



SURESERVE GROUP PLC

MATTERS RESERVED FOR THE BOARD

(Approved by the Board on 17 March 2015)



SCHEDULE OF MATTERS RESERVED FOR DECISION BY THE BOARD

In this Schedule:

“*Board*” shall mean the board of directors of the Company;

“*Company*” shall mean Lakehouse plc;

“*Director*” shall mean a director of the Company; and

“*Group*” shall mean the Company and its subsidiaries and subsidiary undertakings from time to time.

The following matters are reserved for Decision by the Board:

1. Strategy and management

- 1.1 Responsibility for the overall 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:
 - 1.4.1 competent and prudent management;
 - 1.4.2 sound planning;
 - 1.4.3 an adequate system of risk management and 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 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 to capital structure, including the reduction of capital, issue of shares (other than pursuant to approved share incentive arrangements), share buy-backs (including the use of treasury shares) and entering into debt and financing arrangements.
- 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 plc.



3. Financial reporting and controls

- 3.1 Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and accounts, (including the corporate governance statement and remuneration report).
- 3.3 Approval of the dividend policy.
- 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 credit limits for the placing of deposits with individual financial institutions and approval of the issue of loan stock or similar debt instruments by the Group.
- 3.8 The giving of security over any material asset of the Group, the entry into loan facilities, debt financing, sale and lease financing arrangements, subject to the levels of delegated authority approved by the Board from time to time.
- 3.9 The approval of guarantees, indemnities or the giving of letters of comfort by the Group where the amount of the underlying liability exceeds £5 million.

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, including the Group's risk register, and approving procedures for the detection of fraud and the prevention of bribery;
 - 4.1.2 undertaking an annual assessment of these processes; and
 - 4.1.3 approving an appropriate statement for inclusion in the annual report.
- 4.2 Determining the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives.

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, contracted work with a lifetime value exceeding £50 million (other than drawdowns under existing facilities) and acquisitions or disposals of fixed assets above £5 million, save for assets acquired in the normal course of business.
- 5.3 Contracts of the Company (or any subsidiary) not in the ordinary course of



business, for example, loans and repayments (not already in place at the date of adoption of this list) above £5 million; foreign currency transactions above £5 million; major acquisitions or disposals above £5 million.

- 5.4 Major investments (including the acquisition or disposal of interests of more than five (5) per cent. in the voting shares of any company or the making of any takeover offer) valued at £5 million and above.
- 5.5 The entry into finance and operating leases where the capital value of the assets concerned exceeds £5 million.
- 5.6 The making of any takeover bid for another company governed by the City Code on Takeovers and Mergers.
- 5.7 Any approach by or on behalf of a party making, or with a view to making, a general offer for the Company's shares or any offer whereby a change in control of the Company may result.

6. **Communication**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approval of all circulars, prospectuses and listing particulars other than approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights which shall be delegated to a committee.
- 6.3 Approval of press releases concerning matters decided by the Board.
- 6.4 Ensuring a satisfactory dialogue with shareholders based on a mutual understanding of objectives.

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.
- 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 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 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 officer and other executive Directors, which should be in writing.
 - 9.2 Approval of terms of reference of Board committees.
 - 9.3 Receiving reports from Board committees on their activities.
- 10. **Corporate governance matters**
 - 10.1 Undertaking a formal and rigorous review at least annually of its own performance, that of its committees and individual Directors.
 - 10.2 Determining the independence of Directors.
 - 10.3 Considering and authorising any conflicts or potential conflicts of Directors and imposing any limitations, qualifications or restrictions following recommendations by the nomination committee.
 - 10.4 Considering the balance of interests between shareholders, employees, customers and the community.
 - 10.5 Review of the Group's overall corporate governance arrangements.
 - 10.6 Receiving reports on the views of the Company's shareholders.
- 11. **Policies**
 - 11.1 Approval of policies including:
 - Code of Conduct
 - Share dealing code
 - Health and safety policy
 - Environment policy
 - Communications policy, (including procedures for the release of price sensitive information)



- Corporate social responsibility policy
- Charitable donations policy
- Document retention policy
- Treasury policy
- Anti-bribery and corruption policy

12. **Other**

- 12.1 The making of political donations.
- 12.2 Approval of the appointment of the Group's principal professional advisers.
- 12.3 Prosecution, defence or settlement of litigation (involving a potential liability, including costs, of more than £5 million or being otherwise material to the interests of the Group).
- 12.4 Approval of the overall levels of insurance for the Group including directors' and officers' liability insurance and indemnification of Directors.
- 12.5 Major changes to the rules of the Group's pension scheme(s), or changes of trustees or changes in the fund management arrangements.
- 12.6 This schedule of matters reserved for Board decisions.
- 12.7 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 issues.
- 12.8 Any other matter as determined from time to time by the Board.

The monetary limits specified in this list of reserved matters are subject to variation by the Board on a specific or general basis (as the case may be) from time to time.

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.