

### **1 Strategy and Management**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval of the Group's long-term ambitions, objectives and commercial strategy.
- 1.3 Approval of the annual budgeted operating profit, capital expenditure and asset growth targets ("Annual Plan") 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 and Annual Plans 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**

- 3.1 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, interim management statements 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 the Finance and Treasury policies, including: budgeting & forecasting, revenue recognition, goodwill, capital adequacy and solvency, counterparty and credit risk, capital expenditure, taxation, foreign currency exposure and the use of financial derivatives.

## **5 Policies**

- 5.1 In addition to policies identified in section 4 (Financial Reporting & Controls), approval of the following Group policies:
  - Code of Conduct
  - Share Dealing code
  - Risk Management policy
  - Human Resources policy
  - Policy on Fraud & Corruption
  - Compliance policy
  - Health and Safety policy
  - Information Security policy
  - Communications policy, including for release of price sensitive information
  - Whistleblower policy
  - Corporate Social Responsibility & Environmental policies
  - Corporate Sponsorship & Charitable Donations policy

## **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 £7.5 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 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.2 Approval of all circulars, prospectuses and listing particulars.
- 7.3 Approval of press releases concerning matters decided by the Board.
- 7.4 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 Ensuring adequate succession planning for the Board and Executive Management.
- 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 Selection of the Senior Independent Director.
- 8.6 Membership and Chairmanship of Board Committees.
- 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 Board Committees and their Terms of Reference.
- 10.3 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.

- 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 Approving all transactions in which a director has a direct or indirect material interest. This includes approval of loans to Directors or loans to Executive Management.

## **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 involving above £5 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.

**Approved by the CPPGroup PLC Board on 30 January 2013**