

## **MATTERS RESERVED FOR THE BOARD**

### **Terms of Reference:**

Key:

References to “Board committees” shall mean the Audit, Nomination and Remuneration committees.

References to “Audit”, “Nomination” or “Remuneration” refer to the Board committee which will consider the item and make recommendations to the Board for its final decision.

“CL” refers to the Companies (Jersey) Law 1991, “CC” refers to the Combined Code and “LR” refers to the FSA Listing Rules

### **1 Strategy and management**

- 1.1 Responsibility for the overall management of the Group. *(CC A.1)*
- 1.2 Approval of the Group’s long term objectives and commercial strategy. *(CC A.1)*
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight 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 statutory and regulatory obligations.
- 1.5 Review of performance in light of the Group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken. *(CC A.1)*
- 1.6 Extension of the Group’s activities into material new business or geographic areas.
- 1.7 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), share buybacks 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 announcements of half year and preliminary final results. *(CC C.1, Audit)* and interim management statements.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report. *(CL s104, LR 9.35, CC C.1, Audit)*
- 3.3 Approval of the dividend policy.
- 3.4 Announcement of the interim dividend and recommendation of the final dividend. *(LR 9.35)*
- 3.5 Approval of any significant changes in accounting policies or practices. *(Audit)*
- 3.6 Approval of treasury policies including entry into banking facilities, foreign currency exposure and the use of financial derivatives.
- 3.7 Approval of guarantees given by the Company as parent of the Group, the general policy being that such guarantees will not be given other than in exceptional circumstances.

## **4 Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - 4.1.1 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives
  - 4.1.2 undertaking an annual assessment of these processes
  - 4.1.3 approving an appropriate statement for inclusion in the annual report.*(CC C.2, C.2.1, Audit)*

## **5 Contracts**

- 5.1 Major capital projects.

- 5.2 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 capital expenditure projects of US\$20m or more.
- 5.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example major acquisitions or disposals above \$20m but with the support of the Chairman of relevant principal operating subsidiary (which can only be given on a case by case basis) up to \$40m.
- 5.4 Major investments including the acquisition or disposal of any interest in the voting shares of any company or the making of any takeover offer.

## **6 Communication**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting. (*LR 14.1*)
- 6.2 Approval of all circulars and prospectuses (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee). (*LR 14.1, 16.1, 5.2*)
- 6.3 Approval of press releases 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. (*Nomination*)
- 7.2 Ensuring adequate succession planning for the Board and senior management. (*CC A.4, A.7*)
- 7.3 Appointments to the Board, following recommendations by the nomination committee. (*CL s73, Nomination*). Selection of the Chairman of the Board and the Chief Executive. (*Nomination*)
- 7.4 Appointment of the Senior Independent Director. (*CC A.3.3, Nomination*)
- 7.5 Membership and Chairmanship of Board committees. (*Nomination*)
- 7.6 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. (*Nomination*)
- 7.7 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. (*Nomination*)
- 7.8 Appointment or removal of the Company Secretary. (*CL s81 and 82, CC A.5.3*)
- 7.9 Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee. (*CL s109, CC C.3.2, Audit*)

7.10 Appointments to boards of main operating subsidiaries.

## **8 Remuneration**

8.1 Determining the remuneration policy for the directors, Company Secretary and other senior executives. (*Remuneration*)

8.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate. (*CC B.2.3*)

8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval. (*Remuneration*)

## **9 Delegation of authority**

9.1 The division of responsibilities between the chairman and the chief executive, which should be in writing. (*CC A.2.1*)

9.2 Approval of Terms of Reference of Board committees. (*CC A.4.1, B.2.1, C.3.1*)

9.3 Receiving reports from Board committees on their activities.

## **10 Corporate governance matters**

10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors. (*CC A.6*)

10.2 Determining the independence of directors. (*CC A.3.1*)

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. (*CC D.1.1*)

## **11 Policies**

11.1 Approval of policies, as appropriate including:

11.1.1 Code of Conduct

11.1.2 Share dealing code

11.1.3 Health and safety policy

11.1.4 Environmental policy

11.1.5 Communications policy including procedures for the release of price-sensitive information

11.1.6 Corporate social responsibility policy

#### 11.1.7 Charitable donations policy

(CC A.1)

### **12 Urgent Matters**

- 12.1** In the event that an urgent matter arises, which is outside the authority of the Chief Executive and which needs to be dealt with between normally scheduled Board meetings, the Company Secretary will circulate a paper with all relevant information and endeavour to convene a board meeting by telephone or video conference and ensure that the Chairman and the majority of directors are outside the United Kingdom for that meeting. If it is not possible to convene such a meeting, the Company Secretary will seek to obtain the unanimous approval of all directors outside the United Kingdom by means of a written resolution. It is recognised that these procedures should balance the need for urgency with the overriding principle that each director should be given as much information as possible and has the opportunity to requisition an emergency meeting of the Board to discuss the matter prior to a commitment being made on the part of the Company.

### **13 Reputation Issues**

- 13.1** Matters materially affecting the reputation or financial position of the Company or its subsidiaries.

### **14 Other**

- 14.1** The making of political donations.
- 14.2** Approval of the appointment of the Group's principal professional advisers.
- 14.3** Prosecution, defence or settlement of litigation of a material or unusual nature.
- 14.4** Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance and indemnification of directors.
- 14.5** 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.

Matters which the Board considers suitable for delegation are contained in the Terms of Reference of the Board Committees.

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