASSESSING THE EFFECTIVENESS (OF THE COMPANY RISK AND CONTROL PROCESS)		APPX		
AX 1 Risk Assessment Clear Objectives communicated for employee direction, targets and indicators Significant aspects assessed on an ongoing basis Understanding of what risks are acceptable to the board	3.3.1	Appendix 1	5.0 5.1	CG05/001
AX 2 Control Environment and Control Activities Strategy for dealing with significant risk Factors and policies in force to support the company objectives Senior management to have commitment to competence Clearly defined authority and responsibility Employees aware of what is expected of them Objectives adequately supported and resources made available	3.4,3.5 3.8		Appendix 2	
AX 3 Information and Communication Timely and accurate reports Identification of information systems reassessed as an objective Periodic reporting communicating a balanced account of position and prospect. Channels of communications for raising concerns	3.9, 3.11	Appendix 3		8.0 8.1
AX 4 Monitoring Ongoing measurement embedded process within the company Process reevaluates risks and adjusts controls accordingly Follow up procedures Communication to the board on the monitoring results Matters of particular importance to be communicated to the board	3.12		Appendix 4	9.0 9.1

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THE COMBINED CODE JULY 2003 PUBLISHED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS	PD6668:2000 CLAUSE No	COMBINED CODE CLAUSE No	CGP MANUAL SECTION CLAUSE No	PROCEDURE REFERENCE
PREAMBLE			Front Foreword	CG Guide 00/001
1 Code supersedes and replaces June 1998 from Hampel Committee	0.1-0.8	1		
2 Financial service authority to replace 1998 code for changes in rules		2		
3 July 2003 Code to be effective from November 2003		3		
4 Summary of the Codes Contents		4		
5 Justification for departures from the code acceptable on occasions		5		
6 Some provisions do not apply to companies below FT 350		6		
7 Shareholders to use commonsense in the appointment of directors		7		
8 Code does not override law		8		
9 Reference to guidance associated and published with the code		9		
10 Good practice from Higgs report included in guidance and publication		10		
11 Directors remuneration report regulation 2002 now in force		11		
CODE OF BEST PRACTICE				CG00/050
A DIRECTORS (See also Schedule B of Combined Code)	3.6-4.5.1	A	4.0	S.06 CG00/051
A.1 The Board	3.6	A.1	4.2.10	CG04/002
Main Principle				
Supporting Principles				
Code Provisions	4.5			
A.1.1 The board to meet regularly	4.5.4	A.1.1		
A.1.2 Annual Report	3.13.5	A.1.2		
A.1.3 Chairman to meet with Non-executive Directors	3.11	A.1.3		
A.1.4 Directors concerns to be recorded	3.11	A.1.4		
A.1.5 Company to arrange suitable insurance cover for its directors		A.1.5		
A.2 The Chairman and Chief Executive	3.6	A.2	4.0	4.2.10 S.06 CG00/052
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Supporting Principles				
A.2.1 Chairman and Chief Executive should be different people	4.5.1	A.2.1		
A.2.2 Chairman to meet criteria for independence (A.3.1)	4.4	A.2.2		
A.3 Board Balance and Independence	3.6	A.3	4.0	S.06 CG00/053
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Supporting Principles				
A.3.1 Independent Non-executive directors to be identified in the annual report	3.6	A.3.1		
A.3.2 50% of the board to comprise of Non-executive Directors	3.13.5	A.3.2		
A.3.3 Board to appoint Non-Executive Director to be the Senior Independent Director	3.6	A.3.3		
A.4 Appointments to the Board	3.6	A.4	4.0	S.06 CG00/054
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A.4.3 Job specification for committee chairman	3.9/3.6	A.4.3		
A.4.4 Terms and conditions for appointment of Non-executive directors to be made available for inspection.		A.4.4		
A.4.5 Constants made by the Board over Directors other Non-executive Directorships and interests	3.13.5	A.4.5		
A.4.6 Annual report to have section on committee activities		A.4.6		
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A.5.1 Directors to receive a full induction on joining the Board		A.5.1		
A.5.2 Directors to have access to independent advice.		A.5.2		
A.5.3 Directors access to the advice of the Company Secretary		A.5.3		
A.6 Performance Evaluation	4.5.3	A.6	9.0	S.06 CG00/056
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A.6.1 Annual report include details of directors and committee performance and the means of its evaluation.	3.13.5	A.6.1		
A.7 Re-election	3.6	A.7	4.0	S.06 CG00/057
A.7.1 All directors to be subject to re- election	4.5.4	A.7.1		CG04/002
A.7.2 Non-executive directors to be appointed for specific terms		A.7.2		CG04/003

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MANUAL CORRELATION OF POLICY AND PROCEDURES WITH CODES AND GUIDES

THE COMBINED CODE JULY 2003 PUBLISHED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS		PD6668:2000 CLAUSE No	COMBINED CODE CLAUSE No	CGP MANUAL SECTION CLAUSE No	PROCEDURE REFERENCE
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 PARTRIDGE DOCUMENTS QUALITY LIMITED
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Major shareholders should attend AGM				

CORPORATE GOVERNANCE POLICY MANUAL FOREWORD

(Relative to UK listed and Public Limited Companies)

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- 0.1 THE NEED FOR RISK MANAGEMENT AND CONTROL** 0.1
- We have recognised the guide PD6668:2000 as the principle document on how we must establish and manage our strategic risks. As a company that needs to take risks in order to be successful and survive, we must have directives and templates with which to recognise and control our exposure to adverse risks that could put our operations and future in jeopardy. This policy manual prescribes the processes and intentions that we apply in order that such risks are mitigated in a controlled manner.
- 0.1.1 This document examines and outlines a management framework for identifying the threats, determining the risks, implementing and maintaining control measures and finally reporting annually on the organisation's commitment to this process. 0.1
- 0.1.2 Our reference throughout this manual to the corporate governance of the company relates to the way in the company is directed and controlled. We accept that good governance exceeds the board of directors responsibility to the shareholders, for which we answer at the annual general meetings. This in itself is not sufficient to address problems arising from the separation of ownership and control of the company, invested in the stewardship of the board of directors. 01
- 0.1.3 We recognise our stewardship in the larger context of our responsibility as a company to all stakeholders who have placed their trust in our management of their interests whether they are investors, employees, customers or creditors or the public having experience of our processes and products from a social or environmental perspective. 0.1
- 0.1.4 Legislation and similar directives are the main means of regulation, for our business. In addition, we acknowledge through company policy statements other directives, such as the stock exchange and institutional collective codes of conduct. These are addressed and accommodated in our documented procedures and implemented in our practices for risk identification and control so we do not become a risk averse and consequently unprofitable company. Our aim is to recognise that we must effectively manage all strategic risks because unless we take some risks we will fail in our business and in the marketplace. 0.1
- 0.1.5 The company's system of internal control has a key role in the management of risks that are significant to the fulfilment of our business objectives. A sound system of internal control contributes to safeguarding our shareholders' investments and the company's assets, which includes the goodwill in all its definitions. T10

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(Relative to UK Listed and Public Limited Companies)

- | | | |
|--------|--|-----|
| 0.1 | THE NEED FOR RISK MANAGEMENT AND CONTROL CONTINUED | 0.1 |
| 0.1.6 | Our internal control systems and practices, when correctly implemented, facilitate the effectiveness and efficiency of our operations, help ensure the reliability of internal and external reporting, and assist our compliance with laws and regulations. | T11 |
| 0.1.7 | In our systems for internal control, the effective financial controls, including the maintenance of proper accounting records, are an important element. They help ensure that our company is not unnecessarily exposed to avoidable financial risks and that financial information that is used within the business and for publication is correct and reliable. They also contribute to the safeguarding of assets, including the prevention and detection of fraud. | T12 |
| 0.1.8 | The corporate governance that we practice and display is intent on realising the company's objectives, contributing to the internal organisation and the environment in which we operate, despite the fact that these are continually evolving and, as a result, the risks we face are continually changing. | T13 |
| 0.1.9 | The asset of having a sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks to which the company is exposed. Since profits are, in part, the reward for our successful risk-taking in business, the purpose of our internal control systems and practices is to help manage and control risk appropriately and not to eliminate it. | T13 |
| 0.1.10 | We have recognised that we have a need for greater corporate accountability than currently exists within the company strategy. As a result this policy manual and the standards, or code we are addressing in it, seek to demonstrate the need for corporate governance and include a systems approach to adopting effective arrangements in the style of a management system standard. This incorporates the successful framework of current management practices and the issues that need to be addressed by applying a Plan, Do, Check, Act (PDCA) approach that is consistent with international management systems standards. | 0.1 |

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- 0.2 BACKGROUND INFLUENCES** 0.2
- The Organisation for Economic Cooperation and Development (OECD) has provided us with an adoptable definition for our corporate governance:
- The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.
- In respect of this definition we have accepted the following OECD six global principles, which are designed not to impinge upon the legal, economic or cultural traditions of any country. These are: 0.2
- a) director accountability to share owners;
 - b) transparent markets;
 - c) equitable treatment for all share owners;
 - d) easy and efficient proxy voting methods;
 - e) codes of best practice defining the director-shareholder relationship;
 - f) long term corporate vision which at its core emphasizes sustained shareowner value.
- 0.2.1 We have taken a preactive stance in the preparation of this policy manual to advance our view, that a company corporate governance will become increasingly important in our markets as well as national and global economic consideration. 0.2
- 0.2.2 We are confident that this will ultimately be recognised as integral to the operations of every company, large and small, public or private and have therefore taken a preactive view of this matter as a foreseeable risk, which we are intent on addressing and controlling within our management systems. 0.2
- 0.2.3 We have addressed the Institute of Chartered Accountants for England and Wales (ICAEW) guidance document, under the chairmanship of Sir Nigel Turnbull, within the policy manual. 0.3
- 0.2.2 Cross references have been provided for within Appendix B and we would like to acknowledge this guidance as significant in our in the structure of our internal control policies and practices. 0.3

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- 0.3 INVOLVED PARTIES 0.4
The policy and practices for our corporate governance reflects the interests of many parties, which we respect and value as stewards of the trust placed in our business management and decision structures. 0.4.1
- 0.3.1 Shareholders 0.4.2
Our corporate governance is important to our shareholders for many different reasons, not least because it clearly defines the relationship that we maintain between them and the company. We have attempted to ensure that this policy manual enables each party to be aware of their rights and responsibilities towards each other, in the interests of risk management and long term growth. In this respect we acknowledge the OECD principles that state our corporate governance framework should:
- a) protect shareholders rights;
 - b) ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights;
 - c) recognise the rights of stakeholders as established by law and encourage active cooperation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises;
 - d) ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company;
 - e) ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders
- 0.3.2 Stakeholders 0.4.3
We recognise, the importance of sustainability in corporate governance is dependent on the role of all stakeholders and corporations in support of wealth and jobs. We have accommodated in our policies, the various principles identified by OECD in an attempt to define the relationship between the company and its stakeholders. This enables the company and its associates to know where the other stands with regards to the running and decision making of our organisation.
- Divisions and members within our company and its operations are required to be far more accountable to both shareholders and stakeholders, and this has an impact on how decisions are being made and executed. We have developed a practice of having far more consultation and communication between the various groups before the company reaches a corporate decision. Improved communication is essential when involved in serious changes, which need to be implemented in decision making process in order to bring more people into it without compromising efficiency and flexibility. 0.4.4

CORPORATE GOVERNANCE POLICY MANUAL FOREWORD

- 0.3 INVOLVED PARTIES CONTINUED 0.4/0.4.1
- 0.3.3 Directors 0.4.5
Our directors recognise that by adopting this policy of corporate governance, they are accountable to far more people than was previously the case. The responsibility for an organisation that fails to deliver or suffers as a result of poor management lies with its directors. It is they who have to face the consequences. The policies within this manual assign duties and requires recognition of responsibilities, which holds them far more accountable for their actions than was previously the case.
- 0.3.4 Company Size and Structure 0.4.6
0.4.7
We operate our corporate governance irrespective of the size, complexity or orientation of our business. In this we consider that corporate governance is very relevant to smaller and medium size divisions or companies in our group and their prospects to become larger and more significant in operations and stature.
- 0.4 RELEVANCE AND APPLICATION 0.5
We accept that corporate governance is becoming increasingly important and before long will become obligatory for companies to abide by established rules and conventions.
- 0.4.1 The application of corporate governance involves creating a more accountable board and more active shareholder participation. We believe corporate governance is likely to be a key issue because it is central to building a culture of enterprise and opportunity which we seek to foster within our business and the operations of the company. 0.5
- 0.4.2 It is essential that our company and management begin to work towards good corporate governance, so that we can adjust when it is incorporated in some form into company law as well as the expectation of our stakeholder 0.5
- 0.5 **BARRIERS TO GOOD CORPORATE GOVERNANCE** 0.6
We recognise that there are a number of barriers to good corporate governance, whether intentional or not.
- 0.5.1 One of the most significant barriers is that corporate governance is not currently part of company law and as such is not as high in priorities or considerations as more pressing matters such as health and safety or environment. 0.6
- 0.5.2 By developing our own policies structured with proven methods of management audits, reviews and control measures, we have experience of being successful in matters of quality, environment and health & safety. We therefore prepare the company for the foreseeable eventuality of Corporate Governance legislation, which we envisage will be formed and applied in the near future. 0.6

CORPORATE GOVERNANCE POLICY MANUAL FOREWORD

- 0.6 MEETING THE REQUIREMENTS** 0.7
- Meeting the specified requirements that we have established in this policy document and the codes that we have identified as relative to our business, we believe we have achieved the best way to meet OECD principles and the Combined Code, which seem to be the most generally accepted directives within our business and markets.
- 0.6.1 These basic requirements revolve around having greater responsibility and accountability of the board to our shareholders. Whilst we accept that improved reporting and better communication between the board and our shareholders can partly achieve this, it is also essential that the voting shareholders have a sufficient interest in their stake and that the directors are willing to listen and accommodate their views and aspirations in the business and structure of the company systems. 7.0
- 0.6.2 It is also important that we keep up to date with developments in the evolving area of corporate governance as well as its supporting components, such as internal control and risk management performance measurement. By keeping abreast of changes internally and externally, we can adapt far more smoothly when the principles are enshrined in statutory and legislative instruments, in whatever form that takes. 7.0
- 0.7 Management System** 8.0
- We know that the significant individual elements of corporate governance have already been addressed to a greater or lesser degree by legislation, however, appreciation of the risk element is recognised as a recent aspect of our governance.
- 0.7.1 The need to engage risk in our enterprise is essential as both aspects of our business are inseparable. If we are to continue to thrive we must continue to take risks. We can not allow our management and business to fail because we no longer takes risks. These deliberate commercial risks are the essence of our business activity. Shareholders (and other stakeholders) need to be and informed party and participant in these risks and information about risks must be provided to shareholders if they are to fulfil their role satisfactorily. 8.0
- 0.7.2 In addition to intentional risk engagement, we need to be diligent in our management systems to another category of risk. These risks are not deliberately undertaken or foreseen with any degree of certainty. They are risks of events that might happen, but in general have not been anticipated or provided for in our planning. 8.0
- 0.7.3 Shareholders cannot expect to be informed of these. However, what the shareholders can, and should, expect is that we have in place a management system for identifying and assessing these risks and a strategy for dealing with them, to which this policy document is directed and applied. 8.0

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- 0.8 RECOGNITION OF THE TURNBULL GUIDE ON INTERNAL CONTROL T1
 In the preparation and design of this policy manual, we have been principally instructed by PD6668:2000. We have also taken directives from the internal control requirements specified in the Combined Code of the Committee on Corporate Governance (the Code) published by the Institute of Chartered Accountants in England & Wales and the subsequent guidance on internal control provided for by the Turnbull report.
- 0.8.1 In this respect the provision in the code states that: T2
- The board should maintain a sound system of internal control to safeguard shareholders' investments and the company's assets'. T2 (C.2)
- The directors should, at least annually, conduct a review of the effectiveness of the company's system of internal control and should report to shareholders that they have done so. The review should cover all controls, including financial, operational and compliance controls and risk management'. T3 (C.2.1)
- Companies which do not have an internal audit function should from time to time review the need for one'. T4(C.3.5)
- 0.8.2 In addition to recognising the code's expressed requirements, we have also acknowledged the relevance of the London Stock Exchange Listing Rules, which require that in the case of a company incorporated in the United Kingdom, the following additional items must be included in its annual report and accounts: T5
(LSE Pr
12.43)
- A narrative statement of how we have applied specific principles on internal control set out in the Combined Code, providing explanation, which enables our shareholders to evaluate how the principles have been applied; T5a
- A statement as to whether or not we have complied throughout the accounting period with specified provisions of the Combined Code on internal control reviews and requirements. T5b
- In the event that we have not complied with such provisions, or complied with only some for only part of an accounting period, we must specify the provisions with which we have not complied, and (where relevant) for what part of the period a non-compliance continued, together with the reasons for any non-compliance. T5b
- 0.8.3 We appreciate that the Preamble to the Code, which is appended to the Listing Rules, makes it clear that there is no prescribed form or content for these statements on how to set out how the various principles in the Code have been applied. T6
- 0.8.4 This has enabled us to comply with the codes and rules whilst being able to adopt our own methodology and conventions to explaining our governance policies, including any special circumstances which have led us to the approach that we have adopted throughout this policy manual. T6

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- | | | |
|-------|--|------------|
| 0.8 | Recognition of the Turnbull Guide on Internal Control Continued | T6 |
| 0.8.4 | The guidance provided in the Turnbull Report is applied and used by our board of directors in respect of the following: | T7 |
| | Assessing how the company has applied the Code Principle C2 in respect of maintaining a sound system of internal control | T7 (C.2) |
| | Implementing the requirements of Code provisions C.2.1 for the reporting on the effectiveness of the internal control system. | T7 (C.2.1) |
| | Correctness of the substance and format of the reporting on these matters to shareholders in the annual report and accounts. | T7(C.3.5) |
| 0.9 | OBJECTIVES OF THE MANUAL AND ITS GUIDANCE | T8 |
| 0.9.1 | This policy manual for the conduct of our corporate governance and the management of risks is intended to: | T8 |
| | Reflect sound business practice whereby internal control is embedded in the business processes by which we pursue our objectives; | |
| | Remain relevant over time in our continually evolving business environment; | |
| | Enable the company to apply the requirements of acknowledged codes, guides and conventions, which direct us to improvements in our stewardship in a manner that takes account of the particular circumstances of a division or company within our group. | |
| 0.9.2 | The manual and the guidance upon which it is structured require our directors to exercise judgement in reviewing how the company has implemented the requirements of the Combined Code, relating to internal control and reporting to our shareholders on its effectiveness. | T8 |
| 0.9.3 | The contents of the manual sections are based on the board of directors and senior managements adoption of the prescribed risk-based approach to establishing a sound system of internal control and reviewing its effectiveness. | T9 |
| 0.9.4 | This is incorporated by the company within its normal management and governance processes and is not treated as a separate exercise undertaken to meet current or prospective regulatory requirements. | T9 |

END OF POLICY MANUAL FOREWORD

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COMPANY POLICY MANUAL SCOPE AND TERMS OF REFERENCE

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S.01	Our company policy manual on corporate governance has been a significant achievement in stating what our intentions are, the policies we use to advance them, and the practices that we employ to underpin and achieve the standards that we seek to operate in respect of the trust we are privileged to be given.	3.2
S.02	This scope is provided as an introduction to the documents which have provided the foundations, upon which we have been able to structure our policies and conventions of corporate governance.	0.1 0.2
S.03	In addition, we are able within this section to address those aspects of the standards, guides and codes that provide the documents' foundations, but are not suitably accommodated within the principle titles of this manual's sections. In doing so, we seek to be complete and correct in our statements, which this document is designed to communicate.	0.1-0.8 0.2
S.04	The standards, codes and guides on which our corporate governance is structured are as follows: a) PD6668:2000 Guide for Managing Risk for Corporate Governance b) The Combined Code on Corporate Governance July 2003 c) Guidance on Internal Control (The Turnbull Guidance Report) d) Suggestions for Good Practice (The Higgs Guidance Report)	0.1 0.2
S.05	The principle considerations in this document have been to provide for the policy and directives needed within the company for an effective management system, which is required for internal control and the management of risks.	0.1 3.1 3.2
S.06	This is prescribed in the Combined Code of the Committee on Corporate Governance (the Code) published by the Institute of Chartered Accountants in England & Wales issued in July 2003.	0.1 0.2

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S.06 In order to address the remaining subjects within the code and its supportive guides, we can refer to the following documented procedures for conduct and direction of internal behavior: 0.2

Turnbull Guide Documented Procedures 0.3

- CG00/001 Combined Codes Principles (Application and Relevance)
- CG00/002 Directives from Combined Codes Objectives and Guidance
- CG00/003 Risk Based Approach to Company Management
- CG00/004 Internal Control and Risk Management Importance
- CG00/005 Reporting to Shareholders
- CG00/006 Questions and Answers on the Combined Code
- CG00/007 Maintaining a Sound System
- CG00/008 Review of Internal Control Effectiveness
- CG00/009 The Boards Statement on Internal Control
- CG00/010 Internal Audits and Reviews
- CG00/011 Effectiveness Assessments

Combined Code Documented Procedures 0.2

- CG00/001 Combined Codes Principles (Application and Relevance)
- CG00/050 Code of Best Practice
- CG00/051 Code of Best Practice for the Board
- CG00/052 Code of Best Practice for the Chairman and Chief Executive
- CG00/053 Code of Best Practice Board Balance and Independence
- CG00/054 Code of Best Practice Appointments to the Board
- CG00/055 Code of Best Practice Information and Development
- CG00/056 Performance Evaluation
- CG00/057 Re-election of Directors
- CG00/060 Directors Remuneration
- CG00/070 Accountability and Audit
- CG00/080 Relations with Shareholders
- CG00/081 Dialogue with Shareholders
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- CG00/085 Relations with and between Stakeholders

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RISK MANAGEMENT SYSTEM

- | | | |
|------------|---|----------------------------------|
| 1.0 | POLICY
Our risk management system policy is to have a system that ensures the strategic risks are identified and effectively managed to operate at a strategic level. This encompass all our organisation's activities and the impacts that they may or may not have on shareholders and other stakeholders thereby complying with clause 3.1 of PD6668:2000 | 3.2
3.1 |
| 1.1 | WHAT IS REQUIRED
Our top management are required to commit to establishing documented, published and accessible arrangements that will ensure the strategic risks, inherent in our business, are identified and effectively managed.

We must establish a system and ensure the system effectively operates at a strategic level.

The system must encompass all our company's activities and the impacts that they may or may not have on shareholders and other stakeholders welfare and interests. | 3.0
3.1

3.1

3.1 |
| 1.2 | WHAT WE DO
We have committed the operations of the company and its strategic risk management to the policy and practices summarised in this policy manual. In this respect we have to: | 3.0/3.1
3.2/3.6
4.0
4.1 |
| | a) identify the scope of our operations in which we are exposed to known risks and identify those areas were unknown risks could exist which are not currently defined. | 3.3.1
3.7
4.5 |
| | b) identify our corporate governance responsibilities and management duties in respect of the decisions we make and their application, implication and potential detriment for associates and other stakeholders in the company. | 3.2
3.6
4.4 |
| | c) determine the sequence and interaction of our business systems and their practices in relation to current internal, external and foreseeable risks | 3.3
3.7
3.8/4.3 |
| | d) determine what is needed to ensure such practices are effective, constructive and improving our ability to manage and control strategic risks | 3.3/3.4
3.9/3.10 |
| | e) ensure resources and information are available to undertake decisions from an informed position in order to operate or change company practices effectively when required, | 3.3/3.5
3.11 |
| | f) monitor, measure and analyse the practices and the results obtained from them to identify the exceptions and potential for improvements, | 3.3
3.12
3.13.2 |
| | g) take the necessary action to achieve a planned continual of strategic risk management by the company by improvement in the relative practices, exceptions and the controlled implementation of the corporate governance management system. | 3.13
4.1/2
5.0/1/2
6.0 |



RISK MANAGEMENT SYSTEM

1.2	WHAT WE DO CONTINUED	3.3
1.2.1	We have adopted the guidance given in PD6668:2000 as a basis for our corporate governance management system which provide the way in which we direct and control the company internal operations.	3.0
1.2.2	Our corporate governance documentation is structured in line with PD6668:2000 and uses the guides own sequence. The clause numbers of PD6668:2000 are use to cross reference our Corporate governance documents, policies and procedures.	3.1/3.2 3.10
1.2.3	Scope and Exclusions We have not sought to exclude any aspect or issue of risk associated with our business from this policy or its documentation.	3.1 0.8
1.2.4	The policies, directives, objectives and guidance given in this document outlines how our organisation will effectively implement the arrangements for managing risk to ensure we can meet the agreed and accepted needs and responsibilities of our corporate governance.	3.2
1.2.5	A PDCA (Plan-Do-Check-Act) framework has been developed and documented in this policy manual, which is intended to be consistent with the approach in management system standards produced by the International Organisation for Standardisation (ISO).	3.3/4.0
1.2.6	The guidance for the development and recognition of the quality of our corporate governance is developed in each section of the manual and in supporting documented procedures, instructions and documented advice used throughout the company. This is directed at ensuring:	3.1/3.2
	a) arrangements have been established at top management level to identity and mitigate strategic risks;	3.1/3.2 3.3.1
	b) we implement, maintain and continually improve the strategic management of risks in a manner which is consistent with the company policy;	3.1/3.2 4.2
	c) our directors can assure themselves and our stakeholders of conformance with the company corporate governance policy;	3.1/3.2 3.6
	d) we are equipped and informed sufficient to make a self-determination and self-declaration of our performance on an annual basis.	3.1/3.2 3.5
1.3	RELATED CORPORATE GOVERNANCE PROCEDURES The following documented procedures are maintained and implemented within the company for the effective implementation of this policy:	4.0 3.1 3.2
	CG01/001 Risk Management Practices and Operations Management Systems and Directives	3.0/3.1
1.4	RESPONSIBILITY The Company Chairman is responsible for this Risk Management System Policy.	3.6/4.5 3.1/3.2

END OF SECTION 1

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2.0	POLICY		3.2
	Our policy for the management of the corporate governance policy statement is to ensure that it is accessible, reviewed, published and controlled in accordance with planned arrangements thereby complying with clause 3.2 of PD6668:2000		
2.1	WHAT IS REQUIRED		3.2
	We must have a strategic policy at top management level to focus on the internal controls for managing risk in respect of our corporate governance.		
2.1.1	The policy must provide a framework and provision for specific policies and arrangements to deal with specific risks.		3.2
2.1.2	Our corporate governance policy must reflect the true commitment of our company and the shareholders and stakeholders.		3.2
2.1.3	It must ensure and provide for a positive culture within our organisation to make certain that strategic adverse risks are identified, removed, minimised, controlled or transferred.		3.2
2.1.4	The policy must		3.2
	a) reflect the nature and size of our business and the strategic risks that it faces;		3.2a
	b) commit to ensuring that management competence is established to mitigate risks;		3.2b
	c) commit to ensuring that a culture is established to control the risk;		3.2c
	d) commit to internal control audits to verify the arrangements;		3.2d
	e) commit to reviewing the strategic business risks faced by the organisation regularly, at least annually, to ensure that the arrangements are effective;		3.2e
	f) commit to reporting annually to shareholders and/or stakeholders as appropriate.		3.2f

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POLICY MANAGEMENT

- 2.2 WHAT WE DO** 3.3
 We have established and published our company policy for corporate governance which is included in the front of this policy manual. 3.2
- 2.2.1 We have adopted the guidance given in PD6668:2000 as a basis for our corporate governance policy. 1.0
- 2.2.2 Our corporate governance policy is structured in line with PD6668:2000 and reflect the nature and size of our business and the strategic risks that it faces; 1.0
3.2a
- 2.2.3 Our policy contains a commitment for: 3.2
- ensuring that management competence is established to mitigate risks;
- a culture is established to control and manage the risks;
- internal control audits to verify the arrangements;
- reviewing the strategic business risks we face regularly on a 6 monthly planned basis to ensure that the arrangements are effective;
- reporting annually to shareholders and/or stakeholders as appropriate.
- 2.2.4 Each section of this policy manual commences with a policy statement which are designed and reviewed to ensure we can meet the agreed and accepted needs and responsibilities of the internal control aspects of our corporate governance. 3.2
- 2.2.5 The corporate governance policy statement document is subject to review, revision and established document control practices. 3.2
3.10

POLICY OPERATIONAL LEVEL				
Policy Design and Commitment				
Policy Communication and Development				
Policy Interpretation and Implementation				
Policy Assignment and Monitoring				
Policy Operation, Support and Use of Resource				
AUTHORITIES AND RESPONSIBILITIES				
BOARD OF DIRECTORS (Top Management)				C
SENIOR MANAGEMENT		C	C	C
MIDDLE MANAGEMENT		C	C	C
SUPERVISORY	C	C	C	
TECHNICIAN/OPERATORS	C	C	C	

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2.2	WHAT WE DO CONTINUED	3.3
2.2.6	The board of directors being responsible for the company's system of internal control has set appropriate policies on internal control and developed them within this policy manual. The programme that this manual prescribes is designed to provide the regular assurance to the board and all other stakeholders that enable them to satisfy the requirement that the system is functioning effectively. The board ensures that the system of internal control is effective in managing risks in the manner which it has approved and conveyed in this manual.	3.1 3.4 3.6
2.2.7	In setting these policies the board promotes what they consider to constitute a sound system of internal control in the particular circumstances of the company at any given time. The board's deliberations include consideration of the following factors: <ul style="list-style-type: none"> . the nature and extent of the risks facing the company; . the extent and categories of risk which it regards as acceptable for the company to bear; . the likelihood of the risks concerned materialising; . the company's ability to reduce the incidents and impact on the business of risks that do materialise; <p style="margin-left: 40px;">the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.</p>	3.2 3.2a 3.2b 3.3.2 3.3.2 3.3.1
2.2.8	Our management develop and implement board policies on risk and control. In fulfilling this responsibility, the management identify and evaluate the risks faced by the company for consideration by the board and design, operate and monitor a suitable system of internal control which implements the policies adopted by the board.	3.6/3.4
2.2.9	Our supervisors and employees also have responsibility for internal control as part of their accountability for achieving objectives. They, collectively have the necessary knowledge, skills, information and authority to establish, operate and monitor the system of internal control. This requires training and resources which is provided to promote an understanding of the company, its objectives, the industries and markets in which we operate and the risks we face in doing so.	3.6/3.4
2.3	RELATED CORPORATE GOVERNANCE PROCEDURES	4.0
	The following documented procedures are maintained and implemented within the company for the effective implementation of this policy:	3.2 3.10
	CG02/001 Corporate Governance Policy Control and Administration.	3.2
2.4	RESPONSIBILITY	
	The Company Secretary is responsible for this corporate governance Policy Management Policy.	

END OF SECTION 2

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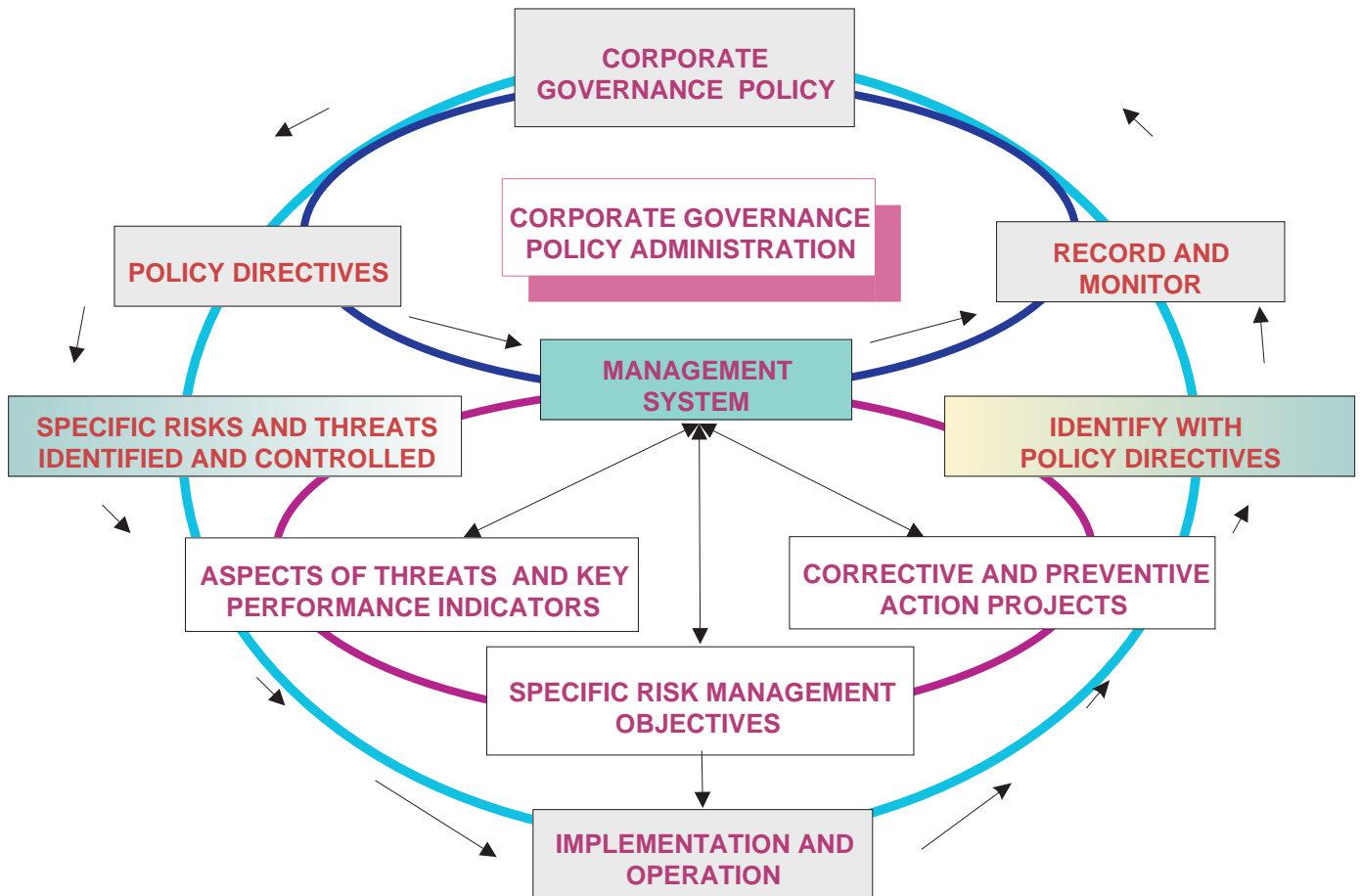
CORPORATE GOVERNANCE PLANNING

3.0	POLICY Our policy for the planning of the corporate governance practices is to establish a viable and documented process for the identification of all business risks and threats. We also will have in place a means by which their impact can be assessed for subsequent action and control thereby complying with clause 3.3, 3.4 and 3.5 of PD6668:2000.	3.2 3.3. 3.4 3.5
3.1	WHAT IS REQUIRED We must have in place process, practice and sequences for the time phased review, identification and control of all known strategic risks. In addition we must put in place preparatory measures for the early warning, identification and management of currently unknown risks with a view to their reporting assessment, control and containment.	3.3 3.3.1 3.3.2 3.4 3.5
3.1.1	Threat identification We are required to establish and operate a process for identifying those threats to our business that may cause significant harm to the company, should the threats be realised. Our risk identification process must consider, among other things, the threats that arise from: a) day-to-day operation; b) market developments; c) political changes; d) natural disasters; e) social-economic changes.	3.3.1
3.1.2	Risk assessment Procedures and process must be established for risk assessment that take account, of: a) Impact, should the risk be realised; b) exposure to the risk (on a scale of rare to continuous); c) probability, taking into account the management controls in place.	3.3.2
3.1.3	Deciding how the risks are to be managed The strategic risks that our top management must include in the risk management programme must be cascaded in the form of a) policies, These must be appropriate to the b) objectives relevant level within the company c) targets, operations	3.4
3.1.4	Identifying resources We must clearly identify and commit the resources necessary to deliver the policies, objectives and targets we establish including: a) people; b) infrastructure, machinery, plant, etc; c) finance, investment, d) intellectual property and know-how etc. We must commit resources that are essential to the implementation, control and improvement of the risk management arrangements.	3.5

CORPORATE GOVERNANCE PLANNING

3.2 WHAT WE DO

3.3/3.4/3.5



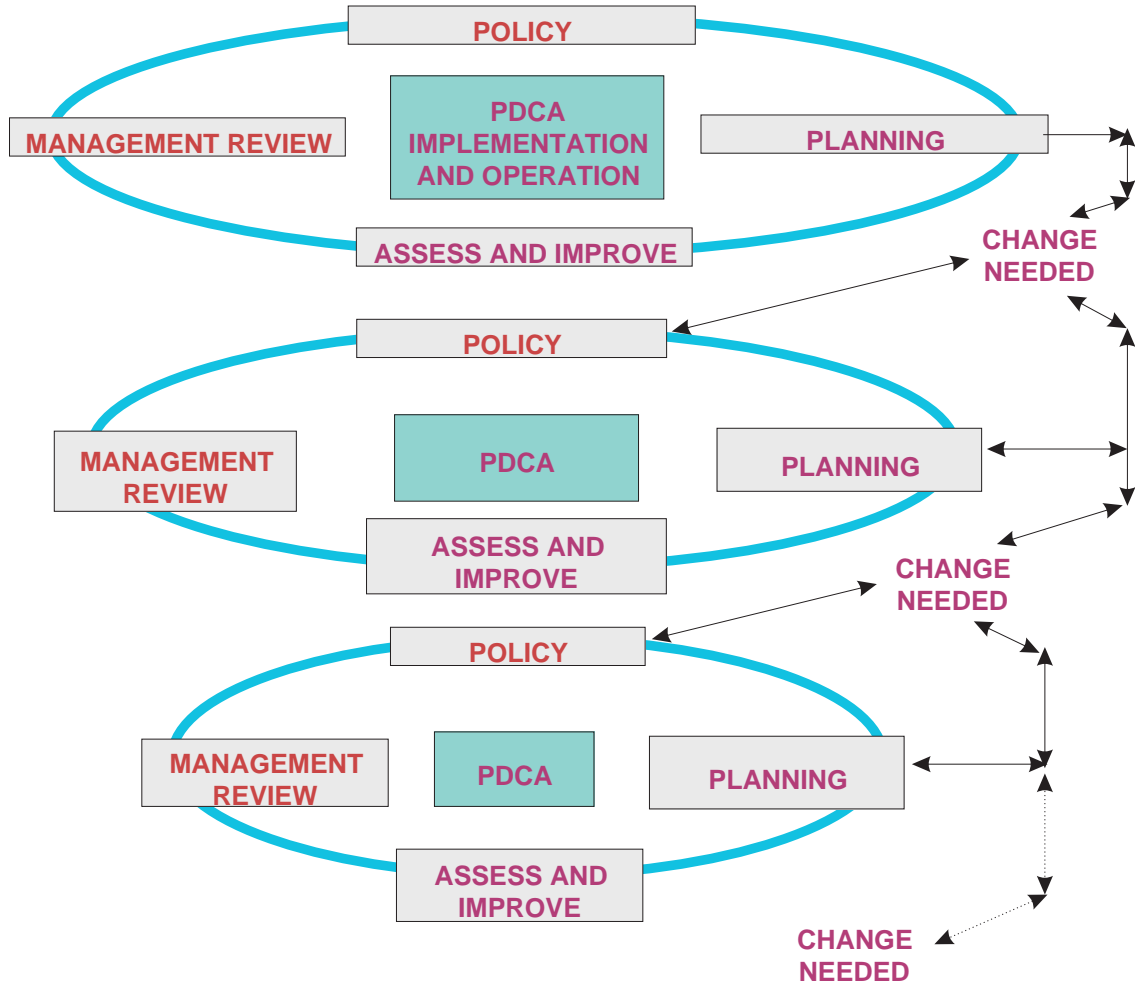
3.2.1 This diagram displays the interaction of our corporate governance policy with our management system. The sequence involved is summarised as follows: 3.3

- a) Executive board reviews and publishes the corporate governance policy with shareholder involvement when given. 3.2
- b) Policy contains framework, directives and commitments to be followed. 3.3
- c) Management system is engaged and deployed to operate the policy, directives and commitments 3.4/5/6
- d) Specific risks and threats are identified and controlled 3.3.1/2
- e) Key performance indicators and aspects are monitored to highlight deviations and non-planned risk exposure. 3.12
- f) Specific known risk management is undertaken and monitored 4.2/4.5
- g) Corrective and preventive actions are agreed, engaged and deployed for unanticipated risk, 3.13
- h) Action is correlated with policy directives and completed within controlled and planned criteria or targets 4.1-4.5
- j) Actions and programme results are reviewed and the need for changes or improvements examined, considered and authorised, in line with agreed practices and improvements policy. 3.13.4
3.13.3
3.2

CORPORATE GOVERNANCE PLANNING

3.2 WHAT WE DO CONTINUED

3.3/3.4/3.5



- 3.2.2 The PDCA prescription for our corporate governance system of plan, do, check and act is contained in the implementation and operation aspect of each improvement phase displayed as the central element of our management systems. 3.3
- 3.2.3 The improvement in management and development of controlled strategic risks is populated through planning, assessment and review practices which provide for the phased generation of our improvement process. This is demonstrated in the above diagram and achieved through the practices we employ for the management of change in our corporate governance arrangements and procedures applied to internal controls. 3.13.3
3.3
5.1/2
3.8

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- | | | |
|------------|--|-------------|
| 3.3 | RELATED CORPORATE GOVERNANCE PROCEDURES | 4.0 |
| | The following documented procedures are maintained and implemented within the company for the effective implementation of this policy: | 3.3/3.4/3.5 |
| | CG03/001 Corporate Governance Planning and administration. | 3.3 |
| 3.4 | RESPONSIBILITY | 3.6 |
| | The Managing Director is responsible for this Corporate Governance Planning Policy. | |

END OF SECTION 3

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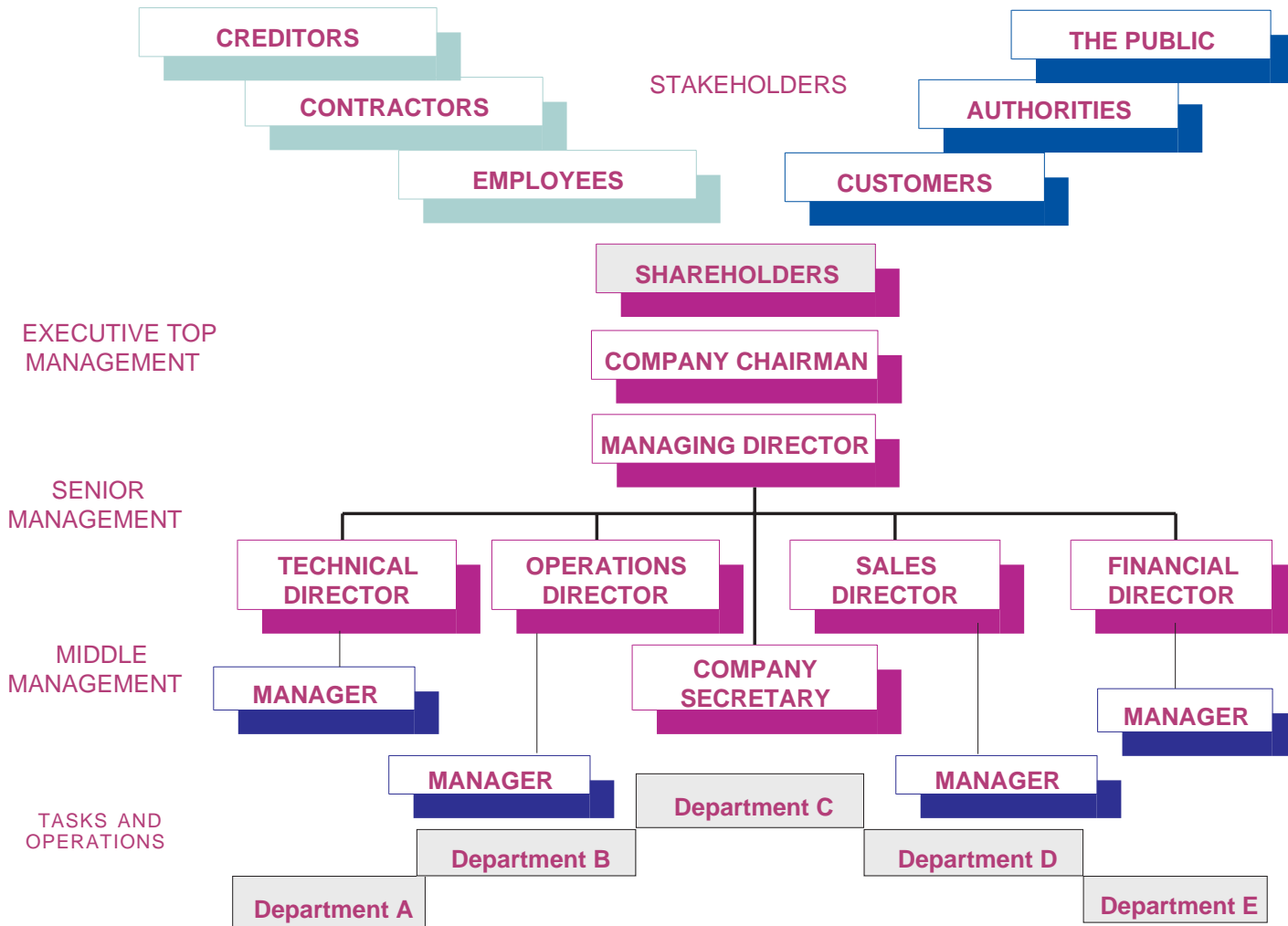
IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

- | | | | |
|------------|-------------------------|--|------------|
| 4.0 | POLICY | Our policy for assigning roles, responsibilities and authorities for corporate governance is to ensure authority is adequate and delegated to the appropriate level and accepted by those with the experience and capability to manage the risks involved. This is to comply with clause 3.6 of PD6668:2000. | 3.2
3.6 |
| 4.1 | WHAT IS REQUIRED | We must ensure that roles, responsibilities and authorities which are assigned in our company structure, operate to ensure risks are managed and treats are minimised to the greatest practical extent. | 3.6 |
| | 4.1.1 | The ultimate responsibility for managing risks faced by the company lies with top management. | 3.6
3.1 |
| | 4.1.2 | Top management must ensure that individual roles and responsibilities are defined and understood at each level where control needs to be exercised. | 3.6 |
| | 4.1.3 | We must ensure that those persons to whom responsibilities are assigned have the necessary authority to act when required and that their roles and responsibilities are documented and communicated both up and down the organisational structure. | 3.6 |
| | 4.1.4 | We must acknowledge and protect the importance of corporate governance to shareholders: <ul style="list-style-type: none"> a) their rights as shareholders; and b) their role in keeping a check on corporate actions and decisions. | 3.6 |
| | 4.1.5 | We must recognise that our corporate governance policy spreads the risk of making major decisions over a wider decision making area. Therefore, no one person is responsible for the future movements of a company in which they many have an interest. | 3.6 |
| | 4.1.6 | Sound communications and good governance minimises the risk. It also gives shareholders and other stakeholders the right to question and perhaps seek redress if they feel that their views are not dealt with satisfactorily. Effectively, this must devolve more power to shareholders and other stakeholders with regard to the administration, decision making and running of the company. | 3.6 |
| | 4.1.7 | We must recognise that shareholder and stakeholders views and action will be retrospective, taken when their is the results and record conveying the knowledge on which to judge the actions of top management. | 3.6 |
| | 4.1.8 | The decision makers in the company must be authorised and equipped to discharge their responsibilities and such decisions must be based on informed and correct information. | 3.6 |
| | 4.1.9 | This must be done so that reason, justification and logic can be verified and stand retrospective analysis by stakeholders and shareholders at any stage in the operation of the company | 3.6 |

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IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

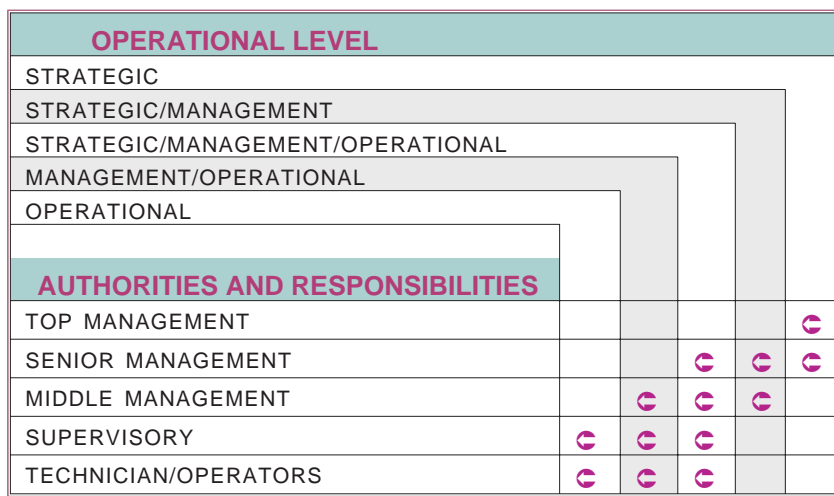
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	CORPORATE GOVERNANCE DUTIES AND RESPONSIBILITIES	COMPANY CHAIRMAN	MANAGING DIRECTOR	SENIOR DIRECTOR	COMPANY SECRETARY
EXECUTIVE MANAGEMENT	3.0/1 RISK MANAGEMENT SYSTEM	■			
	3.2 POLICY MANAGEMENT				■
	3.3/4/5 CORPORATE GOVERNANCE PLANNING		■		
PROCESS MANAGEMENT	3.6 RESPONSIBILITY AND AUTHORITIES		■		
	3.7 INDIVIDUAL RISK PLANNING			■	
	3.8 OPERATIONAL INTERNAL CONTROL			■	
	3.9/10 RESOURCE MANAGEMENT			■	
	3.11 COMMUNICATIONS				■
	3.12 MONITORING AND MEASUREMENT				■
MIDDLE MANAGEMENT	3.13 ANALYSIS MANAGEMENT NON-CONFORMANCE		■		■
	4.0/1/2 IMPLEMENTING THE SYSTEM			■	
	4.3 THREAT IDENTIFICATION			■	
	4.4 STAKEHOLDER NEEDS IDENTIFICATION		■		
	4.5 RISK OWNERSHIP		■		
	5.0 CHANGE MANAGEMENT			■	
	6.0 OTHER RELATED MANAGEMENT SYSTEMS			■	
	7.0 BENCH MARKING				■

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

- 4.2 WHAT WE DO** 3.6/3.2
- This policy manual addresses the requirements of our corporate governance commitments in respect of documenting and communicating responsibilities and authorities.
- 4.2.1 The manual includes the details of all the company directors, supervisors, foreman, operatives and technicians together with their interrelations with other contributors to our management system and the stakeholders it is directed at serving. 3.6
 - 4.2.2 Everyone involved in company matters has their responsibilities and authorities defined in this manual. The responsibilities are reviewed and confirmed at the management review meeting. 3.6
 - 4.2.3 We have appointed the Company Secretary as Management Representative. The Secretary is required to ensure that processes needed for the effective operation of the corporate governance management system are established, implemented and maintained. 3.6
 - 4.2.4 The Company Secretary answers to the Chairman for all related corporate governance and related assurance matters. 3.6
 - 4.2.5 The Company Secretary reports to the Managing Director on the performance of the risk management system, including needs for improvement. In this respect they jointly promote an awareness of standards and governance requirements by making known any dissatisfaction, concerns or appreciations received from shareholders, employees, customers, authorities and related stakeholders who have a vested interest, contribution or security in the operation and future of the company. 3.6
 - 4.2.6 Our programme of reviews, meetings, internal and external communication provides all interested parties with a point at which exchanges of views, information or concern can be expressed and recorded for subsequent action. 3.6
3.8



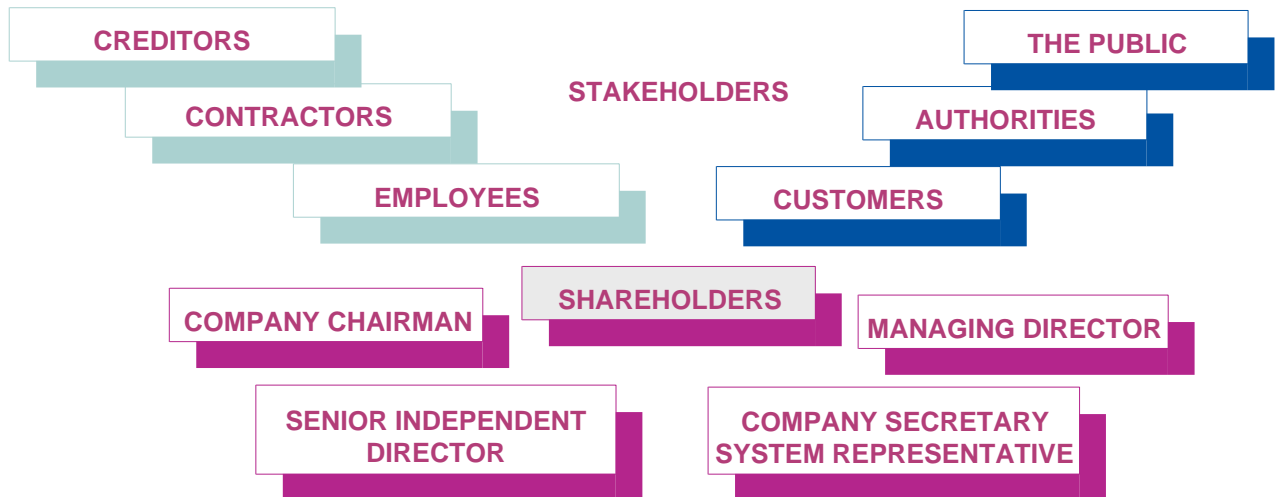
IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.2 WHAT WE DO CONTINUED

3.3/3.6

4.2.7 We recognise that our corporate governance has a role to play which can contribute or detract from the internal and external economy down to the individual worker or pension holder. This includes many interested parties.

3.3
4.4



4.2.8 Shareholders

4.4

Our corporate governance is important to our shareholders for many different reasons, not least because it clearly defines the relationship between them and the company.

Publication of our policy and the right of access to the documented practices enables each party to be aware of their rights and responsibilities towards each other in the joint interests of risk management and long term growth. It is imperative therefore that our corporate governance policy and practice is required to

4.4
0.4.1

- a) protect shareholders rights
- b) ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights;
- c) recognise the rights of stakeholders as established by law and encourage active cooperation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises;
- d) ensure that timely and accurate disclosure is made on all material matters regarding the company, including the financial situation, performance, ownership, and governance of the company;
- e) ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders

0.2/0.4.2a

4.4
0.4.2b
0.2

4.4
0.4.2c

4.4
0.4.2d

4.4
0.4.2e

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.2	WHAT WE DO CONTINUED	3.3
4.2.9	Stakeholders	0.4.3
	The importance of corporate governance to stakeholders is largely the same as for shareholders. We have recognised the Organisation for Economic Cooperation and Development's principles in this connection from which we accept the "Role of stakeholders in corporate governance". The importance of sustainability through our own corporate governance is serviced by the importance of stakeholders, directors and management commitment to wealth and the jobs that we seek to develop and protect.	3.6 4.4
	The various principles identified under clause 1 of each section in this policy manual aim to define the relationship between our company and the stakeholders. This enables each party involved in, or affected by, our business to know where each member stands with regards to the running and decision making of the company and its organisations.	3.2 0.4.1 0.4.2 0.4.3 0.4.6/7 3,6
4.2.10	Chairman, Directors and Offices of the Company	0.4.5
	Due to corporate governance policy and management system commitments, our directors and offices are accountable to far more people than was previously the case.	3.6 4.4
	The responsibility for our success as a company or failure will depend on the quality of management and this lies with the competence and conduct of our directors and offices. It is they who have to face the consequences of success and failure.	0.8 4.4
	Our directors and offices duties will be those included in the developments currently being defined for the Companies Act, which provides for the basic goal for:	4.4 3.6
	a) directors to be the success of the company in the collective best interests of shareholders,	4.4
	b) recognising that this can only be achieved by taking due account of wider interests such as employees, customers, suppliers and the community,	4.4
	c) the impact of business decisions on the company's reputation and on the environment.	4.4 6.0
	Our directors and offices take proper account of the long term consequences of their decisions. They are also intent on setting up independent committees consisting of non-executive members of the board in order to prevent any conflict of interest.	3.11 4.4

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

- 4.2 WHAT WE DO CONTINUED** 3.3
- 4.2.10 Chairman, Directors and Offices of the Company Continued 3.3/3.6
- Our directors and officers in this respect are intent on ensuring our corporate governance management system contains a plan to: 3.6
- a) include making public statement to stakeholders on the risk management strategy, process and framework to demonstrate accountability;
 - b) include mechanisms for monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls in practice;
 - c) demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks;
 - d) display openness by involving all those associated with planning and delivering services, including partners.
- 4.3 RELATED CORPORATE GOVERNANCE PROCEDURES** 4.0
- The following documented procedures are maintained and implemented within the company for the effective implementation of this policy: 3.6
3.8b
- CG04/001 Assignment of responsibilities and authority for matters relating to our Corporate Governance Systems. 3.6
 - CG04/002 Board of Directors (Assigned Duties and Responsibilities) 3.6
 - CG04/003 Appointment and Induction of Directors and Non-executive Directors 3.6
- 4.4 RESPONSIBILITY** 3.6
- The Managing Director is responsible for this Corporate Governance Organisation, Structures, Roles and Responsibilities Policy.
- The following positions are responsible for corporate governance policy in respect of the risk management addressed in this manual: 3.6
- a) Company Chairman
 - b) Managing Director
 - c) Technical Director
 - d) Operations Director
 - d) Director of Sales and Marketing
 - e) Finance Director
 - f) Company Secretary and Management Representative
- Contributions and support for corporate governance policy and practice is given by: 3.6
- i
 - g) Managers and Heads of Department
 - h) Middle Management and Supervisors
 - i) Operatives and Technicians
- The above positions are delegated responsibility for effective implementation of procedures and practices contained in the procedures manual. The position responsible is identified in clause 2 of the relevant administrative or specified procedure. 3.6

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED 3.6

4.4.1 Company Chairman 3.6

The Company Chairman is answerable to the shareholders for the stewardship of the company and the conduct of the directors in respect of its corporate governance, its organisational structures, and the credibility of the decision making in respect of the shareholders and stakeholders interests.

The chairman is steward of the conditions for overall board and individual director effectiveness, both inside and outside the boardroom in which connection the Chairman is required to: Specifically, it is the responsibility of the chairman to:

3.6

- run the board and set its agenda.
- ensure that the members of the board receive accurate, timely and clear information.
- ensure effective communication with shareholders.
- manage the board to ensure that sufficient time is allowed for discussion of complex or contentious issues,
- take the lead in providing a properly constructed induction programme for new directors facilitated by the company secretary.
- take the lead in identifying and meeting the development needs of individual directors,
- ensure that the performance of individuals and of the board as a whole and its committees is evaluated at least once a year;
- encourage active engagement by all the members of the board.
- uphold the highest standards of integrity and probity; set the agenda, style and tone of board discussions and promote effective decision-making and constructive debate.
- promote effective relationships and open communication, both inside and outside the boardroom, between non-executive directors and the executive team;
- build an effective and complementary board, initiating change and planning succession in board appointments, subject to board and shareholders' approval;
- promote the highest standards of corporate governance and seek compliance with the provisions of this manual and the associated conventions and code to which it is addressed.
- ensure clear structure for the effective running of board committees;
- ensures effective implementation of board decisions;
- establishes a close relationship of trust with the Managing Director,
- providing support and advice while respecting executive responsibility;
- provides coherent leadership of the company, including representing the company and understanding the views of shareholders.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED

3.6

4.4.2 Managing Director

3.6

The Managing Director accepts the ultimate responsibility for corporate governance in respect of the company conduct, products, process, resource and improvement which includes:-

Company Policy Establishing and authorising the company Corporate Governance Policy

Organisation Ensuring all services are co-ordinated in the most effective manner.

Delegation of Authority Delegating authority to competent company members the authority required to undertake risk related decisions, which includes:-

- a) Those who are responsible for preventing company and business non-conformance
- b) Those who identify problems in the market or workplace resulting from or relating to our operations and decisions.
- c) Those who identify threats, concerns and non-conformance and are required to limit the potential for possible mistakes.
- d) Those who are tasked with corrective and preventive measures and responsible for ensuring such actions and plans have been implemented and completed.
- e) Those who identify error in the conduct and governance of the company, its business, markets, public accountability and environment in which we have a role to play via our process or produce and are required to suspend further actions until the errors have been corrected.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED 3.6

4.4.2 Managing Director Continued 3.6

The Managing Director accepts the obligations as top management directed within PD6668:2000 and agreed as follows:

- a) Place the company at all times in a defensible position to respond to shareholders concerns over decision made by the board despite the shareholders action being retrospective.
- b) Establish arrangements to identify and mitigate strategic risks;
- c) Commit to establishing arrangements that will ensure that strategic risks are identified and effectively managed.
- d) Establish a system that operates at a strategic level which encompasses all of the organisation's activities and the impacts that they may or may not have on shareholders and other stakeholders.
- e) Establish a strategic policy to focus on managing risk for corporate governance which leads to management policies and arrangements to deal with specific risks.
- f) Ensure strategic risks are included in a management system and programme developed from policies, objectives and targets, which is assigned to the relevant competent level within the organisation.
- g) Accept responsibility for managing risks faced by the organisation by ensuring that individual roles and responsibilities are defined and understood at each level where control needs to be exercised.
- h) Ensure that personnel are equipped with the appropriate training and education, taking into account their competencies and experience.
- l) Convene a senior management review meeting is undertaken annually to review the strategic management system and ensure its continuing suitability, adequacy and effectiveness.
- j) Report annually to shareholders and/or stakeholders on corporate governance measures which are instigated to manage the strategic risks faced by the organisation.
- k) Respect and promote company practices for shareholder concern identification, record, review, assessment and address including representation for the interested parties.
- l) Provide for the management of risks within the organisation to be discussed, prioritised and actioned exclusively at board level when appropriate.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED 3.6

4.4.2 Managing Director Continued 3.6

- m) Commit and promote the assessment and management of company performance.
- n) Encourage progressive developments and change management throughout the organisation.
- p) Provide commitment and support for other agreed management processes (Quality, Environment, IT Security, Social Accountability and Safety etc)

4.4.3 Technical Director 3.6

The Technical Director is answerable for all risks and related decisions in respect of the company products, designs and developments. In this respect the director is required to monitor aspects which could provide threats to the company from:

- product design and/or service failure;
- inadequate verification, validation or review practices or records
- failure to develop design changes and improvement
- inadequate process consideration or verification
- public product perception;
- lack of product security, patent and proprietary knowledge;
- product regulatory action;
- products design response to market changes;
- failure to control industrial espionage;
- failure to take on new technology;
- failure to control IT effectively;
- failure to establish a positive product development culture;
- vulnerability of intellectual property
- design resources (know-how, material and human);
- failure to establish effective contingency arrangements in the event of a product and/or service failure;
- failure to establish effective development continuity arrangements in the event of a disaster;
- inadequate design configuration or traceability provision.

In addition to the above specific requirements, the director is respected and authorised to advise on all technical matters, threats or risks which can be reasonably expected to have been foreseeable given the support, resources and know-how with which the director is credited as an officer of the company.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED 3.6

4.4.5 Operations Director 3.6

The Operations Director is answerable for all risks and related decisions in respect of the company process, purchases and product realisation issues and developments. In this respect the director is required to monitor aspects which could provide threats to the company from:

- process control and monitoring measures
- equipment operation and maintenance
- working and operational environment
- skills and training
- operator competence and assignment
- labour relations and unethical conduct;
- process and production failure;
- public perception of process and ecology;
- logistics and warehousing
- lack of business focus;
- exploitation of workers and/or suppliers;
- environmental mismanagement;
- occupational health and safety mismanagement and/or liability;
- regulatory action;
- civil and industrial action;
- failure to respond to market changes;
- failure to control industrial espionage;
- failure to take account of widespread disease or illness among the workforce;
- failure to develop competitive processes and techniques
- failure to take on new technology;
- failure to invest in new plant and equipment;
- failure to control production and process effectively;
- failure to establish a positive shop-floor company culture;
- vulnerability of resources (material and human);
- failure to establish effective contingency arrangements in respect of continuous production process availability;
- failure to establish effective continuity arrangements in the event of a disaster;
- inadequate labour relations and communications.

In addition to the above specific requirements, the director is respected and authorised to advise on all operational matters, threats or risks which can be reasonably expected to have been foreseeable given the support, resources and know-how with which the director is credited as an officer of the company.

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4.4 RESPONSIBILITY CONTINUED

3.6

4.4.6 Director of Sales and Marketing

3.6

The Director of Sales and Marketing is answerable for all risks and related decisions in respect of the company markets and customer related issues and developments. In this respect the director is required to monitor aspects which could provide threats to the company from:

- failure to be customer focused
- failure to develop prospects, customers and new business
- failure to review, document and process customers business
- failure to accommodate customers requirement changes and amendments
- bribery and corruption
- unethical dealings;
- product and/or service failure;
- diminishing market share
- public perception;
- lack of business and orders;
- inaccurate forecasting
- failure to respond to market changes;
- failure to compete or respond to competitors developments;
- failure to take on new technology;
- major customer failure;
- failure to control client information effectively;
- failure to establish a positive sales culture;
- vulnerability of markets and principle accounts;
- under or over trading
- failure to establish effective contingency arrangements in the event of a bad debt;
- failure to establish effective continuity arrangements within the sales force;
- inadequate credit control and related insurance provision.

In addition to the above specific requirements, the director is respected and authorised to advise on all marketing and sales matters, threats or risks which can be reasonably expected to have been foreseeable given the support, resources and know-how with which the director is credited as an officer of the company.

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4.4 RESPONSIBILITY CONTINUED 3.6

4.4.7 Finance Director 3.6

The Finance Director is answerable for all risks and decisions in respect of issues and developments in the company finance and accounts. In this respect the director is required to monitor aspects which could provide threats to the company from:

- fraud;
- unethical dealings;
- financial failure;
- public perception;
- lack of business funding and credit rating;
- exploitation of wages and/or suppliers payments;
- financial environment;
- regulatory action;
- litigations;
- failure to control funding and finance;
- failure to take on new administrative technology;
- failure to invest;
- failure to control IT and fiscal data effectively;
- failure to establish a positive financial culture;
- vulnerability of financial resources;
- failure to establish effective contingency arrangements in the event of a credit restrictions, credit failure or unauthorised borrowing;
- failure to establish effective continuity arrangements in the event of financial disaster;
- inadequate insurance and funding provision.

In addition to the above specific requirements, the director is respected and authorised to advise on all financial and accounting matters, threats or risks which can be reasonably expected to have been foreseeable given the support, resources and know-how with which the director is credited as an officer of the company.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED

3.6

4.4.8 Company Secretary and Management Representative

3.6

The Company Secretary is answerable for all risks and related decisions in respect of the company administration, notices and related issues and developments. In this respect the Company Secretary is required to monitor aspects which could provide threats to the company from:-

- fraud;
- unethical dealings;
- administrative failure;
- legislative and statutory instruments
- public perception and social accountability;
- professional conduct in business dealings;
- exploitation of workers and/or suppliers;
- environmental mismanagement;
- occupational health and safety mismanagement and/or liability;
- civil action;
- failure to respond to legislative changes and deployments;
- failure to control industrial espionage;
- failure to take account of widespread disease or illness among the workforce;
- failure to compete;
- failure to take on new technology;
- failure to make provision for investments;
- failure to control IT effectively;
- failure to establish a positive company culture;
- vulnerability of resources (information, material and human);
- failure to establish effective contingency arrangements in the event of a supplier, client or internal failure;
- failure to establish effective continuity arrangements in the event of a disaster;
- inadequate insurance provision.

The Company Secretary in the capacity of Management Representative, accepts responsibility for the documentation, implementation and improvement of the corporate governance management system. The Secretary reports direct to the Managing Director in respect of the following principle duties:

3.6
3.2/4.0

- a) ensuring that processes of the risk management system are established and maintained;
- b) reporting to top management on the performance of the risk management system, including needs for improvement;
- c) promoting awareness of shareholder and stakeholder requirements throughout the organisation.
- d) liaison with external parties on matters relating to the corporate governance of the company in relation to the management system.

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4 RESPONSIBILITY CONTINUED 3.6

4.4.9 Senior Independent Director 3.6

The appointment of the Senior Independent Director is the subject of procedure CG04/003 which is designed to reflect and incorporate the directives given in the Schedule B of the Combined Code July 2003 and the provisions of the Higgs Report January 2003 in respect of a Non-executive director and the role of an appointed Senior Independent Director.

The Senior Independent Director works closely with the Company Secretary in the secretaries capacity as Management System Representative. 3.6

Jointly they maintain the watch and brief required for the system to be reflective of all stakeholder concerns and aspirations in respect of the company business and operation. As members of the unitary board, they share the role of their fellow directors and are required to: 3.6

Provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed;

Set the company's strategic aims by ensuring that the necessary financial and human resources are in place for the company to meet its objectives.

Review management performance;

Set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

In addition to these requirements for all directors, the role of our Senior Independent Director has the following key elements: 3.6

Strategy. Constructively challenge and help develop proposals on strategy.

Performance. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Risk. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

People. **Determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors.**

IDENTIFYING ORGANISATIONAL STRUCTURE, ROLES, RESPONSIBILITIES AND AUTHORITIES

4.4	RESPONSIBILITY CONTINUED	3.6
4.4.9	Senior Independent Director Continued The Senior Independent Director constantly seeks to establish and maintain confidence in the conduct of the company. The duties require the director to be independent in judgement and display an interest in the internal controls for which an enquiring mind is expected to be deployed in order to be effective.	3.6
	The Senior Independent Director is expected to build a recognition by Executives and Managers for contribution to the systems and governance in order to promote openness and trust.	3.6
	The Company Secretary ensures the position is well-informed about the company and the external environment in which we operate by identifying and raising any issues relevant to the business. The Senior Independent Director receives a comprehensive, formal and tailored induction. This is not restricted to the boardroom and consideration is given to visiting sites and meeting senior and middle management as part of the induction.	3.6
	The Senior Independent Director receives instruction and assistance principally from the Company Secretary for the development of competence, which includes refreshing the knowledge and skills credited to ensure that the contribution to the corporate governance of the company and the board remains informed and relevant.	3.6
	The Senior Independent Director ensures that information is provided sufficiently in advance of meetings to enable thorough consideration of the issues facing the board to be considered and ensures that such information is sufficient, accurate, clear, relevant and timely. In this respect the Senior Independent Director addresses an understanding of the views of major investors both directly and through the chairman and the non-executive directors.	3.6
	The Senior Independent Director is required to:	3.6
	<ul style="list-style-type: none"> uphold the highest ethical standards of integrity and probity; support executives in their leadership of the business while monitoring their conduct; question intelligently, debate constructively, challenge rigorously and decide dispassionately; listen sensitively to the views of others, inside and outside the board; gain the trust and respect of other board members; promote the highest standards of corporate governance and compliance with the provisions of this manual and its codes wherever possible. 	

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- | | | |
|--------|---|-----|
| 4.4 | RESPONSIBILITY CONTINUED | 3.6 |
| 4.4.10 | The responsibilities and authority of the company directors and managers in respect of policy is given in clause 4 of each of this manuals sections. | 3.6 |
| 4.4.11 | The roles, responsibilities and authorities of managers, supervisors technicians and operatives are contained in the individuals service and employment contracts, work instructions, administrative procedures and training records. | 3.6 |

END OF SECTION 4

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PLANNING FOR MANAGEMENT OF INDIVIDUAL RISKS

5.0	POLICY		3.2
	Our policy for the planning management of individual risks is to ensure that actions and arrangements adopted in respect of identified risks are planned, monitored, assessed and controlled in accordance with documented and verifiable practices, thereby complying with clause 3.7 of PD6668:2000		3.7
5.1	WHAT IS REQUIRED		3.7
	Each individual strategic risk must have arrangements in place for removing, minimising, controlling or transferring it.		
	5.1.1 In order to do this the company must ensure that we have a plan that is consistent with our corporate governance policy, objectives and targets.		3.7
	5.1.2 We must recognise that this can be achieved using a documented and verifiable management system as summarised in this manual.		3.7
	5.1.3 Alternatively, a project or plan which draws on this documented practice contained in our procedures manual can be used for specific risks or encountered threats which require a specific focus or management strategy in order to control and resolve.		3.7
	5.1.4 Integrated systems configured with our quality management, environment management, occupational health and safety management or security management systems arrangements that are satisfactory and effective can be used.		3.7
	5.1.5 All such arrangements must be documented to enable management, control, audit and review.		3.7
5.2	WHAT WE DO		3.3
	The planning of our corporate governance is a dual phase management activity consisting of:		3.7
	a) CGR Programme Management Maintenance and administration of the programme and schedule for known risk aspects and their operational control;		3.7
	b) CGR Schedule Item The monitoring of individual risks and the risk management of encountered treats or perceived ones listed in the programme.		3.7
	5.2.1 Corporate Governance Risk Management Programme We have established and maintain a master programme of our risk management activities, objectives and targets of which this manual is an integral part.		3.7
	Within the plan is the requirement for time phased programmes to be established annually and for specific corporate governance objectives with agreed targets to be included as they arise. This relates to this policy manual for the directives and authorities required for its effective implementation and development.		3.7

PLANNING FOR MANAGEMENT OF INDIVIDUAL RISKS

5.2	WHAT WE DO CONTINUED	3.3
5.2.1	Corporate Governance Risk Management Programme Continued	3.7
	The governance programme consists of line items and any time-frame by which the risk objectives and targets can be achieved on a long or short term basis.	3.7
	Within this plan is a series of programmes for specific risks and management projects. The programme is a controlled document which contains a time phased listing of risk administrative matters which make up our current corporate governance practices and objectives. These include:	3.7
	a) Programmed policy reviews and assessments	3.2
	b) Risk Identification control, monitoring, recording and reporting	3.3/3.3.1
	c) Risk assessment, mitigation and control	3.3/3.3.2
	d) Legislation reviews and assessments	
	e) Risk objective target setting and realisation	
	f) Improvement project management and achievements	3.13.3
	g) Programme reviews and changes	3.3
	h) Responsibility structures and reviews	3.6
	j) corporate governance training and resource seminars	3.10
	k) Planned meetings, consultation and communications	3.11
	l) Documentation reviews, issues and controls	3.10
	m) Planned operational activities	4.0
	n) Simulated emergency preparedness and response	3.13
	p) Planned performance assessments and reviews	3.12
	q) Non-conformance reviews, follow ups and corrective measures	3.13
	r) Corrective and preventive action projects and improvements	3.13
	s) Records reviews and preparations	3.13.5
	t) Internal audits and assessments	3.13.2
	u) Management Review Meetings	3.13.4
	In addition to the above, specific risks encountered or threats envisaged have risk management projects drawn up and allocated as line items on the master programme.	4.0 4.2 4.3
	The Directors and Company Secretary are authorised to direct resources required by the planning and programming operation to ensure its effectiveness at all levels of our operation.	3.6 3.7
	New development in risk assessments, perceived threats and corporate governance are principle considerations for the application of our planning activities and reviews.	3.3/3.13.3 3.12

PLANNING FOR MANAGEMENT OF INDIVIDUAL RISKS

5.2 WHAT WE DO CONTINUED 3.3

5.2.2 Individual Risk Projects and Planning 3.7

The corporate governance programme provides for the time phased management of all identified risks and related matters, referred to collectively as issues. These issues can be single tasks or a programme of tasks making up a project and will consist of:

- a) Risk Control, Monitoring, Recording and Reporting (I)
- b) Legislation Statutory Reviews and Assessments (L)
- c) Objective Setting and Realisation (O)
- d) Improvement Project Management and Achievements (P)
- e) Corporate Governance Audits or Assessments (CGA)
- f) Corporate Governance Review Meetings (M)
- g) Corporate Governance Training and Resource Matters (TR)
- h) Adverse Risk Elements (XE)

Each risk issue is given an identifier to indicate its origin and orientation. The start date determines its priority listing on the programme. Item references are taken from the appropriate registers to provide for traceability to records and authorities. 3.7

The remainder of the programme is given over to a project chart segregated into 12 month columns which provides for each risk issue to be identified with its frequency, start and completion dates in a programme form. 3.7

The Company Secretary in the capacity of management representative ensures that any risk issues or aspects listed in the register are covered in the programme its control or progress is reviewed and reported against the directives agreed. By employing this practice, each risk issue adopted or encountered is SMART: 3.7

- | | | |
|---|------------|---------------------------------------|
| S | Suitable | for our business |
| M | Measurable | for review and assessment |
| A | Achievable | with the resources and time available |
| R | Realistic | within our capability and know-how |
| T | Time based | to ensure it can be completed |

By operating this approach and practice, we can ensure that the resources needed to control the risks, avoid threats and achieve stated objectives are identified, provisioned and planned. 3.7

When a new development or risk is encountered in our operations, we review the need to develop new or modified processes, products or services. This is actioned by producing programmes specifically for the risk issue and aspects involved which ensure they are introduced by amendments to our documented practices or the policy manual itself. 3.7

In addition to these developments in our management of process, products and services our corporate governance practices introduce items to our programme which are identified as improvement projects. These projects are derived from the specific commitments of our policy. 3.7

PLANNING FOR MANAGEMENT OF INDIVIDUAL RISKS

5.2 WHAT WE DO CONTINUED 3.3

5.2.2 Individual Risk Projects and Planning Continued 3.7

Risk issues and improvement projects are instigated to reduce the exposure to threats and control risks in all aspects or operations of the company process and products by being designed to achieve one or more of the following objectives: 3.7

- a) development and improvement of the management system
- b) meet and, where appropriate, exceed the requirements of all current and future relevant legislation
- c) reduce exposure to unknown risks or threats to our continued and future business prosperity
- d) reduce exposure to fraud, mismanagement or incompetence in decision making,
- e) improve stakeholder welfare
- f) reduce the frequency in incidents of loss
- g) improve shareholder and stakeholder knowledge of of our corporate governance policies and issues
- h) reduce suppliers and customers exposure to risks and threats
- j) minimise our operation failures and their effects on shareholders and stakeholders and other associates' interests
- k) promotion of corporate governance policy, objectives and practices.

These goals are converted and related to company risk issues, aspects, objectives and targets which contribute to our corporate governance improvements by listing in the company programme. 3.7

Additionally a programme item can be allocated to a concern, specification, requirement or agreement with the shareholders, customers, suppliers or stakeholders with whom we are in business. 3.7

Effectively we use the programme and its items to monitor and manage the time-based aspects of our risk management corporate governance which are agreed and allocated resources to permit their control and realisation. 3.7

In doing so, we create within the corporate governance programme a sector or collection of objectives which accounts for the principle company commitment to risk management and continual business improvement. 3.7

The conduct, monitoring and completion of a project is administered by the use of the Project Register and Form. 3.7

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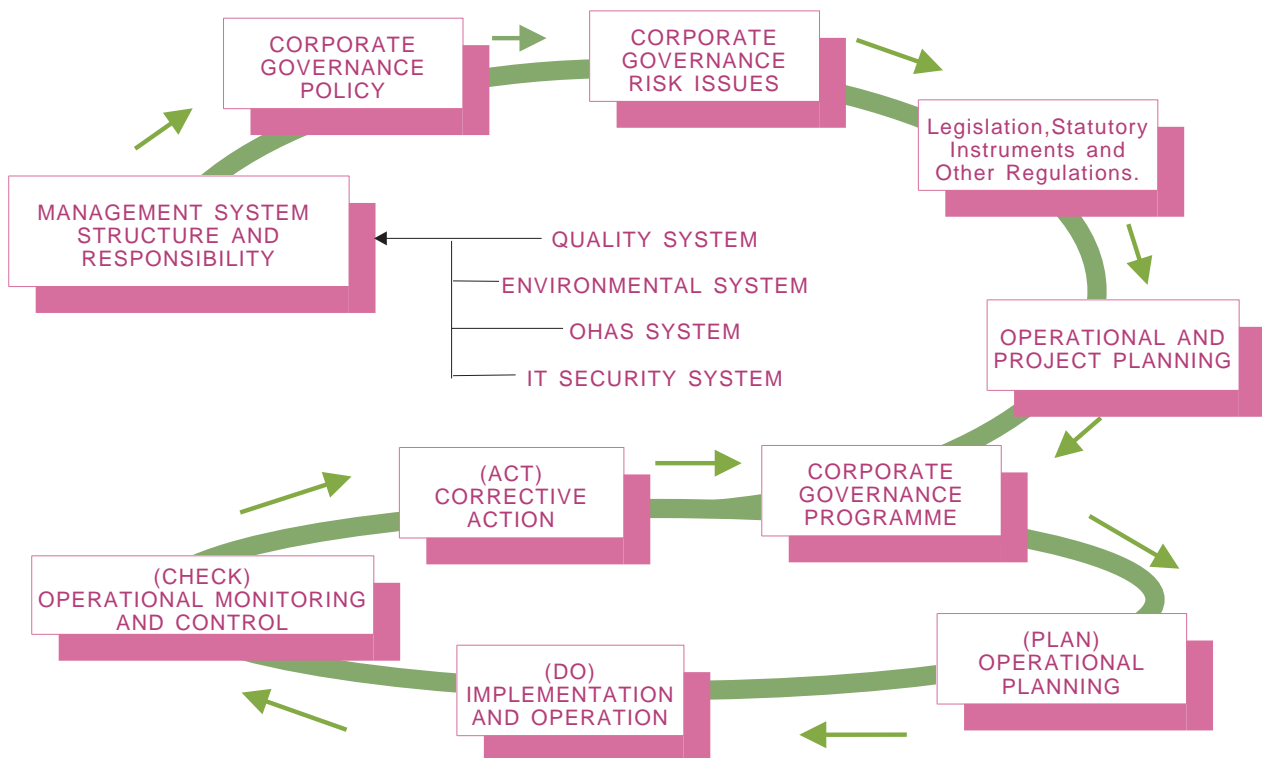
- | | | |
|------------|--|-------------|
| 5.3 | RELATED CORPORATE GOVERNANCE PROCEDURES
The following documented procedures are maintained and implemented within the company for the effective implementation of this policy: | 4.0
3.8b |
| | CG05/001 Risk Management and Control administration. | 3.7 |
| 5.4 | RESPONSIBILITY
The Senior Directors are responsible for this Individual Risk Management Planning Corporate Governance Policy. | 3.6
3.7 |

END OF SECTION 5

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OPERATIONAL INTERNAL CONTROL

- 6.0 POLICY** 3.2
 Our policy for operational internal control of the corporate governance system and practices is to ensure specific operational internal control arrangements, which are associated with known risks, are identified, documented, effectively implemented and verified thereby complying with clause 3.8 of PD6668:2000 3.8
- 6.1 WHAT IS REQUIRED** 3.3
 We must exercise proper internal control over our operations to effectively implement the corporate governance policy and objectives. 3.8
- 6.1.1 We must identify specific operational internal control arrangements that are associated with identified risks for which control measures must be applied. 3.8
- 6.1.2 We must ensure that these operational internal control arrangements are included in the company programme and that they are carried out accordingly. 3.8
- 6.1.3 To ensure that these control arrangements are effective, we must: 3.8
- a) stipulate the normal operating controls and conditions;
 - b) establish and maintain documented procedures for use in situations where their absence could lead to deviations from the policy and objectives;
 - c) maintain the systems and infrastructure to ensure effective operational control.



OPERATIONAL INTERNAL CONTROL

6.2	WHAT WE DO	3.3/3.8
	Control of operations is applied from a Corporate Governance perspective, assisted by established management practices for quality, environment, occupational health and safety and information security.	6.0
	These each have their own management systems directed at the specifics within their own management systems policy statement.	3.8
	We use the directives of our corporate governance policy and contributory management systems to provide the organisational aggregate to which all management systems contribute and from which they each can derive substance, authority and achievement.	3.8
	6.2.1 Our risk management planning and practices are designed to give us a mechanism to identify and prioritise those aspects of our business activity which are critical and important. This has enabled us to identify a list of significant risks, which basically tells us what we should be concentrating our efforts and resources on.	3.8
	6.2.2 Corporate Governance documented procedures detail the steps we take to identify all risk activities involved in the company processes. It also details the practices and documentation involved in the monitoring and controls that we have in place and the use made of the information produced.	3.8
	6.2.3 The programme lists all significant issues and the relevant dates at which checks or reviews are taken, procedures are checked and data reported. The management representative is responsible for the maintenance and control of the programmes register and reports which are used to identify risk management activities, issues and events.	3.8
	6.2.4 Normal operating controls and conditions	3.8a
	Each aspect of our company business, operation and process has associated risks involved in their adoption and operation. These risks are contained to minimal levels by the use of good corporate governance.	
	It is demonstrated by the use of the correct management tools and the use of proven methods that are undertaken by competent decision makers, managers, supervisors, operatives and technicians working under positive informed instruction.	3.8a
	The degree to which this needs to be documented, supervised, administered and contained increases with the implication and degree of the risks involved. It is controlled by the assignment and use of specialists or trained and competent people given adequate resources and management skill.	3.8a
	The normal operational condition is that which is designed or proven to produce the correct achievable result quality, given the correct input, operation, information and time, when suitably competent managers, operatives and technicians are employed in the tasks prescribed.	3.8a
	When this is not practiced, additional risk is incurred which good corporate governance seeks to exclude from our business activity.	3.8a

OPERATIONAL INTERNAL CONTROL

6.2 WHAT WE DO 3.3/3.8

6.2.4 Normal operating controls and conditions continued. 3.8a

Correct operation conditions are realised when optimum results are achieved without unnecessary risk being incurred. This results from employing the correct processes and knowing: 3.8a

- a) Stage in the event sequence where the task is performed
- b) Correct input requirements
- c) Correct process equipment and environment requirements
- d) Complexity of task and competence of assigned resources
- d) Set-up or preparatory measures needed
- e) Output requirements, criteria and yield/consumption
- f) Programme, frequency, delivery, close date etc

This information is documented for all known processes which contain a risk aspect that can be quantified, monitored and measured effectively (ie controlled). 3.8a

The low risk or normal operating conditions of our process, administration and operation provides for any associated risks to be contained or discounted. The following conventions are applied when monitoring the defined aspect of the process risks: 3.8a

Low	Where the risk aspect is operating between 0% to 25% of the agreed terminal limit.	Record at specified intervals
Normal	Where the risk aspect is operating at between 26% and 50% of the agreed terminal limit.	Monitor, maintain and report at specified intervals
High	Where the risk aspect is operating at between 51% and 85% of the agreed terminal limit.	Monitor and suspend first conceivable opportunity for adjustments to be made
Critical	Where the risk aspect is operating at above 86% of its terminal limit	Terminate operation if possible and review unless significant detriment to business would result.

This convention is employed when the investment or result required from the risk is calculated to yield a 15% return. 3.8a

When the required yield is higher or lower than 15% the qualifying percentages are adjusted accordingly. This practice is the subject of our documented procedure CG06/001(Internal control of operations). 3.8a

OPERATIONAL INTERNAL CONTROL

6.2	WHAT WE DO CONTINUED	3.8
6.2.2	<p>Maintaining documented procedures The principle Corporate Governance management system documents are retained in controlled manuals as follows:</p> <ul style="list-style-type: none"> a) Corporate Governance Policy Manual b) Corporate Governance Procedures Manual c) Corporate Governance Task Instruction Manuals d) Corporate Governance Instructions Manuals e) Corporate Governance Records f) Corporate Governance Forms and Prescription Register <p>Corporate Governance Policy</p> <p>Policy Manual</p> <p>Procedures Manual</p> <p>Task and Work Instructions</p> <ul style="list-style-type: none"> a) Task Instructions b) Work Instructions <p>Forms and Prescription</p> <p>These documents and aides are published and promoted throughout the company for use in situations where their absence would lead to deviations from the policy and objectives;</p>	<p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p> <p>3.8b</p>

OPERATIONAL INTERNAL CONTROL

6.2	WHAT WE DO CONTINUED	3.3
6.2.3	Management Systems We identify, provide and maintain the systems within the company which we need to achieve and operate an effective progressive business. Systems that are needed to demonstrate good corporate governance and effectively implement our corporate governance policy are provided, monitored and maintained including: <ul style="list-style-type: none"> a) Investment, finance and administration; b) Quality management systems; c) Environmental management systems; d) Occupational health, safety and welfare; e) IT technology and security; f) Management services and development; g) Information technology and data protection; h) Personnel and employee training; i) Sales, Marketing and customer services; j) Product design and development; k) Purchase and supply; l) Production, manufacturing and distribution; m) In Service Support; <p>When the need for a change or improvement in the facilities of the company can be identified, a management project record and report form is raised and registered on the company programme as an issue.</p>	3.8c
6.2.4	Company Facilities We identify, provide, and maintain the company facilities which are needed to achieve and operate an effective business. The facilities needed to realise the standards of product and service that we set are provided, monitored and maintained. They include: <ul style="list-style-type: none"> a) Plant and Equipment b) Work space and associated facilities. c) Computer hardware and software. d) Tools, fixtures, jigs and patterns e) Stores and logistical facilities f) Transport g) Communications h) Supporting management services. 	3.5 3.8

OPERATIONAL INTERNAL CONTROL

6.2	WHAT WE DO CONTINUED	3.3									
6.2.5	<p>Environment</p> <p>Our internal environment is made up of a combination of human and physical factors. These influence motivation, satisfaction and performance of our employees and other stakeholders. When we have a good environment, we work and perform well. When our environment is poor or lacking in provisions, our performance will suffer.</p> <p>Examples of the personnel factors affecting our work environment include:</p> <ul style="list-style-type: none"> ! creative opportunity. ! working methods ! safety rules and guidance, ! protective equipment, ! ergonomics, ! stress management and control, ! special facilities for people in special needs. <p>Examples of physical factors affecting the work environment include:</p> <table border="0" style="width: 100%;"> <tr> <td>! Heat</td> <td>! hygiene</td> <td>! vibration</td> </tr> <tr> <td>! Noise</td> <td>! humidity</td> <td>! pollution</td> </tr> <tr> <td>! Light</td> <td>! cleanliness</td> <td>! air flow</td> </tr> </table> <p>In addition to these factors we must also consider those aspects of the company operations which provide us with a good environment in which to operate our systems and provide our services to process and produce the work that we are credited with. These include:</p> <ul style="list-style-type: none"> a) Information b) Suppliers and partnerships c) Finance <p>Information is a fundamental resource for the continual development of our company. It is a contributor to a good environment, as a knowledge base can stimulate innovation. Information is also essential for making factual decisions. In order to maintain a good working environment for we need to:</p> <ul style="list-style-type: none"> ! identify internal and external sources of information, ! provide timely access to adequate information, ! use information to meet its strategies and objectives, ensure appropriate security and confidentiality. <p>We manage all the information we generate and use by evaluating its effectiveness and efficiency and any potential improvements we can make.</p>	! Heat	! hygiene	! vibration	! Noise	! humidity	! pollution	! Light	! cleanliness	! air flow	<p>3.8c</p> <p>3.8c</p> <p>3.8c</p> <p>3.8c</p> <p>3.8c</p> <p>3.5</p> <p>3.8c</p> <p>3.10</p>
! Heat	! hygiene	! vibration									
! Noise	! humidity	! pollution									
! Light	! cleanliness	! air flow									

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- | | | |
|------------|---|----------------------------------|
| 6.3 | <p>RELATED CORPORATE GOVERNANCE PROCEDURES
The following documented procedures are maintained and implemented within the company for the effective implementation of this policy:</p> <p style="padding-left: 40px;">CG06/001 Internal control of operations.</p> | <p>4.0
3.8b

3.8</p> |
| 6.4 | <p>RESPONSIBILITY
The Senior Directors are responsible for this Corporate Governance Internal Operational Control Management Policy.</p> | <p>3.6</p> |

END OF SECTION 6

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RESOURCES MANAGEMENT

7.0	POLICY	
	Our policy for the management of resources is to ensure that all requirements and arrangements that need resource in order to implement and maintain good corporate governance practices within the business are identified, financed and provided for in accordance with documented and verifiable practices, thereby complying with clause 3.9 and 3.10 of PD6668:2000	3.2 3.9 3.10
7.1	WHAT IS REQUIRED	3.9/3.10
	We must provide for the correct resources at the correct time and location in order that our corporate governance policy can be effectively implemented and the investment of the company members can be directed at the benefit of the business and the interests of the shareholders and stakeholders involved.	
	7.1.1 Managing Human Resources	3.9
	We must ensure that personnel are competent to undertake the duties and tasks assigned to them.	
	We must empower them to mitigate adverse risks within the defined controls.	3.9
	We must ensure that personnel are equipped with the appropriate training and education, taking into account their competencies and experience.	3.9
	7.1.2 Managing Other Resources	3.10
	We are required to ensure that adequate resources (including finance) are available.	
	In particular, resources (excluding manpower) that affect the operation and maintenance of infrastructure, plant and facilities that have an impact on the internal arrangements we have in place for control of risks and associated documentation.	3.10
	It is important that we document and record these arrangements and control documents which are used in association with our practices.	3.10
	We must establish and maintain information in a suitable medium, which describes the care arrangements and gives direction on related documentation.	3.10
	Any documentation or electronic media must be managed so that:	3.10
	a) it can be located;	
	b) it is periodically reviewed, revised as necessary and approved for adequacy by authorised personnel;	
	c) current versions of relevant documents and data are available at all locations where operations essential to the effective functioning of the system are performed;	
	d) obsolete documents and data are promptly removed from all points of issue and points of use or otherwise assured against unintended use; and	
	e) archival documents and data retained for legal purposes or knowledge preservation or both are suitably identified.	

RESOURCES MANAGEMENT

7.2	WHAT WE DO	3.3
	In addition to being corporate stewards of the facilities, products, equipment and employees, the following aspects of our company business system are also recognised as resources:	3.9
	a) The management system itself.	3.10
	b) Our shareholders and customers satisfaction with their investments, our products and services.	
	c) A trained, competent and informed work force and informed management team.	
	d) Effective employee training.	
	e) Employee awareness of our company policy and objectives.	
	f) Employee development and associated training records	
	g) Our business and product management, process development and working environment.	
	h) Our documentation of systems and associated records	
	7.2.1 Resource improvements are identified from:	3.5
	a) Management reviews	
	b) Customer expectations	
	c) Assignment of personnel to different tasks	
	d) Internal meetings and business/product developments	
	e) Improvements in our technology and techniques	
	f) Identification and analysis of non-conformance	
	g) Corrective action programmes	
	h) Preventive measures	
	i) Internal audits and reviews	
	j) Training reviews	
	k) Management of change	
	7.2.2 Human Resource Stewardship	3.9
	From these business activities we determine competency needs for those performing decision making and tasks associated with risk management.	
	We ensure that personnel are competent to undertake the duties and tasks assigned to them by providing suitable training when required. This is required to effectively improve individual and collective company know-how, skills and resources which we evaluate for effectiveness. Our employees are made aware of their contribution to the policy, objectives and the impact they have on our corporate governance and shareholder/stakeholder interests.	3.9
	We delegate, authorise and empower management and operatives to identify opportunity, hazard, threats, uncontrolled risk and its consequence. This is designed to enable them to mitigate adverse risks at the agreed levels given the correct information and resource. Our personnel are equipped with the appropriate training and education to take on the tasks assigned which are given on the bases of their ability, position, pattern of achievement, success, competencies and experience.	3.9
	We maintain appropriate records of education, experience, training and qualifications of employees as a company record.	3.9

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7.2	WHAT WE DO CONTINUED	3.3
7.2.3	Shareholders and Customers Stewardship To achieve the standards of corporate governance, risk management and service our stakeholders expect and require, we undertake a regular review and assessment of our business developments, product range, capabilities, work space, premises, computer systems and hardware, software and support services. Our business technology, product management, process development and working environment is assessed for the inherent risks it contains and the suitability of the measures that we take to ensure their continued effectiveness. We recognise that the external and internal markets of the business should be dealt with carefully in order to protect the interests of all its stakeholders. This policy document and the practices it details is in itself a significant resource issue, which we maintain as good stewards of such interests and the responsibility we have been entrusted with, by the stakeholders involved.	3.9
7.2.4	Documentation and Record Stewardship The operation and maintenance of infrastructure, plant and facilities that have an impact on the internal arrangements are subject to controls and reviews. Control includes planning, measurements, reporting and records for which current documentation is imperative and must be maintained in place for control of risks and associated matters. We recognise the importance of documents and records that these arrangements and controls must have, so that they can be used in association with our practices. This is maintained in hard copy, electronic medium, registered transcript and master documents, which describes the care arrangements and gives direction on supporting related standards, records and other contributory documentation. The following methods are used to control documents and data within the company.	3.10
	a) master copy b) document register c) specific use d) configuration control e) procedure f) self identification and control g) systems drawer h) customer/authority specified i) standards library	3.10

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RESOURCE MANAGEMENT

7.2	WHAT WE DO CONTINUED	3.3
7.2.4	Documentation and Record Stewardship Continued We currently have a number of computer systems operating in our company which is likely to increase together with the range of programs and data held in the systems.	3.10
	Sound backup and control practices are essential to ensure continued use and to prepare for the possibility of failure or fault.	3.10
	The person responsible for controlling a document or record (The Originator) ensures the correct issue of the document is available at locations where risk management activities are undertaken. They also ensure the document or data is suitable and adequate for use by approving the document prior to release.	3.10
	All controlled documents are reviewed and updated in line with their procedures' requirements. Following the review the documents are reinstated as necessary and re-approved.	3.10
	If a document has to be permanently withdrawn, all registered holders are notified. Account is then taken of all work in progress, completed stock, current practices, procedures and other transient matters. These are considered and reviewed for corrective and preventive measures.	3.10
	Invalid or obsolete documents are removed or addressed as obsolete when it is necessary to keep such information for reference or contract purposes. Any changes to documents are undertaken in line with the relevant procedure and records of all previous and amended document details are maintained when a procedure requires it.	3.10
	All controlled documents carry a unique identification which enables us to control the documents required for the quality management system.	3.10
	All documents of external origin are given an identification and their distribution is controlled.	3.10
	The references needed are taken from the registers and the status of the document is established by an issue number, revision letter, date or identifier, which is cited in the procedure or register.	3.10

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7.3	RELATED CORPORATE GOVERNANCE PROCEDURES		
	The following documented procedures are maintained and implemented within the company for the effective implementation of this resources policy:		4.0 3.8b
	CG07/001 Resource Management and Provision		3.9/3.10
	CG07/002 Human Resources Management		3.9
	CG07/003 Document and Data Control		3.10
	CG07/004 Company Records		3.10
7.4	RESPONSIBILITY		3.6
	The Senior Directors are responsible for this Corporate Governance Resources Management Policy.		3.9 3.10

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CORPORATE GOVERNANCE COMMUNICATION






- | | | | |
|------------|-------------------------|--|-------------|
| 8.0 | POLICY | Our corporate governance communication policy is to communicate our responsibilities and policy for risk management practices and consult with shareholders, employees and those who are identified as interested parties in order to promote and improve the implementation of our documented practices. This is in compliance with Clause 3.11 of PD6668:2000. | 3.2
3.11 |
| 8.1 | WHAT IS REQUIRED | We must document and internally communicate our policy and procedures which ensure all pertinent corporate governance and risk management information is conveyed to and from shareholders, stakeholder, employees and any other involved or interested authorities. | 3.11 |
| | 8.1.1 | We must establish appropriate procedures and/or systems for ensuring that pertinent information is communicated to and from employees, shareholders and other interested parties. | 3.11 |
| | 8.1.2 | We must aim to have transparency whilst recognising that this may not always be possible because of the sensitivity of the risk and practices involved. | 3.11 |
| | 8.1.3 | Shareholder, employee and other stakeholder involvement and consultation arrangements must be documented. All interested parties must be informed of our practices and any developments or changes which we instigate or intend. In this respect our shareholders and employees must be: | 3.11 |
| | | a) permitted to be involved in the development and review of policies and procedures which manage risks; | |
| | | b) consulted when there are any changes that affect their interests or welfare; | |
| | | c) allowed to be represented on corporate governance and risk management discussions, exchanges and decisions matters; | |
| | | d) informed as to who their respective representative is and who is the company appointed point of communication as their Management System Representative. | |

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CORPORATE GOVERNANCE COMMUNICATION

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- 8.2 WHAT WE DO** 3.3
- Our Corporate Governance Policy and Procedures are documented and available to all shareholders, stakeholders, employees and interested parties. 3.11
- 8.2.1 The documents which convey the policy and detail of our practices are discussed in section 6 of this manual and consist of: 3.11
- 3.8
- a) Corporate Governance Policy Manual
 - b) Corporate Governance Procedures Manual
 - c) Corporate Governance Task Instruction Manuals
 - d) Corporate Governance Instructions Manuals
 - e) Corporate Governance Records
 - f) Corporate Governance Forms and Prescription Register
- The following documents are considered highly relevant to the effective communication of risk management 3.11
-  Corporate Governance Programmes
 -  Risk Assessments and issue records
 -  Project Plans and Risk Statements
 -  Process and Practice Detail Instructions
 -  Current Controlled Forms and Records
- 8.2.2 Our policy for Corporate Governance is displayed in controlled copies of the Policy Manual. Procedures Manual and Employees Handbooks. It is also issued to all shareholders upon registration of their membership and is available upon request from the Company Secretary to any interested party. 3.11
- 3.2
- It is published annually and placed on permanent notice within our company web site for interested parties to read and to communicate our corporate governance commitment and intention on a global basis. 3.2
- 3.11
- 8.2.3 Our shareholders and employees considerations, preferences and needs in respect of the management of our business are accommodated by a programme of consultation management meetings, shareholders meetings and consultation seminars which consist of the Company Directors and Senior Management as well as nominated representatives from stakeholders and related authorities. The consultation meeting provides an opportunity for the management to present subjects of risk, stewardship, governance and development as well as receiving details of concerns and commendations on the interests of the parties involved. 3.2
- 3.11
- 8.2.4 The Corporate Governance consultation team meets on a quarterly basis which is planned in the programme as an issue. The team is comprised of Directors and Managers an elected Employee Representative and the nominated Shareholder's Representative who is the Senior Independent Director and a Non-executive Director. The sessions are chaired by the Management Representative and act as a sounding board for our policy and change management. A quorum of six members, including the three representatives as a mandatory attendance, is the minimum required by the Board of Directors for effective consultation and records of business to be formally submitted for considered action. 3.2
- 3.11

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CORPORATE GOVERNANCE COMMUNICATION

8.2	WHAT WE DO CONTINUED	3.3
8.2.5	In this respect our employees and shareholders are consulted and their input is encouraged and appreciated by the developments and improvements which are brought about through their interests and commitment to the company policy and practices.	3.11
8.2.6	Changes which are needed or approved as desirable are first discussed internally at the appropriate level and then with the parties, stakeholders, departments and operatives who are directly involved. The Consultative Team are also involved when there are any changes that affect investments, workplace, welfare, process and security. All communications received on corporate governance and risk management issues are discussed and reviewed by the Directors and the Management Representative.	3.11 5.1
8.2.7	The stakeholders and employees are always consulted through the appointed representative of the intention to change existing practice or risk issues. Once approved the Company Secretary as the Management Representative is tasked with recommending the best method of documenting the changes.	3.11
8.2.8	The appointment of the Management Representative, Employee Representative and Shareholder Representative is respected and incorporated into the Management Review Meetings.	3.11 3.13.4
8.2.9	The appointments are formally notified to the individuals in writing by the Managing Director, recorded in the meeting minutes and posted on the nominated notice boards.	3.11
8.3	RELATED CORPORATE GOVERNANCE PROCEDURES The following documented procedures are maintained and implemented within the company for the effective implementation of this corporate governance communications policy:	4.0 3.8b
	CG08/001 Company Communications Management and Provision	3.11
	CG08/002 Consultation Team Meetings Management	3.11/3.13.4
	CG04/001 Assignment of responsibilities and authority for matters relating to our Corporate Governance Systems.	3.6
	CG04/003 Appointment and Induction of Directors and Non-executive Directors	3.6
8.4	RESPONSIBILITY The Company Secretary in the capacity of Management Representative is responsible for this Corporate Governance Communication Policy.	3.6 3.11

END OF SECTION 8

MONITORING AND MEASURING

- 9.0 POLICY** 3.2
Our measurement, analysis and improvement policy is to use available data that is generated by our management systems to confirm that planned results are being achieved, take action when deviations are identified and continually search for opportunities to improve our risk management practices, thereby complying with clause 3.12 of PD6668:2000.. 3,12
- 9.1 WHAT IS REQUIRED** 3.12
We must demonstrate that internal control arrangements are effective. This can only be possible by implementing a monitoring and measuring regime.
- 9.1.1 The process employed must be pro-active including: 3.12
- a) simulated risk conditions
 - b) dummy runs
 - c) quality control management
 - d) inspection and tests.
 - e) validations and verifications
- 9.1.2 We must develop and promote a culture of planning, monitoring and measurements in order to control adverse risks. 3.12
- 9.2 WHAT WE DO** 3.3
We maintain documented procedures for all risk related issues against which we can monitor, measure, identify deviations and action corrective measures. 3.12
- 9.2.1 These depend on sound data from our management systems for analysis and direction. They incorporate the measurement and evaluation of our markets, order books, process capabilities, consumption, production, service, expenditure and profit. This is directed by our corporate governance policy to minimise threats by control of risk issues and protect the investment that we are entrusted with. 3.12
- 9.2.2 We maintain a programme for the planned analysis of data and information produced from our management systems including quality, environment, occupational health and safety, IT security and finance. 3.12
- 9.2.3 We take directives from our consultation meetings, audits, reviews, corrective and preventive actions practices and stakeholders concerns. 3.12
3.13.1/2/3
3.13.4/5
- 9.2.4 Adjustments and corrective measures are implemented to address deviations from planned requirements. Improvements are instigated by the review and reporting of measurements providing they add value or contribute to better controls and less risk. 3.12
3.13.1/2/3
3.13.4/5
- 9.2.5 Analysis of measurements shows the level of achievement as well as inconsistency frequencies or trends. This directs us to the possibility of an unknown risk, problem or a potential for improvement. Statistical techniques are used selectively for analysing risks issue data. This includes verifying the testing process operations, verification and validation practices involved. 3.12
3.13.1/2/3
3.13.4/5

MONITORING AND MEASURING

9.2	WHAT WE DO CONTINUED	3.3
9.2.6	We try to promote the use of creative and innovative approaches for measurements at both management and technical levels.	3.12
9.2.7	We continually monitor and record the implementation of corrective and preventive actions, which will also provide data for future improvements.	3.12 3.13.1/2/3 3.13.4/5
9.2.8	Our monitoring and measurement culture ensures that the need for adjustments and change is effectively managed, evaluated and reported. This includes measurement, analysis and improvement issues such as:	3.12 3.13.1/2/3 3.13.4/5
	a) measurement, analysis and improvement methods.	
	b) periodic review of risk issues and related data.	
	c) stakeholder satisfaction with our monitoring and measurement reporting and records, deployed methods and technology, product changes and deployments, process capability improvements and consultation service.	
	d) use of measurements and information generated by our systems	
	e) effective communication tools	
	g) self-assessment and exception reporting, monitoring and evaluation.	
9.2.9	In determining risk and its implications for the company business, we advocate alternative patterns, results and failures, in order to forewarn the systems of any foreseeable difficulties and problems which may arise in the process.	3.12 3.13.1/2/3 3.13.4/5
	This enables us to be suitably prepared for such eventualities and to have a fall back plan and process on which to revert.	3.13 3.7
9.2.10	The results of the monitoring, measuring and simulations are documented and retained for verifications, reference and prescriptions to act as templates for future events, risk issue management and mitigation.	3.12 3.13.1/2/3 3.13.4/5
9.2.11	Reviewing the effectiveness of internal control is the board's responsibility. The board needs to form its own view on effectiveness after due and careful enquiry based on the information and assurances provided from the management system.	3.1 3.2 3.13 3.12
9.2.12	Our senior management monitors the system of internal control and reports to the board on matters which it has been tasked with.	3.12 3.6
9.2.13	The board of directors ensures the system they have prescribed and its policy are being effective in the management of risks given the complexity of the company's operations and its technology,	3.1 3.2

MONITORING AND MEASURING

- 9.2 WHAT WE DO CONTINUED** 3.3
- 9.2.14 The consultative committee in association with the Senior Independent Director and Company Secretary carry out, on behalf of the board, tasks that are attributed in this policy manual and its supporting procedures. The results of the work are reported to, and considered by, the board at the Management Review Meetings. The board takes responsibility for the disclosures on internal control in the annual report and accounts. 3.12
3.11
- 9.2.15 Effective monitoring on a continual basis is an essential component of the company system of internal control. It is recognised, however, that the company and its director cannot rely solely on the embedded monitoring processes within the company to discharge the corporate governance responsibilities. 3.12
- 9.2.16 The board of directors therefore regularly receive and review reports on internal control which are prescribed within the company governance programme as line items and issues. In addition, the board undertakes an annual assessment for the purposes of making its public statement on internal control to ensure that it has considered all significant aspects of internal control for the company for the year under review and up to the date of approval of the annual report and accounts. 3.12
3.6
- 9.2.17 The interpretation of the company in respect of the internal controls considered by the board takes account of all types of controls including those of an operational and compliance nature, as well as internal financial controls. 3.12
3.6
- 9.2.18 The board has defined the process to be adopted for its review of the effectiveness of internal control in documented procedures. These encompass the scope and frequency of the reports identified as items for the governance programme and includes the details and reports required for review during the year. It also includes the process for its annual assessment. 3.12
3.6
- 9.3 PROCEDURES** 4.0
3.8b
- The following administrative and specified procedures are used in connection with the corporate governance monitoring and measurement, analysis and improvement requirements.
- | | | |
|--|---|------|
| | CG09/001 Measurement, analysis & improvement process | 3.12 |
| | CG09/002 Reports to Directors on Internal Control Matters | 3.12 |
- 9.4 RESPONSIBILITIES** 3.6
3.12
- The Company Secretary in the capacity of Management Representative is responsible for this Corporate Governance Monitoring and Measurement Policy.

END OF SECTION 9

ANALYSIS AND HANDLING OF NON-CONFORMITIES

- 10.0 POLICY** 3.2
3.13
- Our management of non-conformance policy is to have in place and maintain systems and practices to detect the potential for unknown risks, deviations from planned arrangements, and incidents of no control and non-conformance in our operations and activities at the earliest possible stage. Once detected we correct the deficiency and review all matters associated with the problem to prevent reoccurrence. This is to ensure compliance with Clause 3 13.1 of PD6668:2000.
- 10.1 WHAT IS REQUIRED** 3.13
3.13.1
- We must establish and maintain procedures for defining responsibilities and authority for the handling of:
- a) major occurrences of deviations;
 - b) occurrence and exposure to business threats and hazards
 - c) accidents and adverse risk
 - d) incidents of non-managerial control
 - e) indecision and recovery of bad decisions
 - e) process, product and management non-conformities;
- 10.1.1 The adopted procedures and practices must cover responsibilities for taking action to mitigate any consequences arising from such deviations, accidents, incidents or non-conformities. 3.13
3.13.1
- 10.1.2 Practices must ensure that analysis of all deviations is undertaken at planned intervals and any subsequent changes to the management systems should be reviewed to ensure that they do not introduce a new risk or compromise existing internal control measures. 3.13
3.13.1
- 10.1.3 We are required to establish and maintain procedures for defining corrective and analysis responsibility. This must include authority to handle such matters, whilst taking action to mitigate any dangers or impacts caused and to initiate and complete corrective and preventive action. 3.13
3.13.1
- 10.1.4 Any corrective or preventive action taken to eliminate the causes of such events must be appropriate to the magnitude of problems and commensurate with the frequency and implications of the risk encountered. 3.13
3.13.1
- 10.1.5 We must implement and record any changes in our documented procedures resulting from corrective and preventive action. 3.13
3.13.1

ANALYSIS AND HANDLING OF NON-CONFORMITIES

10.2 WHAT WE DO

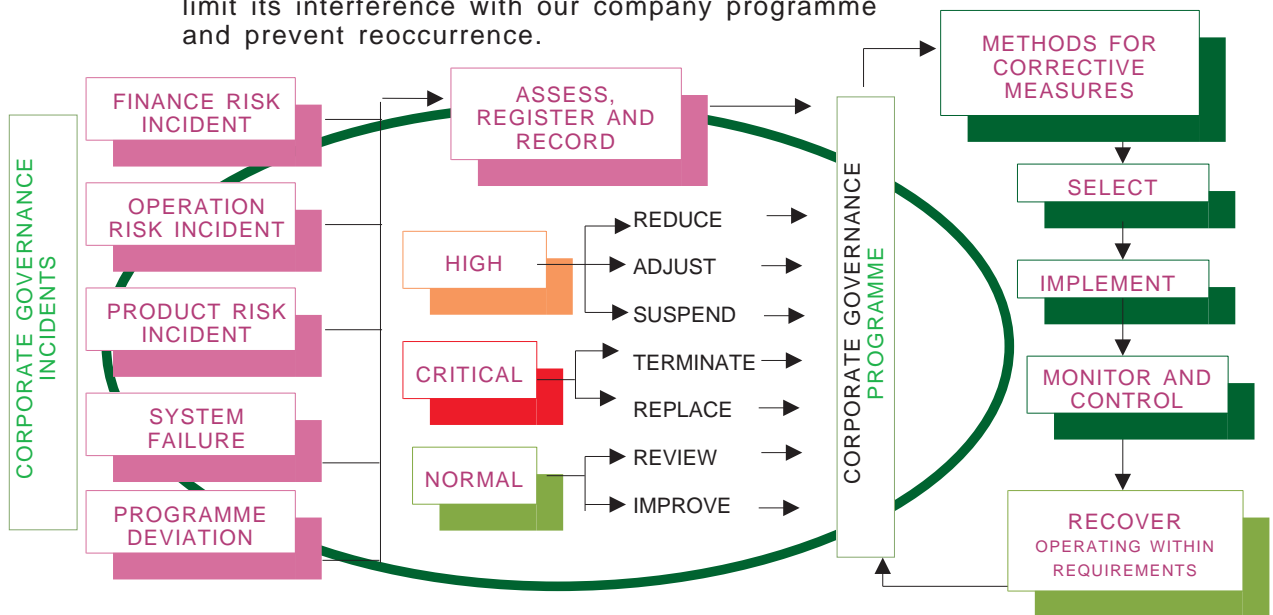
3.3

10.2.1 We have developed our handling and control of adverse risks, incidents and non-conformance through experience derived from our supporting management improvements programme. The experience and techniques used have been deployed in our quality, environment, health and safety, IT security and finance management systems.

3.13.1

10.2.2 When we encounter or identify accidents, incidents or non-conformance we take immediate action to address the problem, limit its interference with our company programme and prevent reoccurrence.

3.13.1



10.2.3 Analysis of errors, non-conformance and system deviations is completed as part of our corrective measures. Here we look for unacceptable frequencies, trends or major adverse risk issues and elements in our practices as well as our operations.

3.13.1

10.2.4 We apply our corrective and preventive actions to the corporate governance and company activities process, operations and product use as part of our non-conformance identification and handling plan.

3.13.1

10.2.5 Preventive measures are taken when the potential for accidents, incidents, errors, problems or emergencies are identified. Analysis of targets, records and data is directed to this objective.

3.13.1

ANALYSIS AND HANDLING OF NON-CONFORMITIES

10.2	WHAT WE DO	3.3
	10.2.6 System Analysis for Compliance or Failure	3.13.1
	A failure in the management of the risk management system and its operation has implications for process, product and performance confidence from a corporate governance perspective. Such conformances or failures are identified at planned stages as a result of undertaking the following management activities:	
	a) Audits Checks undertaken on procedures to ensure compliance with documented management systems and to bring documented procedures in line with new improved practices and developments.	3.13.2
	b) Reviews Planned assessments of the data and decisions recorded and reported to ensure planned arrangements are being achieved.	3.13.4
	c) Checks Verification and Validations on operations at the end of an activity, issue or programme usually undertaken to confirm compliance with a specified requirement, objective or standard. This may be needed to prevent any problem or because a risk issue needs to be highlighted at this stage, which would be difficult to control or rectify later.	3.12
	d) Measurement The means by which a particular risk parameter is quantified.	3.12
	e) Testing The means by which a representative sample of decisions or results are analysed to prove conformance to a given set of parameters.	
	These methods of measurement and handling risk non-conformance enables us to apply an element of steering in business management and to operate sound decisions and practice controls within our commitment to sound corporate governance.	3.13.1
10.3	PROCEDURES	4.0
	The following administrative and specified procedures are used in connection with the corporate governance monitoring and measurement, analysis and improvement requirements.	3.8b
	CG10/001 Analysis and Handling of Non-conformities	3.13.1
	CG10/002 Corrective Action Management	3.13.1
	CG10/003 Preventive Action Management	3.13.1
10.4	RESPONSIBILITIES	3.6
	The Company Secretary in the capacity of Management Representative is responsible for this Corporate Governance Non-conformance Management Policy.	3.13 3.13.1

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INTERNAL AUDIT PROGRAM

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- 11.0 POLICY** 3.2
3.13.2
- Our corporate governance internal audit policy is to audit the management systems and our compliance with policy, documented procedures and the expectations of our shareholders and stakeholders, including compliance with any legislative and statutory instruments to confirm our practices conform to our stated objectives. This is to ensure compliance with Clause 3.13.2 of PD6668:2000.
- 11.1 WHAT IS REQUIRED** 3.13.2
- We must establish and maintain an audit programme and procedures for periodic system audits to be carried out, in order to:
- a) determine whether or not the management system:
 - conforms to planned arrangements;
 - has been properly implemented and maintained; and
 - is effective in meeting the organisation's policy and objectives;
 - b) review the results of previous audits;
 - c) provide information on the results of audits to management.
- 11.1.1 The audit programme, including the schedule, must be based on the results of risk assessments of our processes, operations and activities, 3.13.2
- 11.1.2 Consideration on audit scope, extent and frequency must be based on the results of previous audits, records and experience of non-conformance and the complexity of the tasks and technology involved 3.13.2
- 11.1.3 The audit procedures must cover the scope, frequency, methodologies and competencies, as well as the responsibilities and requirements for conducting audits and reporting results. 3.13.2
- 11.1.4 Wherever possible, audits must be conducted by personnel independent of those having direct responsibility for the activity being examined. 3.13.2

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INTERNAL AUDIT PROGRAM

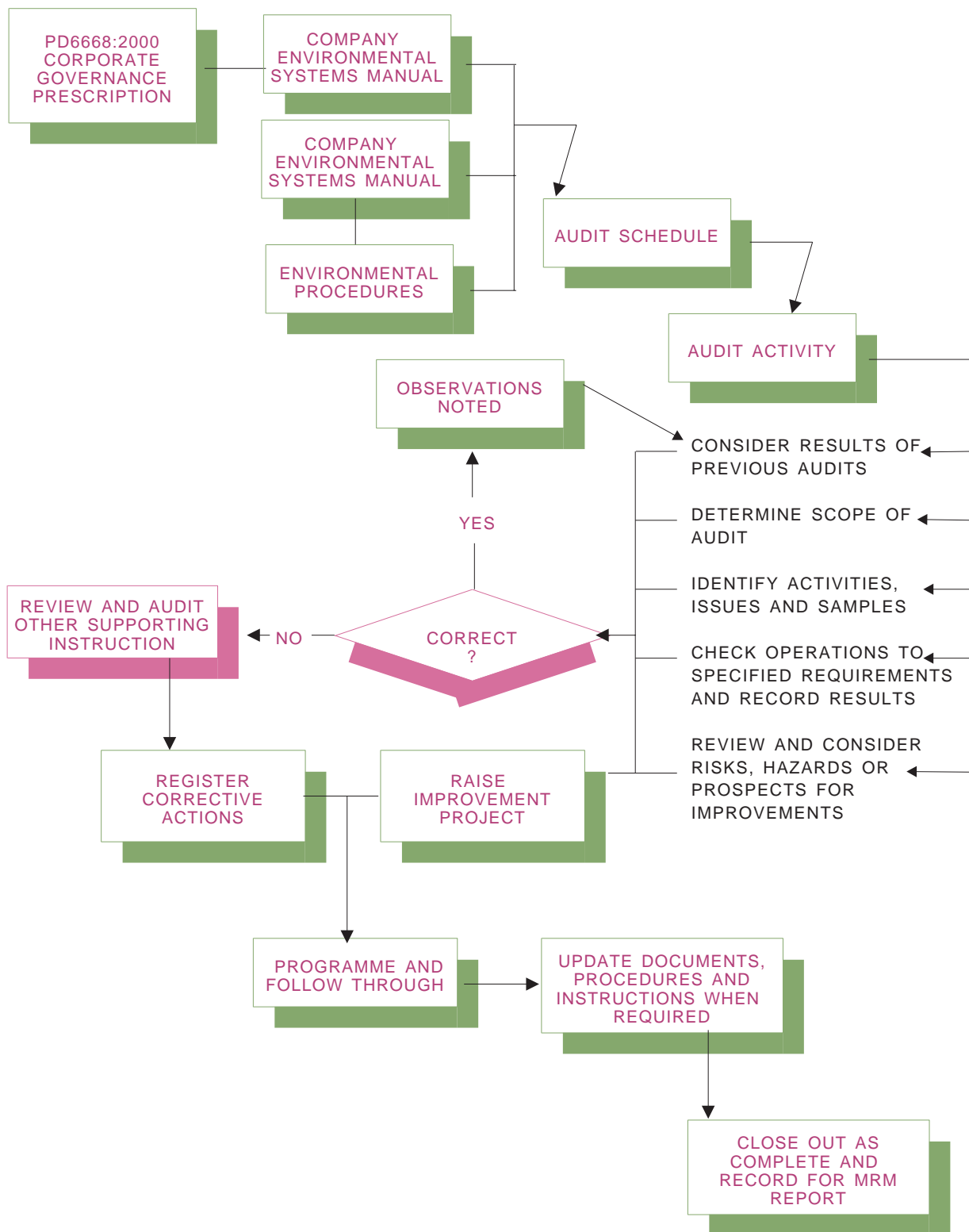
- 11.2 WHAT WE DO** 3.3
- Our internal audit programme for corporate governance and risk management issues identifies, collects and retains details of the operations of our management procedures and the collection of corporate and process data. 3.13.2
- 11.2.1 We seek to determine whether or not the procedures conform to planned arrangements for risk management. 3.13.2
- 11.2.2 The requirements of the Corporate Governance Specification PD6668:2000 are contained within the procedures and a review is undertaken as an audit routine to ensure they have been implemented and maintained 3.13.2
- 11.2.3 The audit schedule, records and register are reviewed at the Management Review Meeting. 3.13.2
- 11.2.4 Our audit schedule lists all procedures and their audit frequencies are planned on the basis of the results of the organisation's risk assessments, reports of non-conformance and results of previous audits. 3.13.2
- 11.2.5 Our audit programmes and procedures are taken from the PD6668:2000 guides and its prescribed specification and seek to be compliant and comprehensive by covering the scope, frequency and methodologies used in the company. 3.13.2
- 11.2.6 Responsibility for auditing is given to the Management Representative. When subjects being assessed are the Representative's sole responsibility, we undertake a review to ensure the integrity of the audit is maintained and the impartiality of the audit administration. 3.13.2
- 11.2.7 The Senior Independent Director is asked to provide this facility, whenever possible, for which training and instruction is available. 3.13.2
- 11.2.8 We acknowledge that companies which do not have an internal audit function should from time to time review the need for one. We assess at the management review the need and scope of such audits and should we cease to operate our audit system we would publish the fact and our reasoning in the annual report to the shareholders. 3.13.2
- 11.2.9 The need for an internal audit function will vary depending on the company and area specific factors including the scale, diversity and complexity of the activities and the number of employees, as well as cost/benefit considerations. We can underpin our own audits with 3rd party national accredited assessments to give objective assurance and advice on risk and control. 3.13.2
- 11.2.10 Our fully equipped and planned internal audit programme is designed to provide both assurance and advice on our internal control techniques and practices. There are other functions within the company that also provide assurance and advice covering specialist areas including health and safety, regulatory and legal compliance, quality, security and environmental issues. 3.13.2

INTERNAL AUDIT PROGRAM

11.2 WHAT WE DO CONTINUED

3.13.2

The audit sequence and practice is summarised and displayed in the following chart:



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11.2	WHAT WE DO CONTINUED	3.3
11.2.11	Some aspects of the company do not deliver the best results using the internal audit programme. In the absence of an internal audit function, we apply other monitoring processes in order to assure our management and the Board, that the system of internal control is functioning as intended. In these circumstances, the Board will need to assess whether such processes provide sufficient and objective assurance.	3.13.2
11.2.12	When deciding on the programme, frequency, scope and need for the internal audit and its function, the Board considers whether there are any trends or current factors relevant to the company's activities, markets or other aspects of its external environment, that have increased, or are expected to increase and the associated risks faced by the company.	3.13.2
11.2.13	Such an increase in risk can arise from internal factors such as organisational restructuring or from changes in reporting processes or underlying information systems. Other matters to be taken into account include adverse trends evident from the monitoring of internal control systems or an increased incidence of unexpected occurrences.	3.13.2
11.2.14	The Board assesses the need for internal audits annually, having regard to the factors referred to above. The Board annually reviews the scope and audit resources, the scope of work involved, available audit competency and authority.	3.13.4 3.13.2
11.2.15	We value and take significant interest in the operation and role of the internal audit. Should there be any unforeseen circumstances which result in a change of policy in this respect, we shall formally report such matters to our shareholders and publicly disclose these facts.	3.13.4 3.13.2 3.13.5
11.3	PROCEDURES The following administrative and specified procedures are used in connection with the corporate governance audits, assessments and reviews.	4.0 3.8b 3.13.2
	CG11/001 Internal Corporate Governance Audits	3.13.2
	CG11/002 Corporate Governance Assessment Management	3.13.2/3
	CG11/003 Corporate Governance Review Management	3.13.4
11.4	RESPONSIBILITIES The Company Secretary in the capacity of Management Representative is responsible for this Corporate Governance Audits and Assessment Management Policy.	3.6 3.13.2

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IMPROVEMENT

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- 12.0 POLICY** 3.2
3.13.3
- Our management improvement policy is to use available data and available resources to continually search, implement and realise opportunities to improve our corporate governance and risk management. This is to ensure compliance with Clause 3 13.3 of PD6668:2000.
- 12.1 WHAT IS REQUIRED** 3.13.3
- We are required to continually seek improvements in our business operations by minimising adverse risks and by control of positive risks.
- 12.1.1 We must establish and maintain procedures for defining responsibilities and authority for: 3.13.3
- a) Identification of improvement opportunities and requirements:
 - b) Initiation and completion of corrective and preventive actions;
 - c) Confirmation of the effectiveness of corrective and preventive actions taken.
- 12.1.2 Arrangements must also be established to ensure that we are continually striving to improve the existing procedures. 3.13.3
- 12.1.3 Changes in areas such as expertise and technology must be taken into account, evaluated and converted to opportunities within the business operations. 3.13.3
- 12.2 WHAT WE DO** 3.3
- 12.2.1 We maintain documented procedures for our improvement process. These depend on sound data from our management systems for analysis and direction. They incorporate the measurement and evaluation of our business finance performance, process capability, shareholder and customer satisfaction and performance of our management control systems. 3.13.3
- 12.2.2 We maintain a programme for the planned analysis of data and information produced by our management systems. 3.13.3
- 12.2.3 We take directives from our audits, reviews, corrective and preventive action practices, and stakeholder concerns. 3.13.3
- 12.2.4 Improvements are instigated by the review and reporting of data providing they add value or improve control of risk management. 3.13.3
- 12.2.5 Analysis of measurements shows the level of achievement as well as inconsistency, frequencies or trends. This directs us to the possibility of a problem or a potential for improvement. 3.13.3

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IMPROVEMENT

12.2	WHAT WE DO CONTINUED	3.3
12.2.6	Statistical techniques are used selectively for analysing data. This includes verifying and validation of key management performance indicators, process capability, the testing process operations and product characteristics for the management, review and effective implementation of our risk management system.	3.13.3
12.2.7	We try to promote the use of creative and innovative approaches for improvements at both management and technical levels.	3.13.3
12.2.8	We continually monitor and record the implementation of improvement actions, which will also provide data for future improvements.	3.13.3
12.2.9	Our continual improvement culture ensures that change is effectively managed, evaluated and reported. This includes measurement, analysis and improvement issues such as:	3.13.3
	a) measurement, analysis and improvement methods;	
	b) periodic review of risk issues and related data;	
	c) stakeholder satisfaction with our monitoring and measurement reporting and records, deployed methods and technology, product changes and deployments, process capability improvements and consultation service;	
	d) use of measurements and information generated by our systems;	
	e) effective communication tools;	
	g) self-assessment and exception reporting, monitoring and evaluation.	
12.3	PROCEDURES	4.0
	The following administrative and specified procedures are used in connection with the corporate governance monitoring and measurement, analysis and improvement requirements.	3.13.3 3.8b
	CG10/002 Corrective Action Management	3.13.3
	CG10/003 Preventive Action Management	3.13.3
	CG12/001 Improvements and Analysis Management	3.13.3
	CG19/001 Management of Change	6.0
12.4	RESPONSIBILITIES	3.6
	The Company Secretary in the capacity of Management Representative is responsible for this Corporate Governance Improvement Management Policy.	3.13.3

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MANAGEMENT REVIEW

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- 13.0 POLICY** 3.2
3.13.4
- Our management review policy is to hold a review meeting on at least 2 occasions during a 12 month period, for the systematic review of our corporate governance and risk management system by our executives and top management. This is to comply with clause 3.13.4 of PD6668:2000.
- 13.1 WHAT IS REQUIRED** 3.13.4
- We must undertake, at planned intervals, a review of the strategic management system to ensure its continuing suitability, adequacy and effectiveness.
- 13.1.1 The management review process must ensure that the necessary information is collected to allow management to carry out this evaluation. 3.13.4
- 13.1.2 The management review must be planned, attended by top management, documented and recorded. 3.13.4
- 13.1.3 The management review must be informed about current difficulties, progress, performance, concerns and improvement opportunities derived from: 3.13.4
- a) Risk management system
 - b) Policy management
 - c) Corporate governance Planning
 - d) Responsibilities and authorities
 - e) Risk planning and controls
 - f) Operational internal control
 - g) Resources management
 - h) Communication
 - i) Monitoring and measuring
 - j) Analysis and handling of non-conformities
 - k) Internal audit program
 - l) Improvement
 - m) Reviews and assessments
 - n) Reporting
 - p) Risk management framework and strategy
 - q) Threats and risk identification and priorities
 - r) Stakeholders needs and aspiration
 - s) Risk relevance, allocation and ownership
 - t) Change management
 - u) Other related management processes
- 13.1.4 The management review is required to act on the information provided and ensure effective action is taken in respect of: 3.13.4
- a) adequacy and potential for improvement of the effectiveness of the risk management system and its processes;
 - b) improvement of products and services related to shareholder, customer, employee and other stakeholders requirements;
 - c) resource needs.
- 13.1.5 The results of the management reviews must be recorded as a permanent company strategic record. 3.13.4

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13.2	WHAT WE DO		3.3
13.2.1	We convene a management review meeting at 6 month intervals. The Meeting reports directly to the Board of Directors and shareholders.		3.13.4
13.2.2	The meeting comprises of the Management Representative, Company Secretary, Managing Director and two other Directors as a minimum requirement for the meeting. All other heads of departments and stakeholder representatives are invited to attend.		3.13.4
13.2.3	The agenda incorporated in our management review meeting procedure includes provision to cover:-		3.13.4
	a) Reviews	Policy and policy manual review Responsibilities and authorities Procedures manual review Financial review Training and development review Risk relevance, allocation and ownership Actions arising from previous meetings Internal priorities Effectiveness of management	3.2 3.6 3.8b/3.10 3.5 3.9 4.5 3.11/3.13 4.3.2 3.1
	b) Communication	Shareholder recommendations Employee concerns Customers, creditors and suppliers concerns Complaints and commendations External assessments and observations Customer feedback,	0.4.2/3.13. 0.4.3/3.11 0.4.3/3.11 3.13.1 3.11/3.1 0.4.3/3.1
	c) Suitability	Corrective and preventive action Sales performance Process performance Product conformance Threats and risk identification Stakeholders needs and aspiration Operational internal control Resource requirement management	3.13.1 3.5/3.10 3.8 3.8 3.3.1/2 0.4.2/4.4 3.8 3.9/10
	d) Measurements	Monitoring and measuring Internal audit program Improvement and developments Reviews and assessments Reporting and analysis of non-conformities	3.13/3.13.1 3.13.2 3.13.3 3.13.4 3.13.5
	e) Management	Corporate governance planning Risk management framework/strategy Corporate governance Programmes Change management Changes that could affect management system. Directives and priorities Opportunities for improvement Other related management processes	3.3 3.1/4.0/1 3.3 5.0 5.1 4.3.2 3.13.3 6.0

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- 13.2 WHAT WE DO CONTINUED** 3.3
- 13.2.4 The meeting completes the review of all procedures which are the direct sole responsibility of the Management Representative. 3.13.4
- 13.2.5 The Managing Director is Chairman and the Company Secretary, as Management Representative, is responsible for recording and circulating minutes to all present and nominated authorities. 3.13.4
- 13.2.6 The date and time of the meeting is recorded with a list of people present and the interests or department each represents. These minutes are identified as a permanent strategic record. 3.13.4
- 13.3 PROCEDURES** 4.0
- The following administrative and specified procedures are used in connection with the corporate governance management review policy and requirements. 3.8b
- CG13/001 Corporate Governance Management Review 3.13.4
- 13.4 RESPONSIBILITIES** 3.6
- The Managing Director is responsible for this Corporate Governance Management Review Policy. 3.13.4

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REPORTING

- 14.0 POLICY** 3.2
3.13.5
Our Corporate Governance Reporting Policy is to report to the shareholders and stakeholders following a review meeting. The report will give details of the measures taken to manage the strategic risks of the company and the effectiveness of the practices we have implemented to control them. This is to comply with clause 3.13.5 of PD6668:2000.
- 14.1 WHAT IS REQUIRED** 3.13.5
We must report at least annually to shareholders and/or stakeholders on corporate governance and risk management matters.
- 14.1.1 This should include assurance that we have taken measures, through internal control, to manage the strategic risks faced by the company. 3.13.5
- 14.1.2 We must take account that the nature of some risks and their control measures cannot be divulged but other areas of general shareholder and/or stakeholder concern should be expanded upon. 3.13.5
- 14.2 WHAT WE DO** 3.3
3.13.5
We have invested substantial effort and commitment to the corporate governance programmes, which are directed at the stewardship of shareholders investments and those of other stakeholders.
- We therefore wish our effort to be recognised and rewarded by having the consent and appreciation of those whom the systems and practices are directed at serving. 3.13.5
- 14.2.1 This policy manual outlines a management framework for identifying the threats, determining the risks, implementing and maintaining control measures, and finally, reporting annually on the organisation's commitment to this process. 3.2
3.13.5
3.8b
- 14.2.2 Our corporate governance policy statement specifically incorporates a commitment to reporting annually to shareholders and/or stakeholders, as appropriate, on matters relevant to their interests and foreseeable concerns. 3.13.5
- 14.2.3 The internal audit procedures are used in this respect as they cover the scope, frequency, methodologies and competencies, as well as the responsibilities and requirements for conducting audits and reporting results on the effectiveness of our policy and practices to all shareholders and other stakeholders as appropriate. 3.13.2
- 14.2.4 Reporting on the products, progress and achievements of our activity is practiced for the purpose of creditable communication and to engage the interest, support and criticism of those who have a view on improvements and the need for change. 3.13.5
3.13.3
- 14.2.5 Records, monitoring and reporting are directed by the provisions and recommendations of the Turnbull Report on Internal Control (Guidance for Directors on the Combined Code) and the provisions of the Combined Code as a minimum report prescription. 3.13.5

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14.2 WHAT WE DO

3.3

- 14.2.6 This provides for the annual reporting to shareholders in a formal authorised report which includes the observations, provisions and details collected on the following subjects:
- a) A statement of assurance that we have taken measures, through internal control, to manage the strategic risks faced by the company. 3.13.5
3.1/3.3
- b) Permitted details of any risks and control measures that cannot be publicly divulged without incurring significant risk. 3.13.5
3.4
- c) Areas of general shareholder and/or stakeholder concern of which the directors have been given notice. 3.13.5
4.4
- d) The existence, planning, development and effectiveness of internal control measures which include: 3.13.5
3.3/3.12
- Reviews of policy, procedure and operations
 - Responsibilities and authorities
 - Training and development
 - Risk relevance, allocation and ownership
 - Internal priorities
 - Effectiveness of risk management
- e) Matters of communication received, issued or exchanged, including: 3.13.5
3.11
- Shareholder recommendations
 - Employee concerns
 - Customers', creditors' and suppliers' concerns
 - Complaints and commendations
 - External assessments and observations
 - Customer feedback
- f) The suitability of the management system and practices to contain and control strategic risks and mitigate adverse risks, including: 3.13.5
4.3
- Corrective and preventive action
 - Sales performance
 - Process performance
 - Product conformance
 - Threats and risk identification
 - Operational internal control
 - Resource requirement management
 - Changes that could affect management system
 - Opportunities for improvement

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REPORTING

14.2	WHAT WE DO CONTINUED	3.3
14.2.7	The report will contain any incidents of significant deviation or critical operation in relation to planned requirements and the means by which these were identified and managed,including: : Monitoring, measuring and test programmes Internal audit and review programmes Emergency or disaster recovery preparedness programmes Reviews and assessments Reporting and analysis of non-conformities Corporate governance programme management Risk management framework/strategy Such details are included in the report as evidence of our ability to manage foreseeable and unforeseeable changes, incidents or variations in the planned management of risks, given the effectiveness of our corporate governance policy and management planning. This would only be permitted if the public disclosure of such matters does not in itself present or develop adverse risks or threats to the company business and welfare of the stakeholders.	3.13.5 3.13
14.2.8	The reports from management to the Board provide a balanced assessment of the significant risks, and the effectiveness of our system of internal control in managing those risks. Any significant control failings or weaknesses identified is discussed in the reports, including the impact that they have had, could have had, or may have on the company, and the actions being taken to rectify them.	4.0 3.13.5 3.8b 3.11 3.11 3.13.4 3.13.5
14.2.9	It is essential that the reports and the company governance are indicative of the openness of communication our management have with the Board on matters relating to risk and control.	3.6 3.13.5
14.2.10	When reviewing reports during the year, the Board considers: a) what are the significant risks how they have been identified, evaluated and managed? b) the effectiveness of the related system of internal control in managing the significant risks, having regard, in particular, to any significant failings or weaknesses in internal control that have been reported; c) whether necessary actions are being taken promptly to remedy any significant failings or weaknesses; and whether the findings indicate a need for more extensive monitoring of the system of internal control.	3.13.4
14.2.11	An annual assessment is conducted by the directors for the purpose of making a public statement on internal control. The assessment considers issues dealt with in the reports they have been provided with and any additional information, to ensure that account is taken of all significant aspects of internal control.	3.13.4 3.13.5

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14.2 WHAT WE DO CONTINUED

3.3

14.2.12 The Board's annual assessment considers:

3.13.5

- a) the changes since the last annual assessment in the nature and extent of significant risks;
- b) the company's ability to respond to changes in its business and the external environment;
- c) the scope and quality of management's ongoing monitoring of risks and of the system of internal control;
- d) the work done on the internal audits, reviews, assessments and monitoring procedures;
- e) National Accredited Authorities reports and other providers of assurance;
- f) the extent and frequency of communication of the results of such monitoring to the Board and committees;

These factors enable our directors to build up a cumulative assessment of the state of control in the company and the effectiveness with which risk is being managed.

3.13.5
3.1/2/3
3.8

14.2.13 The Board reviews the incidence of significant control failings or weaknesses that have been identified by our systems of internal controls through audits or assessments.

3.13.4
3.13.1
3.13.2

14.2.14 This includes the period and the extent to which non-conformances have resulted in unforeseen outcomes or needed provision and contingencies that has had, could have had, or may have in the future, a material impact on our financial performance or condition. This includes concerns or criticisms of the effectiveness of the company's public reporting processes as well as its internal control.

3.13.1
3.8b
3.4/5

14.2.15 Should the Board become aware of a significant failing or weakness in our internal control systems or applications, they must determine how the failing or weakness arose and re-assess the effectiveness of our management's ongoing processes for designing, operating and monitoring the management system of internal control.

3.11
3.13.4
3.13.5
3.1/3.2
3.4

14.2.16 Our statement of how the company has applied the combined code and its conventions will disclose that:

3.13.5

- a) there is an ongoing process for identifying, evaluating and managing the significant risks faced by the company;
- b) it has been in place for the year under review and up to the date of approval of the annual report and accounts;
- c) it is regularly reviewed by the Board and accords with the guidance in this manual and specified documented guides;

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REPORTING

14.2	WHAT WE DO CONTINUED		3.3
14.2.17	The Board can also take this opportunity to provide additional information in our annual report and accounts to assist understanding of the risk management processes and the applied system of internal control.		3.13.5 3.11
14.2.18	Any disclosures relating to the application will include an acknowledgment by the Board that it is responsible for the company's system of internal control and for reviewing its effectiveness.		3.13.5 3.11
14.2.19	The statement will emphasise that our control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against incorrect information or loss.		3.13.5 3.11
14.2.20	The Board will summarise the process we have applied in reviewing the effectiveness of the system of internal control.		3.13.5 3.11
14.2.21	We also disclose the process we have used to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts.		3.13.5 3.11
14.2.22	Where we cannot make one or more of the disclosures required above, we shall state this fact and provide an explanation. The company corporate governance policy and specified procedures require the Board of Directors to disclose if we have failed to conduct a review of the effectiveness of the company's system of internal control.		3.13.5 3.13.1 3.11
14.2.23	The Board ensures that the disclosures provide meaningful, high-level information and do not give a misleading impression.		3.13.5 3.13.1
14.2.24	Where joint ventures and associations have not been dealt with as part of the group for the purposes of applying this policy or its associated guidance, it is formally disclosed and publically reported.		3.13.5 3.11
14.3	PROCEDURES		4.0
	The following administrative and specified procedures are used in connection with the corporate governance reporting policy and requirements.		3.13.5 3.8b
	CG08/001 Company Communications Management and Provision		3.11
	CG08/002 Consultation Team Meetings Management		3.11
	CG13/001 Corporate Governance Management Review		3.13.4
	CG14/001 Shareholders Annual Corporate Governance Reporting Management and Communication		3.13.5
	CG14/002 Effectiveness Reviews and Reports		3.13.5
14.4	RESPONSIBILITIES		3.6
	The Managing Director is responsible for this Corporate Governance Reporting Policy.		3.13.5

END OF SECTION 14

IMPLEMENTING A RISK MANAGEMENT SYSTEM

- 15.0 POLICY** 3.2
Our Implementation Policy is to successfully introduce and maintain a system of risk management by cultivating the acceptance of change so that stakeholders feel confident in the operation of the practices we use and develop. This is to comply with clause 4.0, 4.1 and 4.2 of PD6668:2000. 4.0/4.1
- 15.1 WHAT IS REQUIRED** 3.3
We must install a framework for implementing an effective risk management system for meeting corporate governance requirements. 4.1
- 15.1.1 Our strategy for risk management must be established by a commitment from top management, who must be informed and aware of the shareholder and/or stakeholder needs. 4.2
- 15.1.2 Top management must either include representation for the interested parties or have access to their input in order to meet this need 4.2
- 15.1.3 The formal consideration of risk and the desire to manage it must form part of the direction and management of our company. 4.2
- 15.1.4 Within the framework, provision must be made for a significant change in the way the company operates. In addition to the effects on the formal structure, changes will also involve people finding that their job includes a new dimension with which they are almost totally unfamiliar, and will be faced with new management and employee accountabilities. 4.2
- 15.1.5 The framework cannot rely entirely on our policy document and procedures for the effective implementation of the systems. The mere existence of a rigidly prescriptive paper system will fail to ensure the necessary safeguards. 4.2
- 15.1.6 The framework must provide for the required changes and improvement in competencies, and also the attitudes, of the personnel involved. Unless employees appreciate what they are really being asked to do, rather than follow a set of rules, the system cannot achieve its objective. 4.2
- 15.1.7 The successful introduction of the risk management system, must be supported by a readiness at all levels, to accept change. 4.2
5.0/1
- 15.1.8 In this context, "successfully" implies more than having a formal system in place. It also means a system that is working to the extent that the management and all stakeholders feel confident will ensure: 4.2
5.0/1
- a) foreseen risks are being managed;
- b) unforeseen risks are prepared for.
- 15.1.9 The successful management of change in our company will depend on the values and behavior patterns which form the culture of the company structure, conduct, technology and know-how. 4.2

IMPLEMENTING A RISK MANAGEMENT SYSTEM

- 15.2 WHAT WE DO** 3.3
The Board of Directors is responsible for the company's system of internal control.
- 15.2.1 Within this policy manual the directors have set appropriate policies on internal control and have put in place the practices and reporting structures which provide for regular assurance that the system is functioning effectively. 4.2
3.2
3.13.5
- 15.2.2 The key performance indicators established by the systems implementation enables the Board to review the system of internal control and take action when it is not effectively managing risks in the manner which it has approved. 4.2
3.2
3.4
- 15.2.3 In determining its policies with regard to internal control, and thereby assessing what constitutes a sound system of internal control in the particular circumstances of the company, the Board's deliberations include consideration of the following factors:
- the nature and extent of the risks facing the company;
 - the extent and categories of risk which it regards as acceptable for the company to bear;
 - the likelihood of the risks concerned materialising;
 - the company's ability to reduce the incidence and impact on the business of risks that do materialise;
 - the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.
- 15.2.4 Management implement Board policies on risk and control. In fulfilling its responsibilities, management identify and evaluate the risks faced by the company for consideration by the Board. 4.2
3.2
- It is the management who design, operate and monitor a suitable system of internal control which implements the policies adopted by the Board. 4.2
3.3
- 15.2.5 Employees also have responsibility for internal control as part of their accountability for achieving objectives. 4.2
3.9.
- They collectively have the necessary knowledge, skills, information and authority to establish, operate and monitor the system of internal control. This requires an understanding of the company, its objectives, the industries and markets in which it operates, and the risks it faces. 4.2
3.9
4.5.4
- The competence of each member of the company is assessed and reviewed at regular intervals so that suitable training requirements can be identified and provided. 3.9
4.5.4

IMPLEMENTING A RISK MANAGEMENT SYSTEM

15.2	WHAT WE DO CONTINUED	3.3
15.2.6	Our internal control system encompasses:	3.1
	<ul style="list-style-type: none"> a) Corporate governance policies; b) Processes which implement the policy; c) Tasks, events and actions in a planned sequence; d) Behaviors and responses to actions; e) Records that provide for correct decision making; 	
15.2.7	These aspects of our corporate governance system, taken together facilitate the effective and efficient operation of our plans and programmes by enabling management to respond appropriately to significant business, operational, financial, compliance and other risks to achieve the company's objectives.	3.3 3.4/5 3.8
15.2.8	This includes the safeguarding of assets from inappropriate use or from loss and fraud, and ensures that liabilities are identified and managed, which helps ensure the quality of internal and external reporting.	3.3 3.13
15.2.9	This is supported with maintenance, planning, monitoring, measuring and reviewing proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the company.	3.3 3.10
15.2.10	The operation and management of the system against documented and registered practices helps ensure compliance with applicable laws and regulations, and also with internal policies with respect to the conduct of business.	3.3 3.8bc 4.2
15.2.11	The documented and applied system of internal control is designed to adapt, adjust and change with the working and competitive levels of our business environment, which encompasses its organisational structure. The system includes:	4.2 5.0 3.10 3.13
	<ul style="list-style-type: none"> a) control activities; b) information and communications processes; c). processes for monitoring the continuing effectiveness of the system of internal control. 	
15.2.12	Our documented and applied system of internal control is:	4.2/3.8bc
	<ul style="list-style-type: none"> a) embedded in the operations of the company b) forms part of our business and management culture; c) capable of responding quickly to evolving risks 	
	The system includes procedures for reporting immediately any significant control failings or weaknesses that are identified together with details of corrective action being undertaken.	4.2 3.8b 3.13.1/3

IMPLEMENTING A RISK MANAGEMENT SYSTEM

15.2 WHAT WE DO CONTINUED

3.3

15.2.13 Our internal control system encompasses the company policies, processes, tasks, behaviors and other aspects of the company, which taken together:

4.2

facilitates its effective and efficient operation, enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving our objectives;

includes the safeguarding of assets from inappropriate use or from loss and fraud;

ensures that liabilities are identified and managed correctly;

ensures the quality of internal and external reporting which relies on the maintenance of proper records;

generates a flow of timely, relevant and reliable information from internal and external authorities;

supports our objective of compliance with applicable laws and regulations;

identifies compliance or deviation with internal policies that are directed at the correct conduct of business.

15.2.14 The internal control system is designed to reflect our management styles and control environment which encompasses our company structure. The system includes:

4.2

3.8

- . control activities;
- . information and communications processes;
- . processes for monitoring the continuing effectiveness of the system of internal control.

15.2.15 Our system of internal control is embedded in the operations of the company and forms part of our process and culture. It is capable of responding quickly to evolving risks in the business arising from factors within the company and changes in the business environment. This includes having procedures for reporting any significant control failings or weaknesses that are identified, together with details of corrective action being undertaken.

4.2

3.8

15.2.16 The control system reduces, but cannot eliminate, the possibility of poor judgement in decision-making; human error; control processes being deliberately circumvented by management, employees and others. It provides us with reasonable, but not absolute, assurance that we will not be hindered in achieving business objectives, or in managing the orderly and legitimate conduct of the business. The system cannot, however, provide protection with certainty against us failing to meet our objectives or all material errors, losses, fraud, or breaches of laws or regulations.

4.2

3.8

IMPLEMENTING A RISK MANAGEMENT SYSTEM

15.2	WHAT WE DO CONTINUED	3.3
15.2.13	We recognise that our system of internal control reduces, but cannot eliminate, the possibility of	4.2
	<ul style="list-style-type: none"> a) poor judgement in decision-making; b) human error; c) control processes being deliberately circumvented by employees and others; d) management overriding controls; e) occurrence of unforeseeable circumstances. 	
	Our documented and applied system of internal control therefore provides reasonable, but not absolute. assurance that the company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.	4.2
	The system of internal control cannot, however, provide protection with certainty against our company failing to meet its business objectives or all material errors, losses, fraud, or breaches of laws or regulations.	3.8 4.2
	The system is applied and continually reviewed to ensure that such happenings are identified, their implications for the company are assessed and minimised and their frequency is reduced and ultimately eradicated from foreseeable events and programmes of operations.	4.2
15.3	PROCEDURES	4.0
	The following administrative and specified procedures are used in connection with the corporate governance reporting policy and requirements.	3.8b 4.2
	CG15/001 Internal Control System Implementation and Maintenance	4.2
15.4	RESPONSIBILITIES	3.6
	The Senior Directors are responsible for this Corporate Governance System Implementation policy.	4.2

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

16.0	POLICY Our policy for risk identification process management is to identify adverse risk and threats, expose and protect or prepare the company for the implications and hazards which they present. This is to comply with clause 4.3 of PD6668:2000.	3.2 4.3
16.1	WHAT IS REQUIRED We must establish a process for identifying threats to the company that have the potential to cause significant harm, i.e strategic risks.	3.3 4.3
	16.1.1 The foreseeable sources of threat which may give rise to significant strategic risks include:	4.3 4.3.1
	<ul style="list-style-type: none"> - fraud; - unethical dealings; - product and/or service failure; - public perception; - lack of business focus; - exploitation of workers and/or suppliers; - environmental mismanagement; - occupational health and safety mismanagement and/or liability; - regulatory action; - civil action; - failure to respond to market changes; - failure to control industrial espionage; - failure to take account of widespread disease or illness among the workforce; - failure to compete; - failure to take on new technology; - failure to invest; - failure to control IT effectively; - failure to establish a positive culture; - vulnerability of resources (material and human); - failure to establish effective contingency arrangements in the event of a product and/or service failure; - failure to establish effective continuity arrangements in the event of a disaster; - inadequate insurance provision. 	
	It must be recognised that any of these unfavorable aspects can damage the company's reputation. Their existence demonstrates a lack of effective corporate governance.	4.3 4.3.1
	It must be recognised that the loss of company reputation is one of the greatest risks the company will face as a business with significant implications for the continued operation in the short term, and long term consequences.	4.3 4.3 1

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

16.1 WHAT IS REQUIRED CONTINUED

16.1.2 A process must be established to identify the likelihood of the risk being realised and the consequence in such an event, so that the risks can be prioritised.

The process of identifying threats must have provision for setting priorities based on probability, frequency and implications.

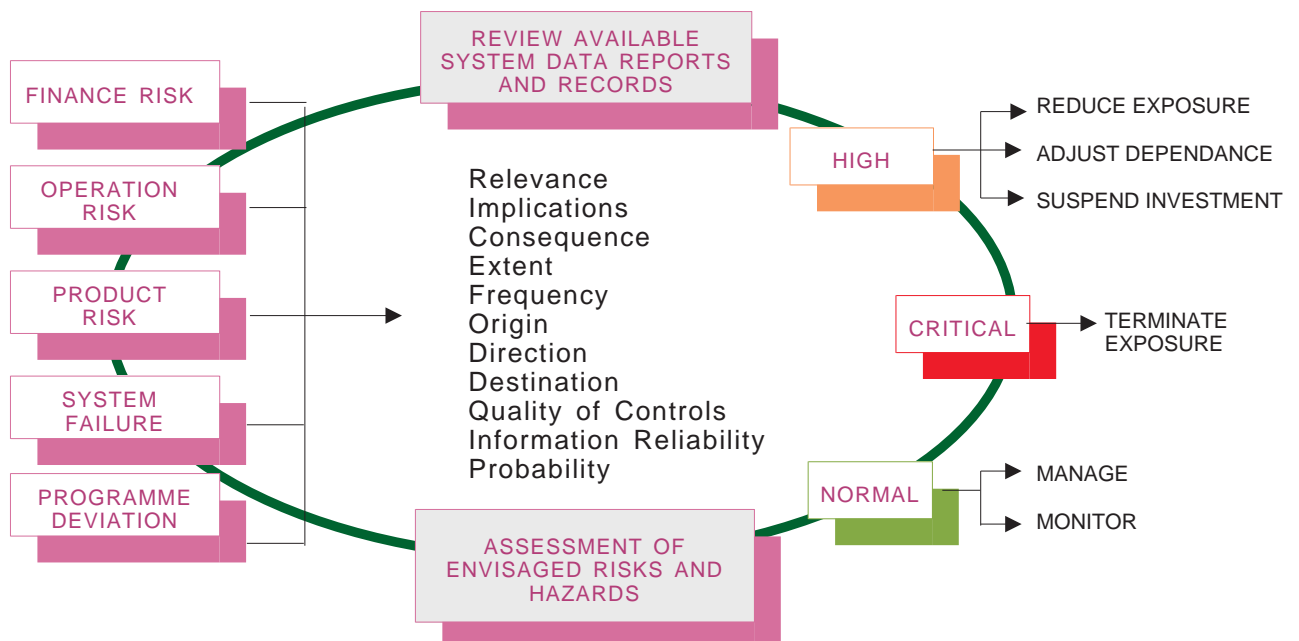
The practice must identify the likelihood of the risk being realised, bearing in mind the internal controls in place with regard to the management of risks.

The practice must cover both the concepts of adverse risk and its impact, given:

- with the necessary management and internal controls embedded and operating effectively;
- the ineffectiveness, absence, probability of omission or misdirection of internal controls that would otherwise be relied upon

The intolerable strategic risks are the ones the company should deal with as a matter of priority.

Management of risks must be aligned with shareholder and/or stakeholder needs.



PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

- 16.2 WHAT WE DO** 3.3/4.1
- We have established a process for identifying threats to the company that have the potential to cause significant harm. The diagram on page 2 of this section displays the methodology of the procedure. 4.3
- 16.2.1 We do recognise most sources of threat which may give rise to significant strategic risks, and our documented procedures CG05/001 and CG16/001 provide directives and instruction in this connection. The existence of foreseeable risks is anticipated and monitored as follows: 4.3.1
- | | | |
|--|---|-------------------------------------|
| <p>Fiscal and Financial Management and Controls</p> | <p>Fraud
Unethical dealings
Mismanagement and/or liability
Failure to invest
Inadequate insurance provision.</p> | <p>4.3.2
3.7/3.4</p> |
| <p>Process and Product Management and Controls</p> | <p>Product and/or service failure
Exploitation of suppliers
New technology
Vulnerability of resources
Contingency arrangements</p> | <p>4.3.2
3.7/3.4
3.8</p> |
| <p>Business Management and Administration Consideration and Controls</p> | <p>Public perception
Environmental mismanagement
Lack of business focus
Response to market changes
Competition
Effective control of IT</p> | <p>4.3.2
3.7/3.4
3.6</p> |
| <p>Employment and Personnel Management and Controls</p> | <p>Exploitation of workers
Occupational Health and Safety
Widespread disease or illness
Establish positive culture</p> | <p>4.3.2
3.7/3.4
3.9</p> |
| <p>Legislation and Statutory Matters Monitoring and Control</p> | <p>Regulatory action
Civil action
Industrial espionage</p> | <p>4.3.2
3.7/3.4
4.3.1</p> |
| <p>Planning and Preparation Exercise and Simulations</p> | <p>Preparedness
Effective continuity arrangements in the event of a disaster
Loss of reputation
Short term considerations
Long term consequences.</p> | <p>4.3.2
3.7/3.4
3.13.5</p> |
- 16.2.2 The company has strategic plans and objectives for investments, operations, output and developments. These are all identified with a return calculated for the investment we make in the business and future operations of the company. 4.3.1
- 16.2.3 Monitoring and measurements are part of the internal controls we maintain to ensure that planned results and targets are realised. When deviations occur, they are identified and reported for investigation as to the existence or potential for an unknown or unidentified problem with our governance. 3.3
- 16.2.3 Monitoring and measurements are part of the internal controls we maintain to ensure that planned results and targets are realised. When deviations occur, they are identified and reported for investigation as to the existence or potential for an unknown or unidentified problem with our governance. 4.3.1
- 16.2.3 Monitoring and measurements are part of the internal controls we maintain to ensure that planned results and targets are realised. When deviations occur, they are identified and reported for investigation as to the existence or potential for an unknown or unidentified problem with our governance. 3.12
- 16.2.3 Monitoring and measurements are part of the internal controls we maintain to ensure that planned results and targets are realised. When deviations occur, they are identified and reported for investigation as to the existence or potential for an unknown or unidentified problem with our governance. 3.13.5

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

16.2	WHAT WE DO CONTINUED	3.3/4.1
16.2.4	The programme and its practices provide for the time phased management of all identified risks and related matters, referred to collectively as issues. A review of the results of the management, monitoring and control procedures is contained in the programme. These will highlight any incidents, errors or concerns raised from the in clause 16.2.1 or aspect of our business which is an adverse risk, or potential for one.	3.3 4.3.1 4.3.2 3.13.1
	All risk management monitoring is controlled by the Corporate Governance Programme discussed in section 5 of this policy manual. This includes status XE covering any adverse risk element or potential. The Company Secretary in the capacity of Management Representative, ensures that any adverse risk issues or threats, are identified from planned assessments, reviews and measures. Once identified, they can be covered by a new issue in the programme.	4.2 4.3 4.3.1 4.3.2
	By operating this approach and practice, we seek to identify any existence of foreseeable risks or threats. We can then highlight the potential, evaluate the impact and ensure that the resources needed for the control are approved and deployed to achieve stated objectives.	3.3 4.3.1
16.2.5	Unplanned or Unknown Risk Potential	4.3.1
	Despite the best endeavors of our forecasting and planning practices we will invariably encounter unplanned or unforeseen threats arising from external factors, over which we have no input or control. The containment of these eventualities is accommodated by early identification, assessment and decision, for which we have made provision in the issues for preventive measures within our programme. This provision consists of:	3.13.1 3.3.1 3.3.2 3.4/3.5 3.6/3.7 3.13.3 4.4
	a) Reporting significant deviation in fiscal and financial targets indicative of fraud, unethical dealings, mismanagement of liability, failure to invest or inadequate insurance provision.	
	b) Decline in performance of our process or product	
	c) Complaints from external authorities indicative of our public perception, environmental mismanagement lack of business focus, competition or new technology	
	d) Employment and industrial relations, personnel and staff turnover, occupational health and safety incidents	
	e) Legislation and statutory changes, industrial espionage and civil action.	
	f) Planning and preparedness, insufficient continuity arrangements in the event of a disaster, loss of reputation and short/long term considerations.	
	These preventive measures are designed to identify unknown adverse risks and convert them into issues which we can control and manage within our programme.	3.13.1 3.4/3.3

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

16.2 WHAT WE DO CONTINUED 3.3/4.1

16.2.6 Risk Management Priorities 4.3.2

We maintain and effectively employ procedure CG16/001 to identify the likelihood of unforeseen threats being realised and the consequence in such an event, so that the probability and risk control measures can be prioritised alongside current programmes and issues.

The process of identifying threats gives rise to a large list of possibilities which is not limited to those listed under clause 16.2.1 of this section. 4.3.1

It is not prudent or sensible to include all possibilities in our programme, so consideration is given to the probability, implications and experience of risks in formulating our priorities, even when the risk is identified and experienced. 4.3.2

We consider in our deliberations and priorities what the implications are and what the consequence would be if the threat became a risk that was realised. If the outcome is minor then the evaluation process is deferred in favor of those threats with more potentially disastrous outcomes. 4.3.2

Having identified the possible outcome, the threat is assessed as to its frequency. Threats to which we have a continuous exposure are viewed as having a higher priority than those with very infrequent exposure. 4.3.2

The configurations of threat frequency, implication and experience in ability to control is prioritised and assessed as shown below: 4.3.1/2

Exposure	Implications					
	Negligible	Minimal	Containable	Problematic	Significant	Disastrous
Rare	Low Priority					
Infrequent						
↑ Increasing ↓						
Regular						
Constant						Significant Priority

Our experience of managing the various types of risks is a principle consideration in the priority given to a potential threat's inclusion in our management programme as an issue. 4.3.1/2
3.3.1
3.3.2

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

16.2 WHAT WE DO CONTINUED 3.3/4.1

16.2.6 Risk Management Priorities Continued 4.3.2

Threats that are considered intolerable are prioritised for further evaluation and consideration as issues in our programme. This method prioritises threats that would give rise to significant problems in the company if they were to become risks and discounts threats which are highly improbable or have no implications for the company at present. 4.3.2

This practice and its application will not identify whether the risk is likely to be realised. This can only be determined with any certainty by monitoring the identified factors designed to alert us as to the perceived threat becoming a reality. It does however direct us as to what we should be monitoring and the preparatory measures we need to prioritise and consider. 4.3.2

We identify the likelihood of the risk being realised, bearing in mind the internal controls we have in place to contain and manage the risk by way of experience, capability, resource and know-how. In addition, consideration is given to the success of our management team in the development of the culture, willingness and experience of the management of the type of risks envisaged. 4.3.2

All threats are evaluated and then prioritised in two ways, which are directed at the probability or likelihood of the threat being realised: 4.3.2

- a) with the necessary management and internal controls currently available effectively operating in the company. 4.3.2a
- b) with such internal controls being inoperative, absent or ineffective to meet and control the perceived threats. 4.3.2b

Exposure	QUALITY OF CONTROL MEASURES					Implications
	Excellent	Good	Adequate	Questionable	Poor	
Rare	Tolerable Risk					Negligible
Infrequent						Minimal
↑ Increasing ↓						Containable
Regular						Problematic
Constant					Intolerable Risk	Significant
						Disastrous

The intolerable risks are the ones which we must deal with as a matter of priority. Management of risks and selection of priorities is aligned with shareholder and/or stakeholder needs. 4.3.1
3.3.1
3.4

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POLICY MANUAL
CLAUSE
REFERENCE

PROCESS FOR IDENTIFYING BUSINESS THREATS AND RISKS

PD6668 2000
CLAUSE
REFERENCE

16.3	PROCEDURES		4.0
	The following administrative and specified procedures are used in connection with the practices for identifying business threats and risks as part of the corporate governance policy and requirements.		3.8b
			4.3.1
			4.3.2
	CG16/001 Identifying Business Threats and Risks		4.3
16.4	RESPONSIBILITIES		3.6
	The Senior Directors are responsible for this Business Threats and Risks Identification Policy.		4.3.1
			4.3.2

END OF SECTION 16

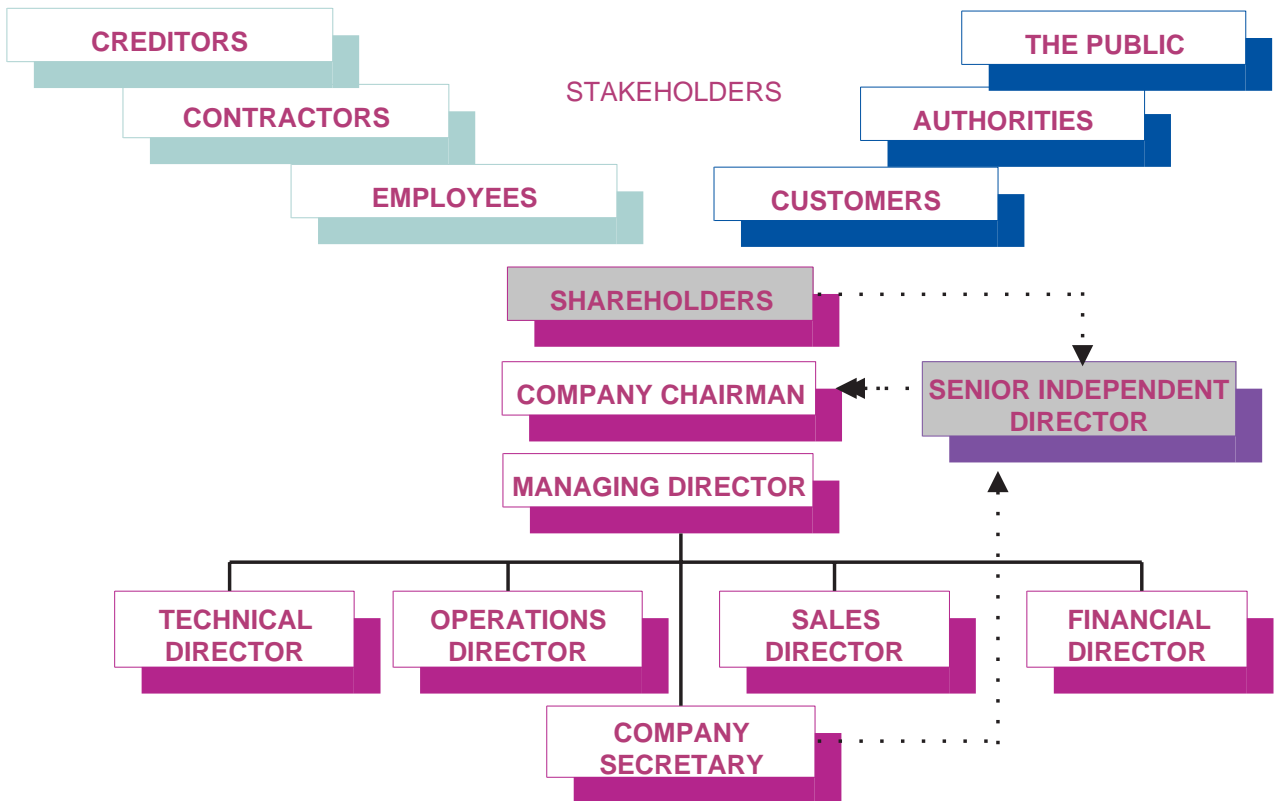
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IDENTIFYING STAKEHOLDERS NEEDS

17.0 POLICY 3.2
4.4
 Our policy for the identification of stakeholder needs, is to ensure all shareholders, employee and other stakeholders involved in our company business receive consideration in the decisions made and the management of risks we engage. This is to comply with clause 4.4 of PD6668:2000.

17.1 WHAT IS REQUIRED 4.4
 We must recognise that stakeholders include employees and shareholders in companies and there may be conflicts between the interests of shareholders and those of other stakeholders.

We have a responsibility to ensure all know concerns, interests and preferences are considered in the decisions we make the the priorities we select in the administration of the company and its business. 4.4



17.2 WHAT WE DO 3.3/4.1
4.4
 The stakeholders we identify with in our business are

- a) Shareholders
- b) Customers
- c) Creditors
- d) External Authorities
- e) Contractors
- f) Employees
- g) The General Public

IDENTIFYING STAKEHOLDERS NEEDS

- 17.2 WHAT WE DO CONTINUED** 3.3/4.1
- In section 16 we have laid out our policy with an overview of the practices we employ for identifying threats and risks, and the provision for the detection and appraisal of potential threats to the welfare and security of the company business. 4.4
- This section likewise seeks to ensure a policy is in place to respond to such risks and threats by a balanced consideration to the needs and aspirations of the stakeholder. Each stakeholder in the company has investments and operations which need to be considered in our corporate governance. 4.4
- 17.2.1 Our Board of Directors** 4.4
- Our directors exercise judgement in reviewing how the company has implemented the requirements of this policy manual which is based on the adoption of a risk- based approach controlled by establishing a sound system of internal control and reviewing its effectiveness. This is incorporated by the company directors within their normal management and governance processes. It is not treated as a separate exercise undertaken to meet regulatory requirements or those imposed by written documents.
- The directors recognise that the company's system of internal control has a key role in the management of risks that are significant to the fulfilment of the business objectives. Our system of internal control contributes to safeguarding the shareholders' investment and the employees contribution which seeks to incorporate the needs, concerns and aspirations of all other stakeholders. 4.4
- The directors annually conduct a review of the effectiveness of the company's system of internal control and report to shareholders that they have done so. Since profits are, in part, the reward for successful risk- taking in business, the purpose of internal control is to help manage and control risk appropriately rather than to eliminate it. In order to achieve this, the directors require sound policies and documented practices which reflect their directives and provide for the implementation of the required behavior and results. 4.4
- Effective financial controls, including the maintenance of proper accounting records, are an important element of internal control and our governance of shareholder trust and investment. They help ensure that the company is not unnecessarily exposed to avoidable financial risks and that financial information used within the business and for publication is reliable. They also contribute to the safeguarding of assets, including the prevention and detection of fraud. 4.4
- They seek to ensure the trust and confidence placed in their activities and judgement is justified by the results produced. This provides the basis on which benefits and remunerations are set and applied under approved qualified conditions and their position and authority within the company is reviewed and permitted to continue. 4.4
- Such needs and aspirations are assessed, presented and affirmed through the practices and assessments of the shareholders meetings and the annual general meeting of the company. 4.4

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POLICY MANUAL
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 REFERENCE

IDENTIFYING STAKEHOLDERS NEEDS

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 CLAUSE
 REFERENCE

17.2	WHAT WE DO CONTINUED	3.3/4.1
17.2.2	Management	4.4
	<p>It is the role of management to implement board policies on risk and control. In fulfilling these responsibilities, management identify and evaluate the risks faced by the company for consideration by the board and design, operate and monitor the system of internal control which implements the policies adopted by the board.</p> <p>In order to achieve this, management need the delegation of responsibility, and the necessary resources with which to convert policy into practice. They also need incentive and prospect for current and future development within the company in order to support the board and the company objectives.</p> <p>These needs and aspirations are identified and reviewed through the practices of delegating authority and decisions to the management matched with an assessment of the results and behavior as an outcome of the business performance and its management.</p>	4.4
17.2.3	Employees	4.4
	<p>All employees have some responsibility for internal control as part of their accountability for achieving objectives. They, collectively, have the necessary knowledge, skills, information and authority to establish, operate and monitor the system of internal control. This requires an understanding of the company, its objectives, the industries and markets in which it operates, and the risks it faces.</p> <p>In order to achieve this, employees require security, training, protection from health and safety hazards and support by way of dependable instruction and documented advice.</p> <p>These needs and aspirations are identified by management through communications and work processing procedures which collectively amount to the daily tasks of the business.</p>	4.4
17.2.4	Customers	4.4
	<p>All customers require the product and service we deliver to be the best value for money they can obtain. Continued support and availability for replacements is an important consideration for customer care practices. This requires a customer focused attentiveness from all factions within the company.</p> <p>We are committed to the identification of customer requirements at the earliest stage in the life cycle of an order and in the development of the relationship each item of business provides us with. This includes the product requirements specified by the customer, such as availability, delivery and support. This encompasses requirements not specified by our customers that are necessary for intended or specified use.</p> <p>The needs and aspirations of our customers are determined from product reviews, design reviews, perception assessments and monitoring practices as well as customer complaints and commendations records.</p>	4.4

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IDENTIFYING STAKEHOLDERS NEEDS

17.2	WHAT WE DO CONTINUED	3.3/4.1
17.2.5	Shareholders The shareholders provide the financial investment needed by the company to function and operate as a business directed at profit and security for its shareholders, derived from ethical and acceptable means of production, service and commerce. The company's system of internal control has a key role in the confidence shareholders have in the directors to the fulfil the business objectives. The directors have to account annually to the shareholders for the effectiveness of the company's system of internal control. The profits are, in part, the reward for successful risk- taking in business and so the directors are required to have sound policies and documented practices which reflect their directives and provide for their intended behavior and results. The shareholder's expect effective financial controls, to ensure that the company is not unnecessarily exposed to avoidable financial risks, and that financial information used within the business and for publication is reliable. These also contribute to the safeguarding of assets, including the prevention and detection of fraud. . The shareholder will, among other considerations, expect a fair return on their investment, long term security for the company's continued operations, and protection from any unfavorable aspects or activities which the company may come into contact with that would be out of keeping with the moral or ethical stance or expectations of the shareholders. Such needs and aspirations are assessed, presented and affirmed through the practices and assessments of the shareholders meetings and the annual general meeting of the company.	4.4 0.4.2 4.4 0.4.2 4.4 0.4.2 4.4 0.4.2
17.2.6	Creditors Our creditors provide the products, supplies and services we need to operate effectively. They expect and are entitled to prompt payment in respect of the support they give the company and its operations. The company's system of internal control has a key role in ensuring this is completed without unnecessary disruption of the interface in the supply chain. Creditors also expect effective financial controls, to ensure that their company is not exposed to avoidable financial risks The creditors will want to ensure continued operations of the company with which they do business. They have a stake in the company's continued operations and will be concerned to be part of our continued development and success. Such needs and aspirations are assessed, through the purchasing and inventor control practices and assessments of the brought ledger and accounts function of the company.	4.4 0.4.1/3 4.4 0.4.1/3 4.4 0.4.1/3 4.4 0.4.1/3

IDENTIFYING STAKEHOLDERS NEEDS

17.2	WHAT WE DO CONTINUED	3.3/4.1
17.2.7	External Authorities	4.4
	We maintain a register of legislative and statutory requirements which applies to our own operations and the operations that we purchase, stock and provide to our customers.	0.4.1/3
	This register has been compiled with the assistance of our customers, suppliers, local agencies, our company solicitors and recognised external authorities.	4.4 0.4.1/3
	In addition to these specified requirements, local issues on environment, health and safety, and social accountability are taken into consideration from supporting management systems.	4.4 0.4.1/3
	Any changes in the registered or known requirement in our industry, operations, services or business are identified by maintaining a watch and brief on the sources of information from which we initially set up our register.	4.4 0.4.1/3
	Identified needs and aspirations are assessed, presented and affirmed through the practices and assessments of the management systems.	4.4 0.4.1/3
17.2.8	Contractors	4.4
	Our contractors support us with on-site services and provision by way of the products, supplies and services we need to remain effective. They expect protection and security whilst on our premises from inherent dangers in the workplace, and are entitled to prompt payment in respect of the support they give the company and its operations.	0.4.1/3
	The contractors will derive some assurance from our internal control in this respect, as will all members of the company who frequently need to visit the work place. They also expect effective financial and management controls, to ensure that their activity and trust is not exposed to avoidable financial risks. They have a stake in the company's continued operations and protection, and will be concerned to be part of our continued development and success.	4.4 0.4.1/3
	Such needs and aspirations are assessed, through the purchasing and workplace management control practices, and assessments of the bought ledger and accounts functions of the company.	4.4 0.4.1/3
17.2.9	The General Public	4.4
	We establish and maintains a master plan of our activities, objectives and targets which have direct or indirect implication for the users of our products and services. This includes those who are associated with our business or who may be involved due to our location or the location of our operation.	0.4.1/3
	The needs and aspirations of the members of the public are identified and covered in part by this policy manual. Provision is installed in our corporate governance practices to take account of the perception the public have of us as a business, and its reputation in a number of aspects which touch on public relations required for its effective implementation and development.	4.4 0.4.1/3

IDENTIFYING STAKEHOLDERS NEEDS

17.2	WHAT WE DO CONTINUED	3.3/4.1
	17.2.10 Resolving Priorities	4.4
	We recognise that the interests of various stakeholders may be in conflict from time to time and on specific decisions.	0.4.1/3 4.3.2
	Increases in remuneration for employees removes the opportunities for dividends in the short term, however such increases attract a high level of qualification in employees so the long term advantage may be significant.	4.4 0.4.1/3 4.3.2
	We have a responsibility to ensure all known concerns, interests and preferences are considered in the decisions we make.	4.4 0.4.1/3 4.3.2
	In such events where the benefit of one faction will be seen to be at the expense of another within the company, we will ensure the facts are communicated so that an understanding of the decision reached is shared with those it affects.	4.4 0.4.1/3 4.3.2
	This will ensure that the decision is defensible, verifiable and its priorities can be seen to be in the interest of the company stakeholders and not its officers.	4.4 0.4.1/3 4.3.2
17.3	PROCEDURES	4.1
	The following administrative and specified procedures are used in connection with the identification of stakeholders needs:	3.8b
	CG08/001 Company Communications Management and Provision	3.11
	CG08/002 Consultation Team Meetings Management	3.11
	CG17/001 Stakeholder Needs Identification	4.4
	CG17/002 Evaluation and resolving stakeholder priorities	4.4/4.3.2
17.4	RESPONSIBILITIES	3.6
	The Managing Director is responsible for this Corporate Governance Needs Identification Policy.	4.4

END OF SECTION 17

ESTABLISHING OWNERSHIP OF RISK

- 18.0 POLICY** 3.2/4.5
 Our Corporate Governance Risk Ownership Identification policy is to ensure all identified risks are assigned to the stewardship of a competent and equipped company member, sufficiently informed and resourced to control the risk and its implications for the company. This is to comply with clause 4.5 of PD6668:2000.
- 18.1 WHAT IS REQUIRED** 4.5
 Risks must be identified and controlled so as to protect the company and its business from adverse risk or threats.
- 18.1.1 Establishing Ownership of Risk 4.5
 The management of risks must be cascaded as appropriate within our organisation.
- 18.1.2 Cultures and Values 4.5.1
 Catastrophic failures in the company must be avoided by removing any poor operational control
- The importance of culture relative to our strategic management of the company must be understood and effectively employed.
- 18.1.3 Organisational Structure 4.5.2
3.6
 We must recognise that risk taking and management is an essential and important management task. We must ensure that the structure and the accountabilities, freedom to act and resources are appropriate for our effective operation.
- Our structure must reflect how individual risks are managed within the operation of the company. 4.5.2
3.4
- 18.1.4 Performance Management 4.5.3
 We must practice a shared understanding between managers and their staff about what is to be achieved.
- Performance management systems (PMSs) must be used to communicate and reinforce our company strategies, values and norms. 4.5.3
- 18.1.5 Establishing Appropriate Competencies and Behaviors 4.5.4
 Effective employee training and records is to be encouraged. We must ensure that those responsible for establishing, implementing and managing corporate governance have knowledge and understanding of:
- a) strategic planning;
 - b) legal requirements;
 - c) agreements and contracts;
 - d) organisation and administration;
 - e) communication techniques and/or information management;
 - f) involvement and motivation;
 - g) education and continual professional development;
 - h) continuous improvement and/or analytical techniques;
 - i) evaluation and monitoring;
 - j) delegation and/or equal opportunities;
 - k) resource management.

ESTABLISHING OWNERSHIP OF RISK

- 18.1 WHAT IS REQUIRED** 4.5
- 18.1.7 Documented Support for Training 4.5.5
 We must provide detailed specifications of the performance that employees are expected to achieve, based on the knowledge and understanding required to deliver positive task outcomes. 3.9
- This must include behavioural standards to underpin the company competency framework. 4.5.5
- 18.1.8 Communications 3.11
 External communication to stakeholders must be integrated in the company systems framework. Internal communications must be integrated with external communications in all forms. 3.13.5
- 18.1.9 Education and Development 4.5.5
 We must ensure that we align training and development strategies and action with our corporate objectives.
- 18.2 WHAT WE DO** 3.3/4.1
4.5
- We accept that ownership of risk, authority to action and competence to decide are all relative to effective and responsible corporate governance for which top management cannot escape ultimate responsibility.
- Functional management needs to be capable, equipped and supported in the decisions they make in controlling the risks we engage, whether this is planned or as a matter of recourse in minimising the effects of adverse and unanticipated events. We obtain confidence from proven experience and ownership can only be justified if authority is invested in the correct level of competence and management expertise for which we have resource and have invested in its preparation. 4.5
- 18.1.1 Establishing Ownership of Risk 4.5/4.5.1
 As displayed in the following table, the management of risk is invested in the appropriate level which is most suitably equipped and resourced to deliver the required results.

OPERATIONAL LEVEL				
STRATEGIC				
STRATEGIC/MANAGEMENT				
STRATEGIC/MANAGEMENT/OPERATIONAL				
MANAGEMENT/OPERATIONAL				
OPERATIONAL				
AUTHORITIES AND RESPONSIBILITIES				
TOP MANAGEMENT				C
SENIOR MANAGEMENT		C	C	C
MIDDLE MANAGEMENT		C	C	C
SUPERVISORY	C	C	C	
TECHNICIAN/OPERATORS	C	C	C	

ESTABLISHING OWNERSHIP OF RISK

18.2 WHAT WE DO CONTINUED 3.3/4.1

18.2.1 Establishing Ownership of Risk Continued 4.5

Significant risk is discussed, prioritised and actioned exclusively at board level. The internal controls, and any actions, may be treated in total secrecy because of the sensitivity of the risk or for security reasons, among other things.

The following risk classification process, which is fully discussed in section 16, assists in determining where risk is best managed. Although top management can identify the risk, it is often the case that it is managed at middle management and/or at operational level, which is the case in product quality control and process production control priorities. 4.5

Exposure	QUALITY OF CONTROL MEASURES					Implications
	Excellent	Good	Adequate	Questionable	Poor	
Rare	Tolerable Risk	Operator Level				Negligible
Infrequent						Minimal
Increasing						Containable
						Problematic
Regular						Significant
Constant				Top Management	Intolerable Risk	Disastrous

18.2.2 Cultures and Values 4.5.1

We recognise that poor operational control is indicative of failures at supervisory level, and this can increase in seriousness and ultimately challenge board and director competence with consequences for shareholders and investment authorities.

Equally good operator management and supervision with incentive and direction can yield results for shareholders and employees alike. In most cases the risks experienced in the company are identified and control measures are implemented. 4.5.1

Despite our best efforts and information, failures in the effective management of risks can result, at least in part, to having a poor culture within the division or in organisation as a whole. 4.5.1

We recognise that the company culture is as important as planning and procedures in the strategic management because: 4.5.1

- a) the prevailing culture is a major influence on current strategies and future changes; 4.5.1a
- b) any decisions to make major strategic changes may require a change in the culture. 4.5.1b

Culture is, therefore, a vital company element in both strategy creation and implementation. 4.5.1

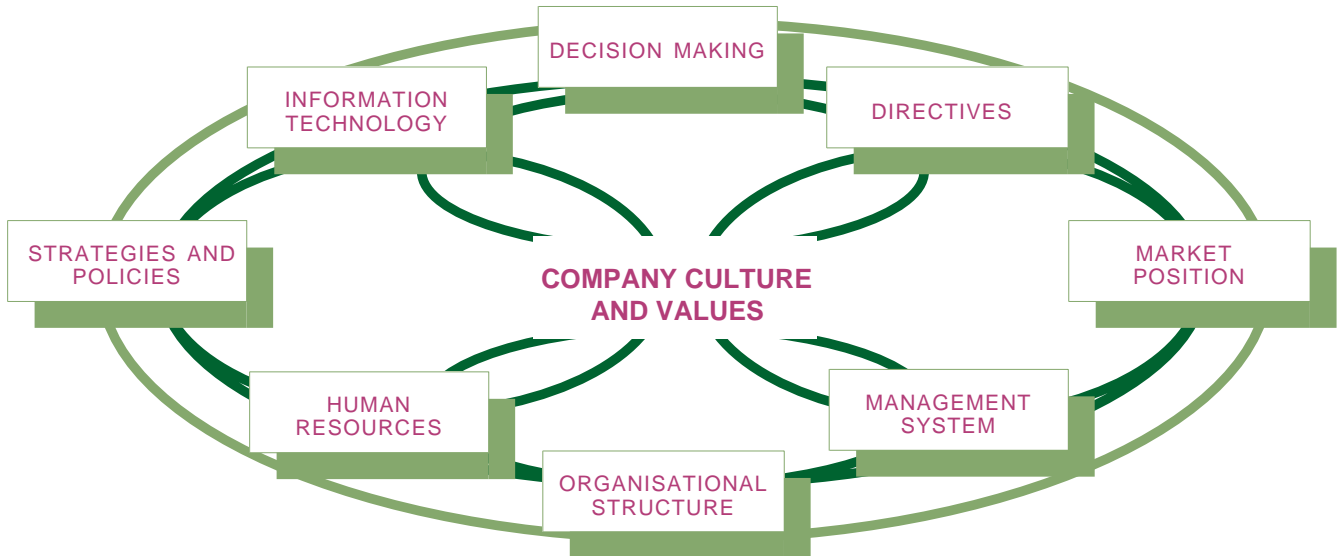
ESTABLISHING OWNERSHIP OF RISK

18.2 WHAT WE DO CONTINUED

3.3/4.1

18.2.2 Culture and Values Continued

4.5.1



The above model demonstrates the influence that culture and values have within our company and in the organisation of its operation.

4.5.1

18.2.3 Organisational Structure

4.5.2

Our company structure displayed in section 4, is closely related to the competence of our leadership and decision makers.

3.6

The extent to which we can effectively delegate our decisions and decentralise the control management to the desired level, is strongly dependent on the prevailing culture at the level of management in question. The willingness of the operators, supervisors and administrative management to engage in the risks we face at their own level or refer to the line management is an example.

4.5.2
3.6

We recognise this problem and the reluctance of employees to progress in our company to a higher level of recognition and rewards. We therefore ensure that the structure and the accountabilities, freedom to act and resources are appropriate for effective operation and competence of the employees or management concerned.

4.5.2
3.6

Our company structure design is reviewed at our management review meetings. Here the structure of the company is considered on the basis of how to set up its communications and administration in order to reflect the needs for individual risks to be engaged with willingness, ability and effective resourced support.

4.5.2
3.6

ESTABLISHING OWNERSHIP OF RISK

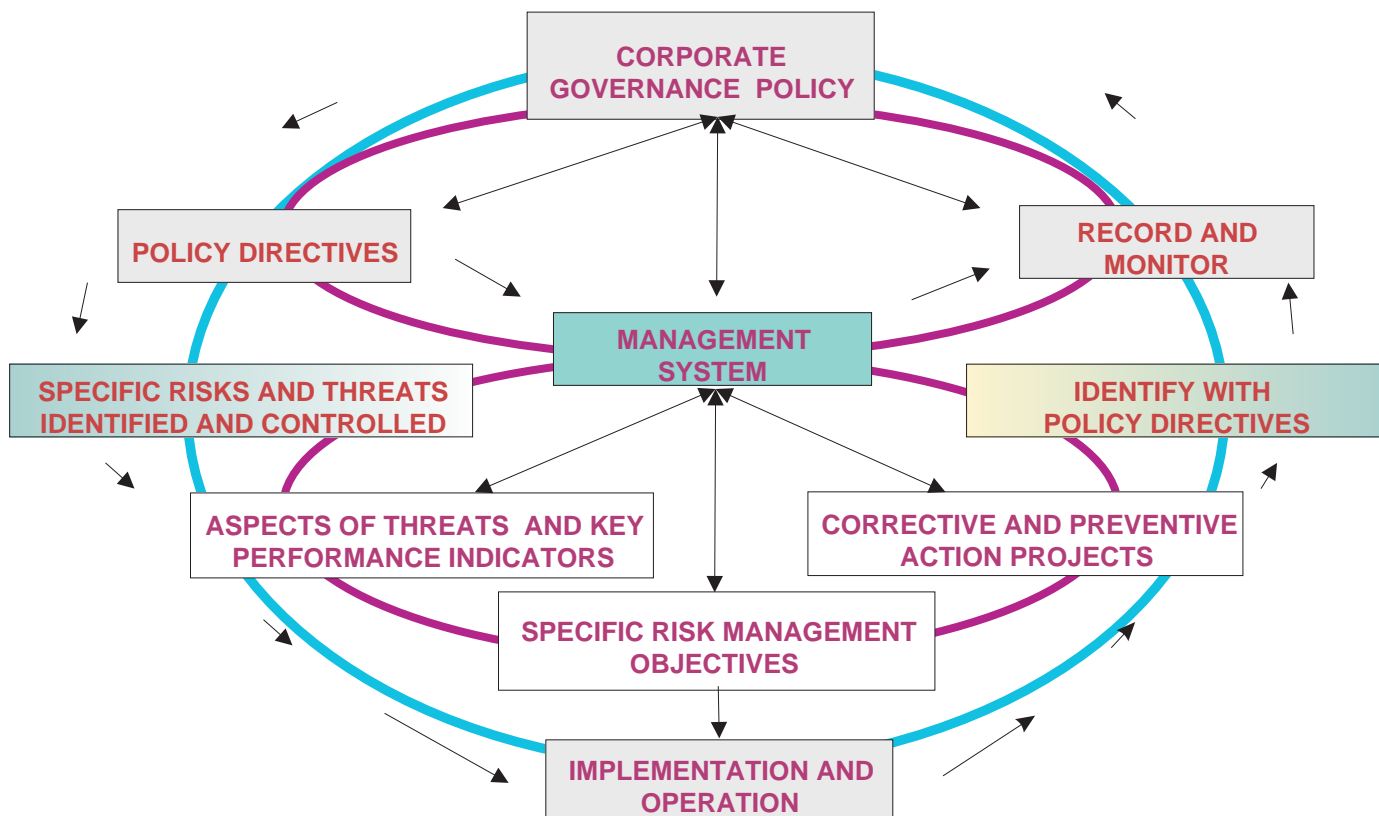
18.2 WHAT WE DO CONTINUED

18.2.4 Performance Management

3.3/4.1

The strategic risks we engage in as part of the business can be managed at all levels. Alternatively, we can appoint competent individuals in the company to take on the ownership of the process or project.

4.5.3
 3.12



Our performance management is such a process which is made up of individual tasks and projects. These enable us to achieve our objectives set by top management and communicated internally for directives and response.

4.5.3
 3.12

It is imperative that we first establish shared understanding between managers and their staff about what is to be achieved. We then encourage management in its development which increases the probability of achieving the short and long term goals.

4.5.3
 3.12

Our PMS (performance management systems) is used to communicate and reinforce our quality, environment, health and safety and other corporate governance strategies, values and norms. Most importantly, their use enables the management and our stakeholders to integrate individual and corporate directives and objectives.

4.5.3
 3.12

ESTABLISHING OWNERSHIP OF RISK

18.2 WHAT WE DO CONTINUED 3.3/4.1

18.2.4 Performance Management Continued 4.5.3
3.12

The performance management systems also enable the company to develop an expression of individuals' views about achieving current goals for their areas and departments. It establishes that employees manage their own performance by the communication of clear objectives and contribution (the results achieved) to provide a basis for measurement, assessment and development.

There are a number of initiatives being taken at any one time on quality, environment and other related management systems. These collectively make up our corporate governance and as such: 4.5.3
3.12

- a) it is a continuous process, not an annual event.
- b) we communicate our vision of our objectives and the strategic agenda with all employees.
- c) outcomes in the form of contributions to achieve roles are defined in qualitative as well as quantitative terms.
- d) the whole process is subjected to regular evaluation.
- e) upward assessment is prescribed within the practices.
- f) maximum use is made of existing processes for objective setting and work planning.
- g) there is top management commitment.
- h) there is line management understanding and commitment.
- i) there is cultural commitment.
- j) there is a high level of skill in objective setting and measuring performance and contributions (from both managers and individuals) established through achievement.

18.2.5 Establishing Appropriate Competencies and Behaviors 4.5.4
3.12

Training is a significant consideration and contribution for the company and for the employee in establishing our internal control resources. It is provided on the basis of agreed company needs and the development of individuals who are capable and interested in servicing those needs.

We do not arrange training without fully establishing the needs of the departments or the individual. We do recognise that risk management and internal control failures can occur through one individual either being incompetent or failing to demonstrate the appropriate behavior. As a result we ensure that those responsible for establishing, implementing and managing corporate governance have knowledge and understanding of: 4.5.4
3.12

- a) strategic planning;
- b) legal requirements;
- c) agreements and contracts;
- d) organisation;
- e) communication techniques and/or information management;
- f) involvement and motivation;
- g) education and continual professional development;
- h) continuous improvement and/or analytical techniques;
- i) evaluation and monitoring;
- j) delegation and/or equal opportunities;
- k) resource management.

ESTABLISHING OWNERSHIP OF RISK

18.2	WHAT WE DO CONTINUED	3.3/4.1
18.2.5	Establishing Appropriate Competencies and Behaviors Continued	4.5.4
	We provide and maintain individual employee handbooks in which is given a detailed specification of the performance that employees are expected to achieve, based on the knowledge and understanding required to deliver positive task outcomes. We also include details of established behavioural standards to underpin their competency framework.	3.12
	External communication to stakeholders is integrated in the company management systems framework and its timing is planned for in the corporate governance programme.	4.5.4 3.12
	Internal communications is integrated with external communications in all forms. This includes marketing and communication with national ad hoc communities, investors, the media and other opinion formers.	4.5.4 3.12
	The communication is also integrated with everyday operational communications, via line managers throughout the company. We review our communications at regular intervals and ask:	4.5.4 3.12
	a) do we accept communication as essential to our success?	
	b) are we willing to change to improve internal communications?	
	c) are we prepared to improve resources for internal communication, people training and new technology?	
	d) can we make sure that those responsible for internal communications have access to all the right information, at the right time, to enable them to plan their part in implementing the business strategy?	
	e) do we value the views and ideas of people at all levels throughout the company?	
	f) are we collectively committed to positive communication so that personnel act on it consistently, even when unprompted?	
	Effective internal and external communication is valued as an asset in the company. We are increasingly aware that our success and prosperity are directly linked to the prosperity of the community in which we operate and conduct our business.	4.5.4 3.12
	The community is the source of our customers, employees, suppliers and investors. Our company reputation depends on communication. Everything we say or do can affect the reputation of our company at any level in its operations.	4.5.4 3.12

ESTABLISHING OWNERSHIP OF RISK

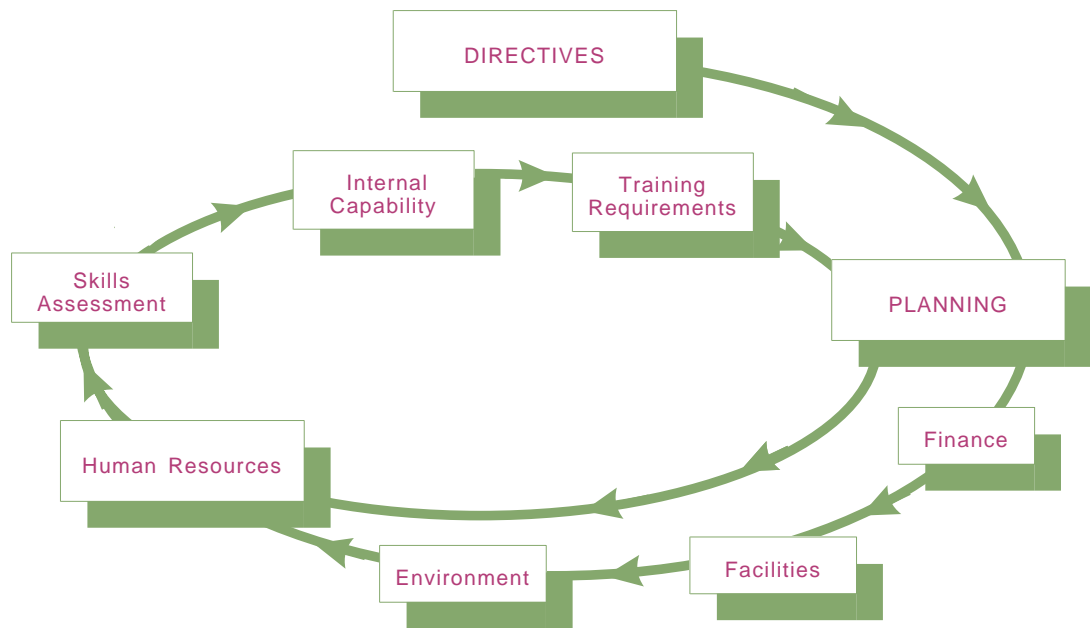
18.2 WHAT WE DO CONTINUED 3.3/4.1

18.2.6 Education and Development 4.5.5

We ensure that our training and development strategies and actions are in keeping with our corporate objectives. We recognise that we have an obligation to, and direct benefit from, ensuring we maintain the ability to constantly educate and develop staff via competency based human resource management. 4.5.5

Education and development is integrated within our practices of management systems. It is not therefore, separated from other aspects of human resource systems or practices. The other human resource aspects we develop and manage include structure, culture, manpower planning, recruitment, reward and assessment. 4.5.5

We recognise that the skills, knowledge and attitude engineered by our education and development activities are pivotal to achieving the standards of corporate governance and operational risk management objectives. The following diagram shows the company approach and integration of education and training within our organisation. 4.5.5



18.3 PROCEDURES 4.5
The following administrative and specified procedures are used in connection with the assignment and ownership of risks: 3.8b

CG18/001 Authority, Assignment and Ownership of Risk

18.4 RESPONSIBILITIES 3.6
The Managing Director is responsible for this Corporate Governance Risk Ownership Policy.

END OF SECTION 18

CHANGE MANAGEMENT

- 19.0 POLICY** 3.2/5.0
 Our Change Management Policy is to ensure change conflicts are prevented and that requirements for changes are understood, accepted and actioned under controlled conditions, ensuring the integrity of our management systems is maintained whilst change is being undertaken. This is to comply with clause 5.0, 5.1 and 5.2 of PD6668:2000. 5.1
5.2
- 19.1 WHAT IS REQUIRED** 5.0/1/2
 The ability to change methods and embrace new systems or technology is the basis on which our future success can be most accurately guaranteed. However, it is not a simple issue to operate a change in management practices within a risk management practice which depends on stability in order to control the risks.
- 19.1.1 We are required to ensure that change does not become the greatest threat to our future security as a business. 5.1
- 19.1.2 We must recognise that change in the company and its organisation is an area of potential conflict because of the inherent issues of 'understanding and communication'. 5.1
- 19.1.3 Management must be discouraged from responding to unfamiliarity by adding to it. 5.1/2
- 19.1.4 We must ensure we can respond positively to mitigate the risk of problems arising by ensuring: 5.2
- communication channels are operative and available.
 - official and unofficial leaders' concerns can be addressed.
 - facts pertinent to the change are available for reference.
 - personal benefits are communicated and accepted.
 - we have involved those who can influence the change.
 - the interface of different groups being joined has been accommodated.
 - those initiating change have control over changes and strategies that are appropriate.
 - we know how stakeholders will react to proposed changes.
 - we have the capacity to change in terms of the cultural willpower to facilitate and implement proposed changes, supported by a structural capability.

CHANGE MANAGEMENT

19.2	WHAT WE DO	3.3/4.1 5.0/5.1
	We accept that one of the greatest threats to our company is change. Lack of planning and/or care in this situation will adversely affect the culture we have developed and need to retain.	
	We recognise that the management of change is always an area of potential conflict because of the inherent issues of 'understanding and communication.	5.1
	We therefore seek to respond appropriately to signals of change to minimise possible threats. Although the decision to implement change may be largely conceptual in nature, it takes effect in action and behavior.	5.1
	We recognise that change control is essentially about our stakeholders and personnel, not about concepts and ideas. The results of change are evident to most employees, however, managers will deal with the situation in ways that coincide with the culture of the company.	5.1
	Response to change among managers is very dependent on the power to act. We accept that it is impossible to create changes for improvements when managers will not accept the dangers of their present way of doing things.	5.1
	19.2.1 Reason and Origins of Change	5.1
	Changes are needed to achieve improvements in risk related activities and these must be planned to prevent inconsistency between the policy, procedure, practice and record. Changes originate from the following aspects of our management systems:	
	<ul style="list-style-type: none"> Management system improvements Policy directives Threat identification and risk assessment Changing how the risks are to be managed Resource developments Company structure, roles, responsibilities and authorities Management of individual risks Operational internal control Human resources, facilities and environments Communications Results from monitoring and measuring practices Analysis of non-conformities Internal audits and assessments Improvement projects Management review Shareholder reporting Implementing a risk management system Establishing ownership of risk Change management programmes Quality, environment, OHSAS or other related aspects 	

CHANGE MANAGEMENT

19.2	WHAT WE DO CONTINUED	3.2/4.1
19.2.2	Changes to Policy and Responsibility	5.0/1/2
	These are categorised into definable management sections from which changes arise that need to be reflected in our management system and its documentation.	3.6
	Changes to the policy statement are incurred following an annual review of the achievements against set targets. These establish new objectives and provide significant direction to the improvement programme. The policy itself is an integral part of the policy manual and is revised as a result of the review, together with any related sections which are affected by the policy change.	5.0/1/2 3.6 3.13.4
19.2.3	The origin of a change to the management system documents originates from the following practices:	5.1
a)	Management Review Meetings	5.1
	An action is entered in the minutes for a changes to be incorporated in the quality or procedures manuals as a result of a discussion and decision made at the meeting.	3.13.4
b)	Program Verifications and Developments	5.1
	New practices, systems, software and techniques being introduced to the operations of the development aspects result in improvements which need to be formally documented and endorsed within our quality systems. These are normally observed during audits, however, a request by a department for assistance in documenting practices is always well received and commended.	3.13.3
c)	Internal Audit	5.1
	The conduct and conclusion of an internal audit will recommended a change to a procedure when improvements are identified. Corrective action register entry is the instrument by which these are authorised.	3.13.2
d)	Changes Identified by Analysis and Controls	5.1
	The monitoring and measurement control practices and programmes we operate contribute to the refinement and development of new and improved methods for risk management and threat detection. Provision of internal control services, which are provided for by the corporate governance activities, are also enhanced by the improvement programmes directed at a change in the current methods and technology employed.	3.12
	These subjects give rise to the need for review and changes to the documentation in our policy and procedure manuals, together with the records we maintain as a result of operating the systems. Changes to procedures are recommended to the management review meeting as a result of the analysis activities and accepted by raising an action in the minutes.	5.0/1/2 3.13.4

CHANGE MANAGEMENT

19.2 WHAT WE DO CONTINUED

3.3/4.1

19.2.4 Change Management Plans

3.3
5.1/5.2

The corporate governance planning discussed in section 3 ensures that proposed change is conducted in a controlled manner. This planning procedure is installed so that the integrity of the corporate governance management system is maintained during any changes.

Documented plans for changes in our systems are a great asset when actioning a decision. They are raised for all time-phased risk management projects which need development and monitoring to ensure their effective implementation. They are used to install practices and techniques prior to changes in the documented procedures so that an improvement can be proven before instigating a major change to the documents, which may later prove to be abortive. The following practice is applied:

3.3
5.1/5.2

- a) Problem Statement Brief statement of what the risk/threat is and how it has arisen.
- b) Solution Statement Brief statement of what is proposed and how this will improve the practices by removing the problem in its entirety or reducing it to manageable levels.
- c) Aspects Departments, activities, product and service titles that will be affected by the change.
- d) Details Current status and details of what changes are needed in respect of each aspect.
- e) Resources Listing of resources required to complete the change
- f) Events A detailed listing, in sequence order, of the events involved in bringing about the change.
- g) Programme Start date, duration and completion date for each event listed.
- h) Verification Record What records confirm the verification of the events' satisfactory completion.
- j) Completion Review Review of the changes and confirmation of completion.

By making a management project out of a change requirement, it ensures the change comes from within the solutions of the company. If the change is imposed from outside it becomes a threat, because it is unknown and possibly outside existing experience. We accept that our management and personnel within the company can be defensive in the face of perceived threat. By project managing the changes we remove the threat that is perceived.

3.3
5.1/5.2

CHANGE MANAGEMENT

19.2 WHAT WE DO CONTINUED 3.2/4.1

19.2.5 Gaining Commitment to the Change Process 5.2

One way we adopt of approaching this change management process is to use a question set. It is essential that we can respond positively to each question in order to mitigate the risk. The change processes we use are considered to be successful in terms of establishment and maintenance of change. These are designed to:

- a) provide specific information on the progress to date;
- b) specify the criteria against which improvement is measured.

The expectations and opinions of our employees who are held in prestigious positions carry substantial informational weight within a known area of the company. They are considered dominant in the opinion forming process which results in a successful change outcome, and as such, are invariably consulted, involved and balanced by the availability of the objective information provided by the board. 5.2

The planning of the changes prescribes for the gathering, analysis and interpretation of data by those involved and affected by the changes taking place. They are more likely to be understood and accepted than those presented purely by outsiders to the subject. 5.2

We accept that complete participation by all those affected by the change issue has proven to be most effective. Active participation in the change process depends on the extent to which the needs, attitudes and beliefs of the individuals affected are taken into account. 5.2

Consideration is always given to the psychological integration and interface of individuals in groups forced together by the need to change. We always try to ensure that those initiating change decide which management changes and strategies are appropriate. This depends on a number of factors such as: 5.2

Is there readiness for change?

Is there sufficient stakeholder unease to precipitate the adoption of new plans or strategies?

Is there evidence from diagnostic audits that change is needed?

Do we need fundamental change, OR some minor system adjustments?

How might internal and/or external stakeholders react to proposed changes?

Do we have the capacity to change and the willpower to facilitate and implement proposed changes?

Our top management may seek a change, but the company must have the capability, incentive and resource to do so. 5.2/3.10
3.9

Company Name	Manual Section	Page No	Issue	Revision
	Section 19	6 OF 6	1/2004	A

POLICY MANUAL
CLAUSE
REFERENCE

CHANGE MANAGEMENT

PD6668 2000
CLAUSE
REFERENCE

19.3	PROCEDURES			
	The following administrative and specified procedures are used in connection with the management of change:			4.0
				3.8b
				5.1/2
	CG19/001	Change Management		5.1
	CG19/002	Corporate Governance Improvement Projects		5.2
	CG17/002	Evaluation and resolving stakeholder priorities		4.3
19.4	RESPONSIBILITIES			3.6
	The Senior Directors are responsible for this Corporate Governance Change Management Policy.			5.1/2

END OF SECTION 19

Prepared By © 2004	Approved by	Authorised By	Date	Comments
PARTRIDGE DOCUMENTS QUALITY LIMITED Chandlers Ford, Hants, SO53 4ZT			30/01/2004	

RELATED MANAGEMENT PROCESSES

20.0	POLICY	Our policy for related management processes is to incorporate our quality, environment, occupational health and safety, IT security and social accountability management systems into our corporate governance as they are associated with strategic risk controls which need to be identified, documented, effectively implemented and verified thereby complying with clause 6.0 of PD6668:2000	3.2 6.0
20.1	WHAT IS REQUIRED	We must exercise proper internal control over our operations to effectively implement the corporate governance policy and objectives. This involves our management practices for	3.3/6.0
	Quality Assurance	Documented and implemented to comply with the international standard for quality management systems ISO9001:2000	6.0
	Environment Management	Documented and implemented to comply with the international standard for environmental management systems ISO14001:1996	6.0
	Occupational Health and Safety	Documented and implemented to comply with the specification for occupational health and safety OHSAS18001:1999	6.0
	IT Security Management	Documented and implemented to comply with the international standard for IT security management systems ISO17799:2000 and BS7799-2:2002	6.0
	Social Accountability	Documented and implemented to comply with the international code for social accountability systems SA8000:1998	6.0
	20.1.1	We must identify specific operational internal control arrangements that are associated with these standards, for which policy, procedure and suitable control measures must be applied.	6.0 3.8
	20.1.2	We must ensure the prescription contained in the above standards and codes, which we have acknowledged as relevant, are interpreted and addressed within the company as operational internal control requirements to be carried out according to the planned activities and responsibilities.	6.0
	20.1.3	The international standards and codes require that our top management provides evidence of our commitment to the planning, development and improvement of our management system as part and practice of its corporate governance. This must be demonstrated by communicating the importance of our stakeholder and regulatory or legal requirements in a documented and planned fashion.	6.0

RELATED MANAGEMENT PROCESSES

20.1 WHAT IS REQUIRED CONTINUED

6.0

20.1.4 The international standards and codes require that we should establish, document, set up, maintain and continually improve each management system for the business of the company according to the specified requirements. In this respect we must:

6.0

- a) ensure the management system is appropriate for the business of the company.
- b) identify the processes and sequence of tasks involved for each appropriate management system
- c) state which subjects covered by the standards and codes are included and excluded in the practices we adopt.
- d) determine the sequences and interaction of each system's processes.
- e) identify methods and required results to ensure our management system operations and controls are effective.
- f) ensure resources are made available to support the systems operation.
- g) monitor, measure and analyse the processes involved.
- h) take action to achieve the planned results and the continual improvement of the management system.

20.1.5 In respect of the documentation required to support the management systems processes we are required to:

6.0

- a) maintain and control a policy manual that references the documented procedures.
- b) control the management system documents.
- c) collect and maintain the specified records.

20.1.6 The international standards and codes require us to define the administration of our management systems. This includes all company functions and their interrelations within our organisation. This includes requirements to:

6.0

- a) document and communicate management responsibilities.
- b) appoint the management representative.
- c) ensure good internal communication of company policy and practices.

RELATED MANAGEMENT PROCESSES

20.2	WHAT WE DO	3.3/6.0
	We achieve this by planning our management systems and by undertaking internal audits, reviews, corrective and preventive action programmes and improvement circles, involving discussion groups at specific aspect and operational centres as well as in our administrative offices at planned specified and communicated intervals.	
	20.2.1 We aim to become, and remain, a respected authority in our field of business in which connection we recognise the importance of corporate governance and sound decisions on matters of risk management and control.	3.1 3.2 6.0
	20.2.2 We seek to maximise the use of technologies which contribute to this and enhance our stakeholders perspective of the company, whilst reducing the need to employ practices which are detrimental to the stewardship we have been entrusted with.	3.10 3.9 6.0
	20.2.3 In support of our corporate governance policy, we have elected to comply with the following management standards and codes to support the overall policy and commitments of governance and accountability of the directors and officers of the company:	3.2 6.0
	Quality Assurance As detailed in our Quality Assurance policy manual Issue 1/2002 Revision A in accordance with the ISO9001:2000	6.0
	Environment As detailed in our Environmental Policy Management manual Issue 1/2002 Revision A in accordance with ISO14001:1996	6.0
	Occupational Health and Safety As detailed in our Occupational Health and Safety Policy Manual for Occupational Health and Safety to Specification OHSAS18001:1999	6.0
	IT Security Management As detailed in our IT Security Policy manual in accordance with ISO17799:2000 and BS7799-2:2002	6.0
	Social Accountability As detailed in our Social Accountability Policy manual to SA8000:1998	6.0
	20.2.4 We are committed to having a national accredited authority assess our systems at prescribed intervals.	6.0

RELATED MANAGEMENT PROCESSES

20.2	WHAT WE DO CONTINUED	3.3/4.0
20.2.5	In respect of the supporting management systems we undertake to:	6.0
a)	Establish the management system by integrating each subject and its objectives, within our corporate governance programme and the directors and senior managers duties and responsibilities for their accountability and business decisions.	
b)	Comply with, and exceed when relevant, all applicable statutory and legislative requirements, and set good standards where non exist.	
c)	Prioritise and continually improve our company performance and management system by moving towards a more sustainable and effectively controlled operation.	
d)	Equip and train our workforce to recognise and manage all significant operational aspects, risks, incidents and opportunities for the prevention of adverse risks attributed to our practices, products and activities	
e)	Work with our shareholders, employees, contractors, customers, suppliers and partners to achieve similar effective stewardship and improvements	
f)	Openly review the results and opportunities of our performance with community, government, research and special interest organisations to share understandings and initiatives.	
g)	To set, audit, review and reset business specific objectives.	
20.2.6	We realise these objectives by ensuring they are converted into identifiable targets which are monitored and pursued at all levels within the organisation. They are reviewed and changed only after thorough technical evaluation and assessment.	6.0 3.2 4.5.3
20.2.7	The importance of addressing and communicating our stakeholders requirements is accepted at senior management level and demonstrated in the decisions we make and documentation we issue. We regularly convene and attend meetings with our shareholders and other stakeholders who are involved in the business to ensure their needs are understood.	6.0 3.11 3.13.5
20.2.8	We also incorporate any regulatory and legal requirements in the documentation raised, including particular COSHH Product Data for Health and Safety requisites and associated documents, records and instructions when applicable.	6.0 4.5.4b
20.2.9	Senior management attend the management review meetings held twice during any given year. This demonstrates their continued commitment and contribution to the composition and communication of the company policy.	6.0 3.13.4

RELATED MANAGEMENT PROCESSES

20.2 WHAT WE DO CONTINUED

3.3/4.0

20.2.10 We set targets for each of the objectives contained in the management system policy which creates a policy plan. This is agreed at the first management review meeting held in the year. The plan is used by the Quality Representative for assessment, monitoring, control and reporting on each objective set in the policy. Corrective action is taken when negative aspects are identified or objectives are not being achieved.

3.12
6.0

20.2.11 The master copy of our policy is placed in the front section of the appropriate policy manual and posted at registered locations throughout the company. Communication of the policy, its contents and its relevance to the company and the departments is an ongoing aspect of each management system, to which all managers, supervisors and our executive management are committed.

3.2
6.0

20.2.12 Our Managing Director and senior management are authorised to acquire the resources needed to achieve the policy targets and objectives provided it is not detrimental to other aspects of the company operations.

3.6
6.0

20.2.13 Planning is an important aspect of our supporting management systems and is recognised as such within the company. The system planning we employ addresses:

3.3
6.0

- a) the processes needed for the management system and their application,
- b) the sequence of tasks, events and the management involved in design, purchase, production, test and support,
- c) documenting requirements and practices needed to ensure that the operations and controls we use are effective,
- d) the availability of resources and information,
- e) process monitoring, measurement and analysis,
- f) planning actions and improvements to achieve specified results

20.2.14 The management of change, needed in the company by way of improvements and developments is also planned. This ensures the integrity of our management systems during agreed changes to the facilities and practices. The control of operations is applied from a corporate governance perspective, assisted by established management practices for quality, environment, occupational health and safety and information security.

5.0/1/2
6.0

RELATED MANAGEMENT PROCESSES

20.2	WHAT WE DO CONTINUED	3.3/4.0
20.2.15	These each have their own management systems directed at the specifics within their own management systems policy statement. We use the directives of our corporate governance policy and contributory management systems to provide the organisational aggregate to which all management systems contribute and from which they each can derive substance, authority and achievement.	6.0
20.2.15	Our risk management planning and practices are designed to give us a mechanism to identify, and prioritise, those aspects of our business activity which are critical and important. This has enabled us to identify a list of significant risks which basically tells us what we should be concentrating our efforts and resources on.	3.3 3.4
20.2.16	Corporate governance documented procedures detail the steps we take to identify all risk activities involved in the company processes. It also details the practices and documentation involved in the monitoring and controls we have in place, and the use made of the information produced.	3.8b 6.0 3.3/3.4
	Correct operation conditions are realised when optimum results for quality, technology and profitability are achieved without unnecessary risk being incurred for environment, health and safety or social accountability. This results from employing the correct processes and knowing:	3.8abc 6.0
	<ul style="list-style-type: none"> a) at what stage in the event sequence the task is performed b) the correct input requirements c) the correct process equipment and environment requirements d) the complexity of task and competence of assigned resource d) the set-up or preparatory measures needed e) the output requirements, criteria and yield/consumption f) the programme, frequency, delivery, close date etc 	
	This information is documented for all known processes which contain a risk aspect that can be quantified, monitored and measured effectively (ie controlled).	6.0 3.8/3.12 4.2/3
	The low risk or normal operating conditions of our process, administration and operation provides for any associated risks to be contained or discounted.	6.0 3.4/4.3 3.3.1/2

RELATED MANAGEMENT PROCESSES

20.2 WHAT WE DO CONTINUED 3.3/4.0

20.2.17 Maintaining Documented Procedures 3.8b

The principle corporate governance management system documents are retained in controlled manuals discussed in section 6 of this manual. This follows an established practice within the company for documenting our management systems detailed as follows:

- a) Management System Policy Manual
- b) Management System Procedures Manual
- c) Management System Task Instruction Manuals
- d) Management System Instructions Manuals
- e) Management System Records
- f) Management System Forms and Prescription Register

Policy and objectives set by our Directors for the effective implementation of the management system and measurable objectives to be achieved. 3.2

Policy Manual Containing policy, responsibilities and an overview of our management system. 3.2

Procedure Manual Containing the procedures specified in the policy manual, also administrative and sequential procedures, detailing the interaction of our processes and the system itself. 3.8b

Task and Work Instructions A manual of standard work and tasks instructions is maintained in each department by the Heads of Department. These are company standards specific to a given area of work or operation: 3.8
3.10
3.11

a) Task Instructions Giving specific instruction for individual tasks and duties, required to be undertaken consistently.

b) Work Instructions Containing individual jobs detail and operations, needed for the effective control of processes, products and services supplied or undertaken.

Forms and Prescription The relevant forms and records used in our company contribute to the management systems effectiveness. In addition, we also recognise the use of those working documents which contribute to our system and provide specific information for each investment, decision, order or job. 3.13.5

These documents and aides are published and promoted throughout the company for use in situations where their absence would lead to deviations from the policy and objectives. 6.0
3.8b

RELATED MANAGEMENT PROCESSES

20.2 WHAT WE DO CONTINUED 3.3/4.0

20.2.18 Management Systems 3.1

We identify, provide, and maintain the systems within the company which we need to achieve and operate an effective progressive business. Systems needed to demonstrate good corporate governance and effectively implement our corporate governance policy are provided, monitored and maintained including:

- a) Investment, finance and administration;
- b) Quality management systems;
- c) Environmental management systems;
- d) Occupational health, safety and welfare;
- e) IT technology and security;
- f) Management services and development;
- g) Information technology and data protection;
- h) Personnel and employee training;
- i) Sales, marketing and customer services;
- j) Product design and development;
- k) Purchase and supply;
- l) Production, manufacturing and distribution;
- m) In service support;

When the need for a change or improvement in the facilities of the company can be identified, a management project record and report form is raised and registered on the company programme as an issue. 5.0/1/2

20.2.19 Company Facilities 3.10
3.5

We identify, provide, and maintain the company facilities which are needed to achieve and operate an effective business. The facilities needed to realise the standards of product and service we set are provided, monitored and maintained. They include:

- a) Plant and equipment
- b) Work space and associated facilities.
- c) Computer hardware and software.
- d) Tools, fixtures, jigs and patterns
- e) Stores and logistical facilities
- f) Transport
- g) Communications
- h) Supporting management services.

20.3 PROCEDURES 4.0
3.8b
6.0

The following administrative and specified procedures are used in connection with the company management systems:

CG20/000 Correlation and Inclusion of Supporting Management Systems 6.0

20.4 RESPONSIBILITIES 3.6
6.0

The Senior Directors are responsible for this Corporate Governance Change Management Policy.

END OF SECTION 20