

## Corporate Governance Disclosure

### THE BOARD

The Company's Board of Directors comprises a mix of executive and non-executive directors, including three independent non-executive directors. The biographies of the Directors are set out on pages 68 to 71. The Board is scheduled to meet at least four times a year to review the operations of the Group, determine corporate objectives, approve interim and annual results, budgets and any other significant matters that will affect the operations of the Group as a whole.

In the furtherance of their responsibilities, all Directors and committees established by the Board also have recourse to external legal counsel and other professionals for independent advice at the Company's expense.

The number of meetings held and the attendance record of the Board members at these meetings since the listing of KPL is as follows:

	2002 <sup>#</sup>	2001	2000	1999	1998	1997	1996
Number of Board meetings	1	4	4	4	5	7	3
Attendance							
Executive	80%	90%	100%	91%	97%	86%	72%
Non-Executive	n/a	100%	88%	75%	100%	n/a	n/a
Independent Non-Executive	67%	75%	67%	83%	67%	76%	67%
Average	75%	86%	87%	85%	87%	82%	70%

<sup>#</sup> Meetings held in the year to date

### INTERNAL CONTROLS

In performing their duties, the Board of Directors also acknowledges their responsibility for the Group's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. These aim to ensure that assets of the Group are safeguarded, that proper accounting records are maintained and that the financial information used within the business and for publication is reliable. The control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets. The Group also prepares five year profit and loss accounts and cashflows for the Board's review. This helps the Board and the management to manage the business and to plan on a prudent and timely basis.

Regular and ad hoc reports will also be prepared for the Board and its committees to ensure that Directors are supplied with all the information they require in a timely and appropriate manner.

The Board has also delegated specific responsibilities and duties to three committees detailed below, whose specific terms of reference it sets.

### AUDIT COMMITTEE

The Audit Committee of the Board has been established since December 1998 and currently comprises all three independent non-executive directors of the Company. It acts in an advisory capacity and makes recommendations to the Board. It reviews the plans and findings of both the internal and external auditors, the internal control systems throughout the Group, the completeness and accuracy of the financial statements and liaises on behalf of the Board with the auditors. The Audit Committee meets regularly in conjunction with the auditors, to review audit reports, status of the Group's audits, internal controls, interim and the final financial statements of the Group, prior to recommending them to the Board for approval.

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The Audit Committee is scheduled to meet at least three times a year. The number of meetings held and the attendance of the members of the Audit Committee at these meetings since inception is as follows:

	2002 <sup>#</sup>	2001	2000	1999
Number of meetings held	2	3	3	3
Attendance	84%	75%	47%	72%

<sup>#</sup> Meetings held in the year to date

The Audit Committee met to review the financial statements of the Group for the year ended 31 December 2001 prior to recommending them to the Board for approval.

### FINANCE COMMITTEE

The Finance Committee of the Board has been established since August 1996 and consists of the Chairman, the Deputy Chairman, another executive director of the Board and the Chief Financial Officer of the Company. The Finance Committee is responsible for reviewing and approving financial matters of the Group relating to items such as the investment of surplus funds, undertake, determine and approve investment acquisitions and disposals, arrange banking facilities and approved guarantees and indemnities within the delegated limits.

Due to the operational nature of the transactions, Finance Committee decisions are usually approved through written resolutions.

### REMUNERATION COMMITTEE

The Remuneration Committee of the Board has been established since February 1997 and currently comprises the Chairman, the Deputy Chairman and all three independent non-executive directors of the Company. It makes recommendations with respect to the remuneration of executive directors of the Company. The Remuneration Committee is scheduled to meet at least twice a year. The number of meetings held and the attendance of the members of the Remuneration Committee at these meetings since inception is as follows:

	2002 <sup>#</sup>	2001	2000	1999	1998	1997
Number of meetings held	1	4	2	2	1	5
Attendance	80%	80%	80%	90%	100%	84%

<sup>#</sup> Meetings held in the year to date

### INTERNAL AUDIT

The Board also monitors its internal financial control systems through management reviews and a programme of internal audits. The internal audit team reviews the major operational and financial systems of the Group on a continuing basis and aims to cover every division on a rotational basis. The scope of its review and the audit programme is determined and approved by the Audit Committee at the beginning of each year in conjunction with the external auditors. The Group's external auditors also review the work of the internal audit team during the year. The internal audit function reports directly to the Chairman of the Company and the Audit Committee and submits regular reports for their review in accordance with the approved work programme.