

**Matters Reserved for the Board** as agreed and adopted by the PLC Board on 6 October 2010 (Minute 5104)

## **1 STRATEGY AND MANAGEMENT**

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

## **2 STRUCTURE AND CAPITAL**

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buy-back including the use of Treasury shares.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the Company's listing or its status as a PLC.
- 2.5 The consideration of any proposal to merge or amalgamate the Company or any of its subsidiaries with any other company.

- 2.6 The allotment of any shares of the Company or the granting of options over any of the Company's shares or the shares of its subsidiaries.

### **3 FINANCIAL REPORTING AND CONTROLS**

- 3.1 Approval of the half yearly report, interim management statements and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of the interim dividend and recommendation of the final dividend.
- 3.4 Approval of any significant changes in accounting policies or practices.
- 3.5 Approval of Treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.6 The making of any change to the accounting reference date of the Company.
- 3.7 Reviewing the monthly management accounts.

### **4 INTERNAL CONTROLS**

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

### **5 CONTRACTS**

- 5.1 Approval of contracts of the Company or any subsidiary in the ordinary course of business where the value is greater than £100 million or a contract in the ordinary course of business of any value where the Company or any subsidiary is proposing to undertake such contract as a shareholder with or without others in a special purpose vehicle or as a joint venturer in an integrated or non-integrated joint venture
- 5.2 Approval of contracts for any acquisition or disposal of an investment, asset (including land) or business where its cash or market value, whichever is the greater, exceeds £1 million
- 5.3 Approval of any guarantee of a debt (other than a guarantee given in respect of a subsidiary in connection with the Group's banking and bonding facilities) and any guarantee which would be outside the ordinary course of business
- 5.4 Approval of all new borrowing (or indebtedness in the nature of borrowings) by the Company or any of its subsidiaries.

- 5.5 Approval of all major investments including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any take-over offer.

## **6 COMMUNICATIONS**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting
- 6.2 Approval of all circulars, prospectuses and listings particulars
- 6.3 Approval of Stock Exchange announcements concerning matters decided by the Board.

## **7 BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

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

## **8 REMUNERATION**

- 8.1 Determining the remuneration policy of the executive directors, the Company Secretary and other senior executives
- 8.2 The introduction of new share incentive plans or major changes to existing plans to be put to shareholders for approval.

**9 DELEGATION OF AUTHORITY**

- 9.1 The delegation of responsibilities to the Chief Executive and the Executive Board which will be contained in the policy on delegation

**10 CORPORATE GOVERNANCE MATTERS**

- 10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors
- 10.2 determine the independence of directors
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community
- 10.4 Review of the Group's overall corporate governance arrangements
- 10.5 Receiving reports on the views of the Company's shareholders.

**11 POLICIES**

- 11.1 The approval of significant policies.

**12 OTHER MATTERS**

- 12.1 Approval of terms of reference of Board Committees
- 12.2 Receiving reports from Board Committees on their activities
- 12.3 The approval of the appointment or dismissal of the Group's principal professional advisors
- 12.4 The prosecution, defence or settlement of litigation involving an amount above £5 million or being otherwise material to the interests of the Group officers' liability insurance
- 12.6 Major changes to the rules of the Group's pension scheme
- 12.7 The schedule of matters reserved for Board decisions.