

### **1 Strategy and Management**

- 1.1 Responsibility for the overall leadership of the Group and setting the Group's values and standards.
- 1.2 Approval of the Group's long-term ambitions, objectives and commercial strategy.
- 1.3 Approval of the annual budgeted operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
  - competent and prudent management
  - sound planning
  - an adequate system of internal control
  - adequate accounting and other records
  - compliance with statutory and regulatory obligations
- 1.5 Review of performance in the light of the Group's strategy, objectives, business plans and budgets, ensuring that any necessary corrective action is taken.
- 1.6 Material extension of the Group's activities or service provision into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group's business activities.

### **2 Structure and Capital**

- 2.1 Material changes to the Group's corporate structure including any acquisition or disposal of any company.
- 2.2 Major changes to the Group's management and control structure.
- 2.3 Matters relating to the Group's capital base, capital structure & share transactions.
- 2.4 Any changes to the Company's listing or its status as a plc.
- 2.5 Incorporation of a new entity or branch or change in trading status of an existing company.

### **3 Internal Controls and Risk Management**

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

- setting the Group's Risk Management policy
- receiving reports on, and reviewing the effectiveness of, the Group's risk and

- control processes to support its strategy and objectives
- undertaking an annual assessment of these processes
- approving an appropriate statement for inclusion in the annual report

## **4 Financial Reporting & Controls**

- 4.1 Approval of the half-yearly report, trading updates and any preliminary announcement of the final results.
- 4.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 4.3 Approval of the dividend policy.
- 4.4 Declaration of the interim dividend and recommendation of the final dividend.
- 4.5 Changing the status of any company within the Group in relation to VAT, IPT or any like tax or duty imposed upon sales of goods/supply of services.
- 4.6 Approval of any significant changes in accounting policies or practices.
- 4.7 Approval of Finance and Treasury policies, including financial reporting, budgeting & forecasting, and foreign currency exposure and the use of financial derivatives.

## **5 Policies**

Approval of other Group policies, in addition to those identified in section 4 (Financial Reporting & Controls), including:

- Share Dealing code and Group-wide Dealing Policy
- Human Resources (including Code of Conduct)
- Corporate Sponsorship & Charitable Donations
- Modern Slavery & Human Trafficking
- Anti-bribery
- Corporate Hospitality and Gifts
- Conflicts of Interest
- Purchasing

## **6 Contracts**

- 6.1 Material capital investments including capital projects covering the acquisition or disposals of fixed or intangible assets above £2 million and the making of any takeover offer.
- 6.2 Contracts which are material strategically or by reason of size or duration, entered into by the Company, or any subsidiary, in the ordinary course of business. This includes revenue expenditure exceeding £3 million and Business Partner contracts exceeding £15 million annual average revenue.
- 6.3 Contracts of the Company, or any subsidiary, not in the ordinary course of business, including:

- the borrowing of money, otherwise than within previously approved facilities & limits (including any alteration to the terms of existing borrowings or the giving of security thereof), in excess of £5 million.
- the lending of money, provision of credit facilities or any other acceptance of credit risk, for a party outside the Group, or the giving of any guarantee or security for the obligation of any party outside the Group (excepting trade credit undertaken in the normal course of business), in excess of £5 million.
- any arrangement or agreement which in any way restricts the freedom of the Group to carry on business in any part of the world.

## **7 Communication**

- 7.1 Ensure a satisfactory dialogue with shareholders based on the mutual understanding of objectives
- 7.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.3 Approval of all circulars, prospectuses and listing particulars.
- 7.4 Approval of press releases concerning matters decided by the Board.
- 7.5 Assessment of anything which may attract unusual publicity (favourable or otherwise) or otherwise affect the Group's public image or the Company's share value.

## **8 Board Membership and Other Appointments**

- 8.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 8.2 Ensure adequate succession planning for the Board and Executive Management, so as to maintain an appropriate balance of skills and experience within the Group and on the Board.
- 8.3 Appointments to the Board, following recommendations from the Nomination Committee.
- 8.4 Selection of the Chairman of the Board and the Chief Executive Officer.
- 8.5 Appointment of the Senior Independent Director.
- 8.6 Membership and Chairmanship of Board Committees following recommendation by the Nomination Committee.
- 8.7 Continuation in office of Directors at the end of their term of office, where they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 8.8 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 .
- 8.9 Appointment or removal of the Company Secretary.

- 8.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

## **9 Remuneration**

- 9.1 Determining the remuneration policy for the Directors, Company Secretary and Executive Management.
- 9.2 Determining the remuneration of the Non-Executive Directors, subject to the Articles of Association and shareholder approval as appropriate.
- 9.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **10 Delegation of Authority**

- 10.1 The division of responsibilities between the Chairman and the Chief Executive Officer, which should be in writing.
- 10.2 Approval of delegated levels of authority.
- 10.3 Approval of Board Committees and their Terms of Reference.
- 10.4 Receiving reports and recommendations from Board Committees on their activities.

## **11 Corporate Governance Matters**

- 11.1 Undertaking a formal and rigorous annual review of its own effectiveness and performance, that of its Committees and individual Directors.
- 11.2 Determining the independence of Directors in light of their character, judgement and relationships.
- 11.3 Considering the balance of interest between shareholders, employees, customers and the community.
- 11.4 Review of the Group's overall Corporate Governance arrangements.
- 11.5 Receiving reports on the views of the Company's shareholders.
- 11.6 Authorising conflicts of interest where permitted by the Company's articles of association.

## **12 Other**

- 12.1 The making of political donations.
- 12.2 Approval of the appointment or removal of the Group's principal professional advisors.
- 12.3 Prosecution, defence or settlement of litigation above £2 million or being otherwise material to the interests of the Group.

- 12.4 Approval of the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of Directors.
- 12.5 Changes to this schedule of matters reserved for Board decisions.
- 12.6 Any decision likely to have a material impact on the Group from any perspective including, but not limited to, financial, operational, strategic or reputational.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

**Approved by the CPPGroup Plc Board on 2 February 2017**