



## ANGLO PACIFIC GROUP PLC

### MATTERS RESERVED FOR THE BOARD

Adopted by the Board of Anglo Pacific Group PLC (the “Company”) on 24 March 2020

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In the interests of efficient running of any company it is often necessary for the board of the company to delegate certain of its responsibilities to others. Matters which Anglo Pacific Group PLC (the “Company”) considers suitable for delegation are contained in the terms of reference of its committees. However, it is important for the board to be clear about those matters which are required to be, or in the interest of the Company should be, decided by the board as a whole.

This schedule of matters reserved for the Board identifies and formalises the matters reserved for the Board highlighting those items (marked \*) that are not suitable for delegation to a committee for example because of the Companies Act 2006 requirements or because, under the recommendations of the UK Corporate Governance Code, they are the responsibility of a particular committee, with the final decision being required to be taken by the Board as a whole.

The Board will periodically receive reports and recommendations from its committees in relation to certain of the matters listed below. In addition, the Board will receive reports from time to time on any matter which it considers significant to the Company and its subsidiaries (the “Group”).

#### 1. Strategy and Management

- 1.1. \*Promoting the long-term sustainable success of the Group, generating value for all stakeholders.
- 1.2. \*Responsibility for the overall management and leadership of the Company and establishing the Group’s values, purpose and strategy.
- 1.3. \*Assessing and monitoring the Group’s culture, and ensuring it is aligned with the Group’s values, purpose and strategy and ensuring that each director acts with integrity, leads by example and promotes the desired culture.
- 1.4. \*Approving the Group’s commercial and investment strategy, long-term objectives and overall governance framework and regularly reviewing the Group’s performance in the delivery of its strategy.
- 1.5. \*Ensuring that the policy, practices or behaviours throughout the business are aligned with the Company’s purpose, values and strategy, and if not satisfied that this is the case it should ensure that any necessary corrective action is taken.
- 1.6. Ensuring that the necessary resources are in place for the Group to meet its objectives, and to measure performance against them.

- 1.7. \*Ensuring effective engagement with, and participation from, the Group's shareholders and stakeholders, including the workforce. Reviewing engagement mechanisms to ensure they are effective.
- 1.8. \*Understanding the views of the Company's key stakeholders and describing in the Company's annual report how their interests, and the matters set out in section 172 of the UK Companies Act 2006, have been considered in discussions and decision-making.
- 1.9. Ensuring workforce policies, standards and procedures are consistent with the Company's values and supporting its long-term sustainable success. Review any material matters of concern raised by the workforce.
- 1.10. Approving the extension of the Group's activities into new business or geographic areas.
- 1.11. Approving any decision to cease to operate all or any material part of the Group's business.
- 1.12. Approving any item that falls outside the authority delegated to the Executive Committee or other committees of the Board.

## **2. Structure and Capital**

- 2.1. Approving any material changes to the Group's corporate or capital structure, and any issues of share capital (other than under employee share plans).
- 2.2. Approving any changes to the Group's listing, status as a plc, domicile or tax status.
- 2.3. Approving any recommendations to the Company's shareholders for approval of any changes to the Company's articles of association.
- 2.4. Approving any changes to the Group's management and control structure.

## **3. Financial Report and Controls**

- 3.1. \*Approving the half-yearly report, quarterly trading updates (if any) and any preliminary announcement of the final results.
- 3.2. \*Approving the annual report and accounts, including the strategic report, the directors' report, the corporate governance statement and the directors' remuneration report.
- 3.3. \*Approving the dividend policy and returns to shareholders;
- 3.4. \*Determining and declaring any interim dividend and recommendation of the final dividend or of any other distributions by the Company.
- 3.5. \*Approving any significant change in accounting policies or practices (following the recommendations of the audit committee);
- 3.6. Approving the annual budget and monitoring performance against it;

- 3.7. Approving material unbudgeted capital or operating expenditures (outside pre-determined tolerances);
- 3.8. Approving the Group's treasury policies, including foreign exchange exposures;
- 3.9. Approving the Group's tax policy; and
- 3.10. Approving any material changes to the Group's insurance arrangements.

#### **4. Internal Controls**

- 4.1. Establishing and maintaining a framework of prudent and effective controls, which enable risk to be assessed and managed, including:
  - approving the Group's risk (financial and non-financial) management framework and Group level risk thresholds and appetite;
  - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - approving the procedures for the detection of fraud and prevention of bribery, corruption and money laundering and undertaking an annual assessment of these processes; and
  - approving an appropriate statement for the audit committee for inclusion in the annual report.

#### **5. Contracts**

- 5.1. Approving any contracts which are material strategically or by reason of size, to be entered into by the Company (or, in the case of a subsidiary, recommended for approval) in the ordinary course of business;
- 5.2. Approving any contracts of any member of the Group not in the ordinary course of business; and
- 5.3. Approving any related party transaction in accordance with the requirements of the Related Party Transactions Policy.

#### **6. Reputation and Communication**

- 6.1. Approving resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2. \*Approving all circulars, prospectus, listing particulars, including but not limited to any circulars relating to share issues.
- 6.3. \*Approving press releases concerning matters decided or approved by the Board.

- 6.4. Overseeing the process for making timely and balanced disclosure of all material information that might be expected to have a material effect on the Company's share price.
- 6.5. Overseeing the Group's public and investor relations, including the appointment or removal of the Company's broker(s) and any other relevant consultants and advisers.
- 6.6. Overseeing any regulatory matters likely to have a significant impact on the Group's strategy or reputation.

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

- 7.1. \*Determining the structure, size and composition of the Board, following recommendations from the Nomination Committee, ensuring that the Board and its committees have an appropriate combination of skills, experience and knowledge.
- 7.2. \*Ensuring timely and appropriate succession planning for the Board and senior management so as to maintain an appropriate combination of skills, experience and knowledge and to promote diversity (including of gender, social and ethnic backgrounds and cognitive and personal strengths) within the Company, the Group and on the Board.
- 7.3. \*Approving the appointment and removal of any director; selection of the Chairman of the Board, Chief Executive Officer, Chief Financial Officer and Senior Independent Director; approval of the membership and chairmanship of the Board Committees upon the recommendation of the Nomination Committee.
- 7.4. \*Approving the continuation in office of directors at the end of their term, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate upon the recommendation of the Nomination Committee.
- 7.5. \*Approving the continuation in office of any director, at any time, including the suspension or termination of service of any executive director as an employee of the Company, subject to any applicable laws and the terms of their service contracts upon the recommendation of the Nomination Committee.
- 7.6. \*Approving the appointment or removal of the company secretary.
- 7.7. \*Approving the appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

## **8. Remuneration**

- 8.1. \*Approving the remuneration policies and practices that support the Group's strategy and promote long-term sustainable success and of executive remuneration that is aligned to the Group's purpose and values, and that is clearly linked to the successful delivery of the

Company's long-term strategy, upon the recommendation of the Remuneration Committee.

- 8.2. Following the recommendations of the Remuneration Committee, approving the remuneration of the non-executive directors, subject to the articles of association, the approved remuneration policy and shareholder approval, as appropriate.
- 8.3. \*Approving the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval upon the recommendation of the Remuneration Committee.
- 8.4. \* Approving any substantial changes to the rules of the Group's pension scheme.

## **9. Delegation of Authority**

- 9.1. \*Approving the division of responsibilities between the Chairman of the Board, Chief Executive Officer, other executive directors and the Senior Independent Director, which should be in writing.
- 9.2. Approving the delegated levels of authority, which must be set out in writing and include the Chief Executive Officer's authority limits.
- 9.3. \*Establishing Board Committees and approving the terms of reference (and thereby the responsibilities) of the Board committees, and any material changes to them.
- 9.4. Receiving reports from the Board committees on their activities.

## **10. Corporate Governance Matters**

- 10.1. \*Undertaking a formal and rigorous evaluation annually of its own performance, that of its committees and individual directors (including the Chairman of the Board), and the division of responsibilities, to consider in particular the composition, diversity and effectiveness of the Board working together to achieve its objectives.
- 10.2. \*Determining the independence of non-executive directors.
- 10.3. Ensuring that the Board includes the appropriate combination of executive and non-executive directors, such that no one individual or small group of individuals dominates the Board's decision-making.
- 10.4. \*Considering the balance of interest between shareholders, the workforce and other stakeholders.
- 10.5. Monitoring the Group's overall corporate governance arrangements.
- 10.6. Authorising conflicts of interest where permitted by the Company's articles of association.

- 10.7. \*Receiving reports on the views of the Company's stakeholders to ensure that they are communicated to the Board as a whole, and that the Board as a whole, has a clear understanding of the views of the shareholders.
- 10.8. \*Receiving reports on the views of the Company's other key stakeholders, including on workforce views from the Company's designated non-executive director.

**11. Culture and Key Policies**

- 11.1. Approving of the Group's code of conduct and each of its workforce practices and policies to ensure that they are consistent with the Company's values and support its long-term sustainable success
- 11.2. Ensuring that there is a means for the workforce to raise concerns, confidentially or anonymously, and reviewing reports arising from its operation. Ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

**12. Other Matters**

- 12.1. Prosecuting, commencing, defending or settling of litigation material to the interests of the Group.
- 12.2. Approving the directors' and officers' liability insurance and indemnification of directors.
- 12.3. Approving any decision or matter likely to have a material impact on the Company or Group from any perspective, including but not limited to, financial, operational, strategic, reputational, social or environmental.
- 12.4. Approving of any change to the matters included in this schedule of matters.

**Approval History**

<b>Date</b>	<b>Version</b>	<b>Approved By</b>	<b>Details</b>
25/02/2014	1.0	The Board of Directors	Original document adopted by the board
24/03/2020	2.0	The Board of Directors	Revisions to incorporate new 2018 UK Code