

# Matters Reserved for the Board

## Synectics plc

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**SYNECTICS**

# MATTERS RESERVED FOR THE BOARD

## Introduction

The Board controls the business of the Group but delegates' day to day responsibility to executive management at an operational level.

The general principle is that the Board is responsible for all matters other than those delegated to the executive management.

The following is a list of important matters that have not, or cannot, be delegated, and so are specifically reserved for the Board:

## 1. Strategy and Management

- 1.1 Responsibility for overall leadership of the Group and setting Group values and standards.
- 1.2 Approval of the Group's commercial strategy and objectives to achieve it.
- 1.3 Review Group performance and approve any changes to strategy, business plans and budgets to address any material changes in business or circumstances.
- 1.4 Approve any changes in Group business activities, either into new business, products/services or geographical areas, or cessation of and withdrawal from business activities.
- 1.5 Oversight of financial and operational management and compliance of all Group operations.
- 1.6 Changes to the Group's management and control structure, including material changes to Group senior management responsibilities.
- 1.7 Terms and conditions of service of Board directors and the Chief Executive's direct reports.

## 2. Business

- 2.1 Approval of major capital projects (over the value of £2,500,000) and oversight of execution and delivery.
- 2.2 Approval of major commercial sale contracts (over the value of £2,500,000) and oversight of execution and delivery.
- 2.3 Approval of major purchase contracts (over the value of £1,000,000) and oversight of execution and delivery.
- 2.4 Material non-revenue transactions of the Company or any subsidiary in the ordinary course of business, e.g. acquisition or disposal of fixed assets above £250,000, any property or asset lease involving obligations over £250,000.
- 2.5 Contracts of the company or any subsidiary not in the ordinary course of business over £100,000.
- 2.6 Any acquisition of interest in the voting shares of any company or the making of any take-over bid or any disposal of shares of any company.

## 3. Internal controls

- 3.1 Approval of securitisation over Group assets in excess of £250,000.

- 3.2 Approval of the Group's overall and divisional level annual operating budgets.
- 3.3 Approval of treasury policies (including foreign exchange exposure and use of financial derivatives or funding) and the activities and delegated authority of the Banking Sub-Committee to manage the Group banking facilities and their renewal and terms.
- 3.4 Approval of all delegated authority levels set out in the Appendix for the Chief Executive Officer and Chief Financial Officer.
- 3.5 Approval of material unbudgeted capital expenditure or operating expenditures outside the agreed parameters in the Appendix to these matters.
- 3.6 Approval and periodic review of all Group policies required by law or regulation which apply to the Company or Group as a whole, including but not limited to: Share Dealing; Anti-Bribery and Corruption; Whistleblowing; Health and Safety; Remuneration; Charitable donations; and Political donations.
- 3.7 Review and approval of a sound internal controls system in the Group to monitor and address:
  - 3.7.1 appetite, tolerance and exposure to risk;
  - 3.7.2 risk and controls reporting and the effectiveness of the processes and systems;
  - 3.7.3 approval of Whistleblowing policy;
  - 3.7.4 detection of fraud and prevention of bribery;
  - 3.7.5 annual assessment of the processes and statement for inclusion in the annual report.

## 4. Financial reporting

- 4.1 Approval of the interim report, narrative statements and any stock exchange announcements of the final results (including any preliminary announcements).
- 4.2 Approval of the annual report and accounts, including any corporate governance statements and Directors' remuneration report.
- 4.3 Approval of any dividend policy, interim dividends, and recommendations of final dividends to shareholders.
- 4.4 Approval of any significant change in material accounting policies or practices.
- 4.5 Remuneration of auditors and recommendations for appointment or removal of auditors.
- 4.6 Changes to any share capital structures of any Group company, and any re-structuring, acquisitions and disposals internally or externally to the Group structure.
- 4.7 Approval of any changes to the Group's management or control structure.

## 5. Statutory and regulatory obligations

- 5.1 Appointment or removal of the Company Secretary, and Directors of the Company and of any Group subsidiary company.
- 5.2 Review and approval of declarations of conflicts of interests and authorisation of conflicts in accordance with the Company's Articles of Association.
- 5.3 Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars re scrip dividend procedures or exercise of conversion rights could be delegated to a committee).
- 5.4 Approval of all stock exchange announcements and press releases concerning matters decided by the Board.

## 6. Governance

- 6.1 Selection of the Chair, Chief Executive Officer and other directors, including the Senior Independent Director, including the delegation of responsibilities and written terms.
- 6.2 Creation of any Board committees, including approval of the terms of reference, membership and chairmanship of the committees, and any changes thereto.
- 6.3 Approval of any changes to the structure, size and composition of the Board.
- 6.4 Succession planning for Board and senior executive management, to ensure the appropriate balance of skills and experience is maintained on the Board and within the Group.
- 6.5 Assessment of performance and effectiveness of the Directors and recommendation of their election or re-election to shareholders of the Company at the annual general meeting.
- 6.6 Determination of the independence of non-executive directors in respect of their character, judgement and relationships.
- 6.7 Suspension or termination of service of any Director or senior management executive at any time, including as an employee of the Company, subject to the law and their service agreement.
- 6.8 Annual review of the performance of the Board, Board committees and individual directors.
- 6.9 Review and approval of the Group's overall corporate governance arrangements.

## 7. Other matters

- 7.1 Approval of any changes to any pension schemes of the Group, including changes to rules, or change of trustees or changes in the fund management arrangements.
- 7.2 Approval of the creation of, or changes to, employee share option or profit sharing schemes.
- 7.3 Approval of awards under any executive share schemes.
- 7.4 Approval of external advisers where fees are expected to exceed £100,000.
- 7.5 The prosecution, commencement, defence or settlement of litigation, or alternative dispute resolution mechanism, where costs are expected to exceed £100,000, or are otherwise material to the interests of the Company or considered a significant risk or event.
- 7.6 Approval of the overall levels of insurance for the Group, including the purchase of Directors' and Officers' liability insurance and indemnification of Directors.
- 7.7 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 reputation.

## 8. Urgent matters

- 8.1 In the case of urgent matters, if it is practical, the approval of all of the Directors, or failing that the requisite majority of the Board, should be obtained by means of meeting held by telephonic communication or by way of written resolution (obtained in any number of counterparts) via electronic communication, to the extent permitted by the Company's Articles of Association and convened at short notice.

- 8.2 The Board unanimously agree that a balance should be struck between the need for urgency and the overriding principle that each Director should be given as much information as possible and have an opportunity to requisition or attend an emergency meeting of the Board to discuss a matter prior to the decision of the Company.

## SPECIFIC DELEGATION OF FINANCIAL AUTHORITY LIMITS

The following financial limits apply to the general delegation of executive responsibilities to the Chief Executive Officer (or in his absence, the Chief Finance Officer):

Area	Authority Limit
Capital investments or disposals (including voting shares in any company) in the ordinary course of business	£250,000
Giving of security over any Group assets	£250,000
Maximum commercial sales contract/bid proposal	£2,500,000
Purchase contracts	£1,000,000
Maximum obligations under any contract in the ordinary course of business (other than a sales contract)	£1,000,000
Any contract not in the ordinary course of business	£100,000
Any contract with unlimited liability	-
Any use of external advisers	£100,000
Prosecution, defence or settlement of litigation	£100,000 (or less if otherwise material to the interests of the Company).