

## MATTERS RESERVED FOR THE BOARD

1. To comply with good corporate governance standards, the Board has produced a statement setting out those matters that are reserved for Board decision.

### Matters reserved for the Board

#### Strategy and management

2. The board will be responsible for:
  - responsibility for the overall management of the group;
  - approval of long term objectives and commercial strategy;
  - approval of annual operating and capital expenditure budgets;
  - oversight of risk management and internal controls (Audit Committee to be responsible for detailed consideration);
  - strategic performance review and, as necessary, corrective actions;
  - extension of the group's activities into new business or geographical areas;
  - any decision to cease operation of any part of the group's business.

#### Structure and capital

3. The board will take decisions about changes to:
  - the group's capital structure;
  - the group's corporate structure;
  - the Corporation's listing or status as a plc;
  - legal matters that might impact the Corporation's investment trust status.

#### Financial reporting and controls

4. The Board will take final decisions in respect of the following, although in many cases, the decision will be based on recommendations by the Audit or Nominations Committees ;
  - the annual report and accounts, including the directors' report, strategic report, corporate governance statement and remuneration report;
  - approval of the dividend policy and declaration of the interim and final dividends;
  - approval of any significant changes in accounting policy or practice;
  - approval of announcements about the financial state of the Corporation (interim and final results, trading statements, etc, but not routine matters such as NAV).

#### Investment trust

5. The Board has responsibility for the following matters:
  - Overall investment policy and strategy;

- adjustments to the geographical split;
- oversight of the investment manager's controls procedures etc;
- negotiation and review of investment management fees;
- oversight of reporting procedures.

## **Contracts**

6. The Board is responsible for entering into contracts in connection with:
- major capital projects, including office accommodation;
  - strategic financial contracts – debt issuance, setting banking facility parameters, etc;
  - major investments not connected with the portfolio, including the acquisition or disposal of interests in the voting shares of other companies.

## **Communication**

7. Approval of all circulars required to be issued to shareholders under listing regulations and resolutions and corresponding documentation to be put to shareholders at general meetings.

## **Board membership and other appointments**

8. The Board is responsible, in the light of recommendations from the Nominations Committee for:
- changes to the structure, size and composition of the Board,;
  - oversight and management of board/committee effectiveness;
  - appointment of directors, the Chairman of the Board, Executive Directors, the senior independent director, membership and chairmanship of Board committees;
  - removal of a director;
  - appointment or removal of the company secretary;
  - appointments to the Boards of the Corporation's immediate subsidiaries.

## **Remuneration**

9. The Board is responsible for oversight of the following, although it will receive detailed recommendations in respect of some of these from the Remuneration Committee:
- determining the remuneration policy;
  - determining the remuneration of the non-executive directors (subject to the articles of association and shareholder approval as appropriate) and the executive directors;
  - approving recommendations by the Chief Executive as to salary levels and other conditions of employment for senior staff (those that report directly to the CEO);

- approving the overall amount available for salary increases, payment of bonuses, etc;
- the introduction of new share incentive plans, or major changes to existing plans.

### **Delegated authority**

10. The Board is responsible for:

- approving terms of reference of Board committees;
- receiving periodic reports from Board committees on their activities.

### **Corporate governance and compliance matters**

11. The Board is responsible for ensuring that the Corporation and its subsidiaries (if relevant) are operating in accordance with corporate governance stipulations, and regulatory compliance matters.

### **Other**

12. The Board will be responsible for:

- policy on environmental and social responsibility issues;
- approval of the appointment of principal professional advisers;
- prosecution, defence or settlement of litigation affecting the Corporation (but not litigation affecting its subsidiaries);
- major changes to the rules of the group's pension scheme.

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