

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

LAST REVIEWED FEBRUARY 2011

References to “**Audit**” and “**Remuneration and Nominations**” refer to the board committees which will consider the item and make recommendations to the Board for its final decision.

1.1 *Strategy and Management*

- (a) Responsibility for the overall management of the group.
- (b) Approval of the group’s long term objectives and commercial strategy.
- (c) Approval of the annual operating and capital expenditure budgets and any material changes to them.
- (d) Oversight of the group’s operations ensuring:
 - competent and prudent management;
 - sound planning;
 - an adequate system of internal control;
 - adequate accounting and other records and
 - compliance with statutory and regulatory obligations.
- (e) Review of performance in the light of the group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (f) Extension of the group’s activities into new business or geographic areas.
- (g) Any decision to cease to operate all or any material part of the group’s business.

1.2 *Structure and capital*

- (a) Changes relating to the group’s capital structure including reduction of capital, share issues (except under employee share plans), share buy backs, including the use of treasury shares.
- (b) Major changes to the group’s corporate structure.
- (c) Changes to the group’s management and control structure.
- (d) Any changes to the company’s listing or its status as a plc.

1.3 *Financial reporting and controls*

- (a) Approval of preliminary announcements of interim and final results.
- (b) Approval of the annual report and accounts, including the corporate governance statement and remuneration report. (Audit)
- (c) Approval of the dividend policy.

- (d) Declaration of the interim dividend and recommendation of the final dividend.
- (e) Approval of any significant changes in accounting policies or practices. (Audit)
- (f) Approval of treasury policies, including foreign currency exposure and the use of financial derivatives.

1.4 *Internal controls*

- (a) Ensuring maintenance of a sound system of internal control and risk management including:
 - 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; and
 - approving an appropriate statement for inclusion in the annual report. (Audit)

1.5 *Contracts*

- (a) Major capital projects.
- (b) Contracts which are material strategically or by reason of size, entered into by the company, or any subsidiary, in the ordinary course of business, for example bank borrowings above £0.25 million and acquisitions or disposals of fixed assets above £0.1 million.
- (c) Contracts of the company, or any subsidiary, not in the ordinary course of business, for example loans and repayments above £0.25 million; foreign currency transactions above £2 million; major acquisitions or disposals above £0.25 million.
- (d) Major investments, including the acquisition or disposal of interests of more than five percent in the voting shares of any company or the making of any takeover offer.

1.6 *Communication*

- (a) Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- (b) Approval of all circulars and listing particulars.
- (c) Approval of press releases concerning matters decided by the board.

1.7 *Board membership and other appointments*

- (a) Changes to the structure, size and composition of the board, following recommendations from the nomination committee. (Remuneration and Nominations)
- (b) Ensuring adequate succession planning for the board and senior management.
- (c) Appointments to the board, following recommendations by the nomination committee. (Remuneration and Nominations)
- (d) Selection of the Chairman of the board and the Chief Executive. (Remuneration and Nominations)
- (e) Appointment of the Senior Independent Director. (Remuneration and Nominations)

- (f) Membership and Chairmanship of board committees. (Remuneration and Nominations)
- (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. (Remuneration and Nominations)
- (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. (Remuneration and Nominations)
- (i) Appointment or removal of the company secretary.
- (j) Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.
- (k) Appointments to boards of subsidiaries. (Audit)

1.8 *Remuneration*

- (a) Determining the remuneration policy for the directors, company secretary and other senior executives. (Remuneration and Nominations)
- (b) Determining the remuneration of the non-executive directors, subject to the articles of association 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. (Remuneration and Nominations)

1.9 *Delegation of Authority*

- (a) The division of responsibilities between the Chairman, the Chief Executive and other executive committee members, which should be in writing.
- (b) Approval of terms of reference of board committees.
- (c) Receiving reports from board committees on its activities.

1.10 *Corporate governance matters*

- (a) Undertaking an annual formal and rigorous review of its own performance, that of its committees and individual directors.
- (b) Determining the independence of directors.
- (c) Considering the balance of interests between shareholders, employees, customers and the community.
- (d) Review of the group's overall corporate governance arrangements.
- (e) Receiving reports on the views of the company's shareholders.

1.11 *Policies*

- (a) Approval of policies, including:
 - Code of Conduct;

- Share dealing code;
- Health and safety policy;
- Environmental policy;
- Communications policy, including procedures for the release of price sensitive information;
- Corporate social responsibility policy; and
- Charitable donations policy.

1.12 *Other*

- (a) The making of political donations.
- (b) Approval of the appointment of the group's principal professional advisers, specifically nominated advisor, broker, corporate lawyers and auditor.
- (c) Prosecution, defence or settlement of litigation involving above £0.1 million or being otherwise material to the interests of the group.
- (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) This schedule of matters reserved for board decisions.
- (g) Matters which the board considers suitable for delegation are contained in the terms of reference of its Committees.
- (h) In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

1.13 *Urgent Matters*

The Board will establish procedures for dealing with matters which often have to be dealt with urgently, often between regular board meetings.