

# **Crest Nicholson Holdings plc**

## **Schedule of Matters Reserved to the Board**

Approved by the Board on 12 February 2013 (as amended from time to time)

### **Preliminary**

The role of the Board of directors of Crest Nicholson Holdings plc (the **Company**, together with its subsidiary undertakings the **Group**) is to provide leadership of the Group and set the Group's values and standards within a framework of prudent and effective controls which enables risk to be assessed and managed, to set the strategic aims and direction of the Group, to secure the effective management of relationships with the Group's stakeholders and to ensure there is established and maintained for the Group an effective system of internal controls.

The following paragraphs are a statement of the matters reserved to the Board for its collective decision. Certain of the matters stand referred for consideration and recommendation by the Nomination, Audit & Risk and Remuneration Committees of the Board, according to the terms of reference of each of those Committees.

This statement does not preclude:

- (a) the delegation of authority to approve the final detail of a matter within such limits as is set by the Board when it makes the decision to delegate;
- (b) the Board from calling for reports and recommendations from time to time on any matter it considers of Group-wide significance; or
- (c) amendment of this schedule from time to time as the Board may determine.

### **1 Strategy and Management**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 The approval of the Group's long-term objectives and commercial strategy for its implementation.
- 1.3 Setting the Group's values, standards and culture to ensure its obligations to its shareholders and stakeholders are understood and met.
- 1.4 The approval of the Group's long-term objectives and commercial strategy for its implementation.
- 1.5 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.6 Ensure necessary financial and human resources are available to the Group.

- 1.7 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.8 Approval and supervision of the Group's financing arrangements.
- 1.9 Oversight of the Group's operations ensuring:
  - (a) Competent and prudent management;
  - (b) Sound planning;
  - (c) An adequate and effective system of risk management;
  - (d) An adequate and effective system of internal control;
  - (e) Adequate accounting and other records; and
  - (f) Compliance with statutory and regulatory obligations.
- 1.10 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.
- 1.11 Assess and monitor culture and where it is not satisfied that policy, practices or behaviour throughout the Group are aligned with the Company's purpose, values and strategy, to seek assurance that management has taken corrective action.
- 1.12 Extension of the Group's activities into new business or geographic areas.
- 1.13 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 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, trading updates and any preliminary announcements of the final results.

- 3.2 Approval of the annual report and accounts, including the Directors' Report corporate governance statement, remuneration policy and remuneration report
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of any 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 the Group's business model and the strategy for delivering the Group's objectives.

## **4 Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - (a) Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - (b) Undertaking an annual assessment of these processes; and
  - (c) Approving an appropriate statement for inclusion in the annual report.

## **5 Contracts**

- 5.1 Approval of major capital projects.
- 5.2 Contracts above the limits of authority delegated by the Board, which are material strategically or by reason of size, and acquisitions or disposals of fixed assets.
- 5.3 Contracts of the Company or any subsidiary not in the ordinary course of business, including major acquisitions or disposals.
- 5.4 Major investments including the acquisition or disposal of interests of more than 5 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 based on the mutual understanding of objectives.
- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

- 6.3 Approval of all circulars, prospectuses and listing particulars.
- 6.4 Approval of press releases concerning matters decided by the Board.
- 6.5 Ensure all shareholders are treated equally in respect of access to information.

## **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 Identify and manage conflicts of interest and ensure third party influence does not compromise or override independent judgement.
- 7.3 Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills, diversity and experience within the company and on the Board.
- 7.4 Appointments to the Board, following recommendations by the Nomination Committee.
- 7.5 Selection of the Chairman of the Board and the Chief Executive.
- 7.6 Appointment of the Senior Independent Director to provide a sounding Board for the Chairman.
- 7.7 Membership and Chairmanship of Board committees.
- 7.8 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.
- 7.9 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.
- 7.10 Appointment or removal of the Company Secretary.
- 7.11 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit & Risk Committee.

## **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 and the Chief Executive which should be clearly established, set out in writing and agreed by the Board.
- 9.2 Establishing Board committees and approving their terms of reference 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 review annually of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 10.2 Ensuring the performance of the Board is externally facilitated at least every three years.
- 10.3 Determining the independence of directors in light of their character, judgement and relationships.
- 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 to ensure that they are communicated to the Board as a whole.

## **11 Policies**

- 11.1 Approval of policies, including:
- (a) Share dealing policy;
  - (b) Health and safety policy;
  - (c) Environmental policy;
  - (d) Communications policy including procedures for the release of inside information;
  - (e) Corporate social responsibility policy;
  - (f) Charitable donations policy;

Tax policy.

- 11.2 Approve the Company's Modern Slavery Statement.
- 11.3 Ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

## **12 Other**

- 12.1 The making of political donations.
- 12.2 Prosecution, defence or settlement of material litigation outside the scope of authority delegated by the Board.
- 12.3 Approval of the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors.
- 12.4 Major changes to the rules of the Group's pension scheme, or changes of trustees (except member nominated trustees) or changes in the fund management arrangements.
- 12.5 Any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.6 This schedule of matters reserved for Board decisions.
- 12.7 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.