

**In this Schedule:**

**Board** means the Board of the Company

**Company** means Henry Boot PLC

**Director** means a director of the Company

**Group** means the Company and its subsidiaries and subsidiary undertakings for the time being

**Levels of Authority** means the Schedule attached to these Matters Reserved and, as applicable, any other document referring to the Company or a subsidiary of the Group and describing or identifying the levels of individual managers in the Group as approved by the Board from time to time

**Listing Rules** means the Listing Rules of the UK Listing Authority made under Part VI of the Financial Services and Markets Act 2000

**The following matters are reserved to the Board for decision****1. Strategy and Management**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Establishment and approval of the Group's long term objectives and strategy (commercial or otherwise).
- 1.3 Establishment and approval of the Company's purpose, vision and values.
- 1.4 Responsibility for the definition of the Company's desired culture, and the oversight and promotion of this culture and its alignment to strategy.
- 1.5 Approval of the annual operating and capital expenditure budgets.
- 1.6 Oversight of the Group's operations as far as they relate to:
  - (a) competent and prudent management;
  - (b) sound planning;
  - (c) the system of internal control;
  - (d) adequate accounting and other records;
  - (e) compliance with statutory and regulatory obligations;
  - (f) adherence to the Company's stated culture, vision, values, purpose and strategy; and
  - (g) health, safety and environmental issues.
- 1.7 Review of performance in light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.8 Extension of the Group's activities into new business or geographic areas outside the UK.
- 1.9 Any decision to cease to operate all or any material part of the Group's business.

## **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) and share buy backs 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 public limited company.

## **3. Financial Reporting and Controls**

- 3.1 Approval of preliminary announcements of interim and final results.
- 3.2 Approval of the Annual Report, including the directors' report, the directors' corporate governance statement, the directors' remuneration report, the business and financial review, going concern and viability statements.
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of any interim dividend and recommendation of any final dividend.
- 3.5 Approval of any significant changes in accounting policies or practices, where not required by changes in IFRS's.
- 3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

## **4. Risk Management and Internal Controls**

- 4.1 Ensuring maintenance of a sound system of all internal control and risk management systems, policies and procedures including (but not limited to) health, safety and environmental issues, including:
  - (a) Carrying out a robust assessment of the Company's principal and emerging risks and mitigation measures in place;
  - (b) receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - (c) undertaking an annual assessment of these processes; and
  - (d) approving an appropriate statement for inclusion in the Annual Report.

## **5. Contracts, Bank Facilities, Guarantees and Indemnities above the Levels of Authority**

- 5.1 Major capital projects as defined in the Schedule to these Matters Reserved.
- 5.2 Approval of the appointment or termination of the appointment of bankers, bank facilities, borrowing facility arrangements from banks or financial institutions, and the issue of guarantees, indemnities and letters of comfort to bankers.
- 5.3 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business: as defined by the Schedule to these Matters Reserved.

- 5.4 Contracts of the Company or any subsidiary not in the ordinary course of business: for example, major loans and repayments, foreign currency transactions, acquisitions or disposals of companies or undertakings, joint venture agreements and the giving of any guarantee or indemnity in respect of any debt, liability or obligation of any third party (not being a subsidiary).
- 5.5 Major investments including the acquisition or disposal of interests of 5% or more in the voting shares of any company or the making of any takeover offer.
- 5.6 The entering into of any other contract which would, at the time of signature, constitute a material contract under the Listing Rules.

## **6. Communication**

- 6.1 Approval of resolutions and corresponding documentation to be proposed or presented at a general meeting of the Company.
- 6.2 Approval of all circulars, prospectuses and listing particulars.
- 6.3 Approval of regulatory news concerning matters decided by the Board pursuant to these Matters Reserved.

## **7. Board Membership and other Appointments**

- 7.1 Changes to the structure, size and composition of the Board (whether following recommendations from the Nomination Committee or otherwise).
- 7.2 Succession planning for the Board and senior management.
- 7.3 Appointments to the Board (whether following recommendations from the Nomination Committee or otherwise).
- 7.4 Selection of the Chairman & Deputy Chairman of the Board and the Chief Executive Officer.
- 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 the relevant service contract.
- 7.9 Appointment or removal of the company secretary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following recommendation of the Audit and Risk Committee.
- 7.11 Appointments to boards of the Group's principal subsidiaries.

## **8. Remuneration, Employee Benefits and Employee Issues**

- 8.1 Determining the remuneration policy for the executive directors, company secretary and other senior executives (whether following recommendations from the Remuneration Committee or otherwise).
- 8.2 Determining the remuneration of the non-executive directors, subject to the Articles of

Association.

- 8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.
- 8.4 Major changes to the other employee benefits applicable to all employees of the Group.
- 8.5 Approval of any action to eliminate any deficiency in a pension scheme.

## **9. Delegation of Authority**

- 9.1 The division of responsibilities between the Chairman, Deputy Chairman, Chief Executive Officer and the senior independent director which should be in writing.
- 9.2 Approval of the terms of reference of Board Committees.
- 9.3 Receiving reports from Board Committees on their activities.
- 9.4 Changes to the Levels of Authority.

## **10. Corporate Governance Matters**

- 10.1 Review the Group's overall corporate governance arrangements and compliance with the Corporate Governance Code.
- 10.2 Undertaking a formal review of the Board's own performance and that of its Chair, committees and individual directors.
- 10.3 Determining the independence of directors.
- 10.4 Effective engagement with all stakeholders including shareholders, employees, pensioners, customers, suppliers and the wider society. Consideration should be given to all views when making key decisions.
- 10.5 Receiving reports on the views of the Company's significant and institutional shareholders.
- 10.6 Considering any matters referred to the Board by the Employee Forum or the raising of any matters of concern by the workforce, either through the Employee Forum, whistleblowing helpline or otherwise. Responsibility for ensuring arrangements are in place for the proportionate and independent investigation of such matters and follow-up action.
- 10.7 Any significant changes to the Group's internal control system.

## **11. Policies**

- 11.1 Approval on original issue and/or substantial update of the following policies:
  - (a) Codes of Conduct.
  - (b) Share dealing codes including the code for share dealings by persons discharging managerial responsibilities and employees on the clearance to deal or insider lists;
  - (c) Ethics Policy;
  - (d) Anti-Bribery & Corruption and related policies;
  - (e) Competition Law Policy and Dawn Raid procedures;
  - (f) Whistleblowing Policy;

- (g) Corporate Social Responsibility Policy;
- (h) Risk Management Policy;
- (i) Modern Slavery Policy;
- (j) Leadership Behaviour Policy;
- (k) Any Environmental, Social and Governance Policy;
- (l) Charitable Donations Policy; and
- (m) Business Continuity and Disaster recovery.

## 12. Other

- 12.1 The making of any political donations.
- 12.2 The appointment of the Group's principal professional advisers.
- 12.3 Prosecution, defence or settlement of litigation which is material to the interests of the Group and would or might require disclosure in the Company's Annual Report.
- 12.4 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and the indemnification of directors.
- 12.5 Major changes to the Rules of the Group's pension scheme or changes of trustees and, when this is subject to the approval of the Company, changes in the fund management arrangements.
- 12.6 Any changes to this Schedule of Matters reserved for the decision of the Board.

**In determining whether a matter falls to be decided by the PLC Board under this Schedule (both as to control and materiality) the Board shall have regard to the Levels of Authority set out in the Schedule below.**

## Levels of Authority

### Introduction

No matter how effective a Board of Directors may be it is not possible for it to have hands-on involvement in every area of the Company's business. An effective Board controls the business but delegates day to day responsibility to the executive management. That said, there are a number of matters which are required to be or, in the interests of the Company, should only be decided by the Board of Directors as a whole. It is incumbent upon the Board to make it clear what these matters reserved for the Board are. The FRC's Guidance on Board Effectiveness (2018) states that:

*"Ensuring there is a formal schedule of matters reserved for its decision will assist the board's planning and provide clarity to all over where responsibility for decision-making lies."*

The UK Corporate Governance Code July 2018 (the "Code") also states that:

*"A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. Companies do not exist in isolation. Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity. To succeed in the long-term, directors and the companies they lead need to build and maintain successful relationships with a wide range of stakeholders. These relationships will be successful and enduring if they are based on respect, trust and mutual benefit. Accordingly, a company's culture should promote integrity and openness, value diversity and be responsive to the views of shareholders and wider stakeholders."*

In drawing up a Schedule of Matters reserved for the Board it is recognised that it is important to establish procedures for dealing with matters which need to be dealt with urgently between regular Board meetings. In these circumstances, it is proposed that a telephone or video conference meeting should be held in which as many directors as possible participate or an email circulated with full details seeking responses, with a call arranged if necessary. This allows directors the opportunity to discuss the matter and ask questions. Any director who cannot attend any call will still be sent the relevant papers and have the opportunity to give their views to the Chairman, another director or the company secretary before the meeting. If the matter is routine and discussion is not necessary, the approval of all the directors may be obtained by means of a written resolution. In all cases, however, it is recognised that the procedures should balance the need for urgency with the overriding principle that each director should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the commitment of the Company.

As Henry Boot PLC carries out no operational activities, operational decisions by the subsidiaries are reached by each subsidiary Board in consultation with the PLC executive directors. As such, the PLC Board may approve certain Levels of Authority in relation to which directors of subsidiary companies have authority to act, individually or in conjunction with other directors of that or other subsidiaries (as applicable). All decisions on major capital projects (as defined below) and/or significant decisions are the subject of a Board Report agreed by the subsidiary Board and presented to the PLC Board executive directors for approval before any matter progresses. This means that PLC Board approval should be obtained prior to contractual commitment of the relevant subsidiary company to substantive involvement in the relevant matter. It is anticipated that very few matters would be referred to the full PLC Board for approval, although the Board will be kept informed of progress on all significant matters.

### Levels of Authority

The present Levels of Authority for matters reserved to the PLC Board are:

1. (For Henry Boot Construction Limited) - A construction contract with an expected turnover at or in excess of £10m.

2. (For Henry Boot Developments Limited or Stonebridge Homes) - Development opportunities with an expected Gross Development Value at or in excess of £25m or profit before tax at or in excess of £5m.
3. (For Hallam Land Management Limited) - A land purchase where the initial price is at or in excess of £2m.
4. (For Henry Boot Developments Limited) - Purchase of an investment property where the initial price is at or in excess of £10m.
5. (For Banner Plant Limited) - None.

Also, at the same time as considering any matters falling under the above categories, consideration should be given as to whether the matter would involve a commitment which would take the Company's gearing above 30%.

All the values stated referred to the level of Henry Boot funding only, as opposed to a combined funding total, and are applicable at the time of entering into a contractual agreement.

Please note that projects that fall below these Levels of Authority but are particularly risky, carry the potential for reputational damage or are outside of the ordinary course of business should also be brought for Board approval, in line with the requirements of the main body of the Schedule of Reserved Matters above.

Amy Stanbridge  
Head of Legal (Commercial) &  
Company Secretary  
23 July 2020