

10 MATTERS RESERVED FOR THE BOARD

The Board delegates certain elements of its authority through the delegation of authority framework set out in the Group Operating Manual. Those matters which are reserved for the Board are detailed below. Items marked * are not considered suitable for delegation to a Board committee:

10.1 Strategy and Management

- (a) Overall management of the Group and setting the Group's values and standards.
- (b) Approve the Group's strategic aims and objectives (including acquisition strategy) and Strategic Plan.
- (c) Approve the annual operating and capital expenditure budgets and any material changes to them.
- (d) Monitor the Group's financial performance and endorse updated forecasts.
- (e) Oversee the Group's operations ensuring:
 - (i) competent and prudent management;
 - (ii) sound planning;
 - (iii) a sound management and internal control systems;
 - (iv) adequate accounting and other records; and
 - (v) compliance with statutory and regulatory obligations.
- (f) Review of performance in the light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (g) Extension of the Group's activities into new business, new markets or geographic areas.
- (h) Any decision to cease to operate all or any material part of the Group's business.
- (i) Consider personnel issues of significance where raised by the Nomination Committee and/or determined by the Board.

10.2 Structure and Capital

- (a) Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) or share buy backs (including the use of treasury shares).
- (b) Major changes to the Group's corporate structure, including but not limited to acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration), setting up of joint ventures, incorporation of new legal entities and winding up of Group legal entities.

- (c) Major changes to the constitutional documents of the Company or any of its subsidiaries.
- (d) Changes to the Group's management and control structure.
- (e) Any changes to the Company's listing or its status as a plc.

10.3 Financial Reporting and Controls

- (a) Approve appointment of external auditors and recommending to shareholders following recommendation from the Audit Committee.
- (b) Determine remuneration of external auditors following recommendation from the Audit Committee.
- (c) *Approve the half-yearly report, interim management statements and any preliminary announcement of the final results.
- (d) *Approve the annual report and accounts (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (e) *Approve the dividend policy, declaration of interim dividends and recommendation of final dividends to shareholders at the Annual General Meeting (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (f) *Approve any significant change in accounting policies or practices (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (g) Approve treasury policies (including foreign currency exposure and the use of financial derivatives).
- (h) Approve material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

10.4 Internal Controls

Ensure maintenance of a sound system of internal control and risk management including:

- (a) approving the Company/Group's risk appetite statements;
- (b) receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
- (c) approving procedures for the detection of fraud and the prevention of bribery;
- (d) undertaking an annual assessment of these processes; and
- (e) approving an appropriate statement for inclusion in the annual report.

10.5 Contracts

- (a) Approval of major capital projects and oversight over execution and delivery.

- (b) Contracts which are material strategically or by reason of size, entered into by the Company or, in the case of a subsidiary, recommendations for approval, in the ordinary course of business, for example bank borrowings above £25,000 and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £25,000.
- (c) Contracts of the Company or any subsidiary not in the ordinary course of business, for example related party transactions, loans and repayments above £5,000; foreign currency transactions above £5,000; major acquisitions or disposals above £5,000.
- (d) Major investments including the acquisition or disposal of interests of more than 3 per cent in the voting shares of any company or the making of any takeover offer.
- (e) Offset commitments which exceed 100% of the contract value or with a value by project in excess of £25,000; or by country in excess of £50,000.

10.6 **Communication**

- (a) Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- (b) Approval of resolutions and corresponding documentation to be put forward to shareholders at any general meeting.
- (c) *Approval of all circulars, prospectuses, admission documents, applications for listing or for admission to trading and listing particulars.¹
- (d) *Approval of press releases concerning matters decided by the Board.
- (e) Statements regarding the Group's future prospects.

10.7 **Board Membership and Other Appointments**

- (a) *Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- (b) *Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- (c) *Appointments to the Board, following recommendations by the Nomination Committee.
- (d) *Selection of the chairman of the Board and the Chief Executive Officer.
- (e) *Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.

¹ Approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee

- (f) *Membership and chairmanship of Board committees following recommendations from the Nomination Committee.
- (g) *Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- (h) *Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
- (i) *Appointment or removal of the company secretary.
- (j) *Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.
- (k) Appointments to boards of subsidiaries.

10.8 **Remuneration**

- (a) *Determining the remuneration policy for the directors, company secretary and other senior executives.
- (b) Determining the remuneration of the non-executive directors, subject to the Articles and shareholder approval as appropriate.
- (c) *The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

10.9 **Delegation of Authority**

- (a) *The division of responsibilities between the chairman, the Chief Executive Officer and other executive directors, which should be clearly established, set out in writing and agreed by the Board.
- (b) Approval of the delegated levels of authority, including the Chief Executive Officer's authority limits (which must be in writing).
- (c) *Establishing Board committees and approving their terms of reference and approving material changes thereto.
- (d) *Receiving reports from Board committees on their activities.

10.10 **Corporate Governance Matters**

- (a) *Undertaking a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors, and the division of responsibilities.
- (b) *Determining the independence of non-executive directors in light of their character, judgment and relationships.
- (c) *Considering the balance of interests between shareholders, employees, customers and the community.

- (d) Review of the Group's overall corporate governance arrangements.
- (e) Review the Group's corporate governance disclosures annually, confirming the Company's website is up to date with the details of compliance with the QCA Guidelines and the date of such review.²
- (f) *Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- (g) Authorising conflicts of interest where permitted by the Company's Articles.

10.11 Policies

Approval of policies, including:

- (a) Code of conduct;
- (b) Share dealing code;
- (c) Anti-corruption and Bribery prevention policy;
- (d) Whistleblowing policy;
- (e) Health and safety policy;
- (f) Environment and sustainability policy;
- (g) Human resources policy;
- (h) Communications policy including procedures for the release of price-sensitive information;
- (i) Corporate social responsibility policy;
- (j) Statement of policy on ethics and business conduct;
- (k) Gifts and corporate hospitality policy; and
- (l) Charitable donations policy.

10.12 Other

- (a) The making of political donations.
- (b) Approval of the appointment of the Group's principal professional advisers.
- (c) Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £10,000 or being otherwise material to the interests of the Group.

² The annual review and compliance obligation commences 28 September - AIM Rule 26 and AIM Notice 50. <http://www.londonstockexchange.com/companies-and-advisors/aim/advisers/aim-notices/aim-rules-for-companies-march-2018-mark-up.pdf>

- (d) Approval of the overall levels of insurance for the Group including Directors' & Officers' Liability insurance and indemnification of directors.
- (e) Major changes to the rules of the Group's pension scheme, or changes of trustees or, when this is subject to the approval of the Company, changes in the fund management arrangements.
- (f) Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- (g) This schedule of matters reserved for Board decisions.
- (h) Receive reports and recommendations from time to time on any matter which it considers significant to the Group.

11 REPORTING RESPONSIBILITIES

The Board shall:

- (a) act in what it considers to be in the best interests of the Company consistent with its statutory duties;
- (b) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (c) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (d) give due consideration to laws and regulations, the provisions of the QCA Guidelines and the requirements of the London Stock Exchange AIM Rules for Companies and the Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;
- (e) oversee any investigation of activities which are within its terms of reference; and
- (f) review and consider changes to its constitution.

12 AUTHORITY

The Board is authorised to:

- (a) seek any information it requires from any employee of the Company in order to perform its duties;
- (b) obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- (c) call any employee to be questioned at a meeting of the Board as and when required.

Approved and adopted by the Board on 7th February 2019