

# PORTMEIRION GROUP PLC

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD

\* Not suitable for delegation to committee.

### 1. Strategy and Management

- 1.1 Responsibility for the overall leadership and management of the Group.
- 1.2 Approval of the Group's long-term objectives and commercial strategy.
- 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:
  - competent and prudent management;
  - sound planning;
  - an adequate system of internal control;
  - adequate accounting and other records; and
  - compliance with statutory and regulatory obligations.
- 1.5 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.
- 1.6 Extension of the Group's activities into 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 buy backs including the use of treasury shares.
- 2.2 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 plc.

### 3. Financial reporting and control

- 3.1 \* Approval of the half yearly report, interim results and any preliminary announcement of the final results.<sup>(i)</sup>
- 3.2 \* Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report. <sup>(i)</sup>
- 3.3 \* Approval of the dividend policy.

---

<sup>(i)</sup> This item will be considered by the whole Board but the final formal decision can be delegated to a committee set up solely for the purpose. This will allow time for any changes requested at the Board meeting to be incorporated into the final document before publication.

- 3.4 \* Declaration of the interim dividend and recommendation of the final dividend.
- 3.5 \* Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.7 Approval of capital expenditure over £250,000 and unbudgeted revenue expenditure or expenditure outside the normal course of business over £250,000.<sup>(ii)</sup>

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

- 4.1 Ensuring maintenance of a sound system of risk management and internal control including:
  - assessment of the Group's emerging and principal risks;
  - defining and communicating the Group's risk appetite including the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term strategic objectives;
  - through the Audit Committee, receiving reports on and reviewing the effectiveness of the Group's procedures to manage risk and oversee the internal control framework;
  - approving procedures for the detection of fraud and the prevention of bribery;
  - undertaking an annual assessment of these processes; and
  - approving an appropriate statement for inclusion in the annual report.

#### **5. Contracts**

- 5.1 Approval of any Group capital projects over £250,000.
- 5.2 Contracts which are material strategically or by reason of size which are entered into by the Company (or any subsidiary), for example bank borrowings or overdraft facilities, credit facilities, acquisitions or disposals of fixed assets, loans and repayments, foreign currency transactions and major acquisitions or disposals. (Contracts which bear a disproportionately high level of risk to the Company are considered material together with any contracts with a value of £250,000 and above.)
- 5.3 Major investments including the acquisition or disposal of interests of more than 3 percent in the voting shares of any company or the making of any takeover offer.

#### **6. Communication**

- 6.1 Ensuring a satisfactory dialogue with shareholders.
- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.3 \* Approval of all circulars and listing particulars.
- 6.4 \* Approval of press releases concerning matters decided by the Board.

---

<sup>(ii)</sup> Capital expenditure between £30,000 and £249,999 AND unbudgeted operational expenditure between £50,000 and £249,999 requires approval of the Group's main operating subsidiary, Portmeirion Group UK Limited. Operational expenditure between £30,000 and £49,999 requires the approval of the Group Finance Director. All expenditure below £30,000 is approved in accordance with each subsidiary company's authorisation limits.

## **7. Board membership and other appointments**

- 7.1 \* Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 7.2 \* Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Group and on the Board.
- 7.3 \* Appointments to the Board, following recommendations by the Nomination Committee.
- 7.4 \* Selection of the Chairman of the Board and the Chief Executive.
- 7.5 \* Appointment of the Senior Independent Director.
- 7.6 \* Membership and Chairmanship of Board committees following recommendations from the Nomination Committee.
- 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 Group, subject to the law and their 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 the recommendation of the Audit Committee.
- 7.11 Appointments to boards of subsidiaries.

## **8. Remuneration**

- 8.1 \* Determining the remuneration policy for the Directors, Company Secretary and other senior executives.
- 8.2 Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.
- 8.3 \* The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **9. Delegation of Authority**

- 9.1 \* The division of responsibilities between the Chairman, the Chief Executive and other Executive Directors, which should be in writing.
- 9.2 \* Approval of terms of reference of Board committees and approving material changes thereto.
- 9.3 \* Receiving reports from Board committees on their activities.

## **10. Corporate governance matters**

- 10.1 \* Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors.
- 10.2 \* Determining the independence of Directors.
- 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.

10.6 Authorising conflicts of interest where permitted by the Company's articles of association.

## **11. Policies**

- 11.1 Approval of policies, including:
- Code of Conduct;
  - Data Protection;
  - Share dealing code;
  - Health and safety policy;
  - Bribery prevention policy;
  - Whistleblowing policy;
  - Environmental policy;
  - Communications policy, including procedures for the release of price sensitive information; and
  - Charitable donations policy.

## **12. Other**

- 12.1 The making of any political donation where the donations incurred in total by the Company in the period of 12 months ending with the date on which that donation is made does not exceed £5,000 (Companies Act 2006 s 378). All other political donations must be approved by shareholders in general meeting.<sup>(iii)</sup>
- 12.2 Approval of the appointment of the Group's principal professional advisers.
- 12.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism, with potential costs of above £250,000 or being otherwise material to the interests of the Group.
- 12.4 Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance.
- 12.5 Major changes to the rules of the Group's pension schemes or changes of trustees or changes in the fund management arrangements.
- 12.6 Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.7 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.

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

15 January 2019

---

<sup>(iii)</sup> **It is the Board's policy not to make any political donations.**