

Smiths News plc

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

THE UK CORPORATE GOVERNANCE CODE (2018)

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties. The board should 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.

All directors must act in what they consider to be the best interests of the company, consistent with their statutory duties and in particular those set out in s172 of the Companies Act 2006.

1. RESPONSIBILITIES

The responsibilities of the Board (collectively, and not to be exercised by each director individually) are:

1.1 Strategy and Management

- (a) provide the overall purpose and long-term strategy of the group;
- (b) approve the group's long term objectives and commercial strategy;
- (c) evaluate the group's competitive environment and opportunities or threats arising;
- (d) approve the annual operating and capital expenditure budgets and forecasts and any material changes to them, to include cash flow;
- (e) provide oversight of the group's operations, ensuring:
 - (i) competent and prudent management;
 - (ii) sound business planning;
 - (iii) the maintenance of a sound system of internal controls and risk management processes;
 - (iv) proper accounting and other records are kept; and
 - (v) compliance with statutory and regulatory obligations;
- (f) review the performance of the group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken;
- (g) review any decision to materially extend the group's activities into new business or geographic areas; and
- (h) review any decision to cease to operate all or any material part of the group's business.

1.2 Structure and Capital

- (a) approve changes relating to the Company's capital structure including reductions of capital, share issues (except under employee share plans) and share buy backs (including the use of treasury shares);
- (b) approve major changes to the group's corporate structure;
- (c) approve changes to the group's senior management and control structure; and
- (d) approve changes to the Company's listing or its status as a plc.

1.3 Financial Reporting and Controls

- (a) approve the half-yearly report, trading statements and preliminary announcements of the final results;
- (b) approve the annual report and accounts of the Company;
- (c) approve annual budget, capital expenditure, estimates and forecasts, including profit, dividend or other forecast made public;
- (d) approve the dividend and capital allocation policy;
- (e) declaration of the interim dividend and recommendation of the final dividend;
- (f) approve any significant changes in accounting policies or practices; and
- (g) approve treasury and borrowing policies.

1.4 Internal Controls

- (a) determine the nature and extent of the principal risks it is willing to take in achieving its strategic objectives;
- (b) ensure maintenance of a sound system of internal controls including financial, operational, compliance controls and risk management systems;
- (c) receive reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;
- (d) undertake an annual assessment of these processes;
- (e) review the effectiveness of the internal audit function;
- (f) recommend the appointment, reappointment or removal of external auditors; and
- (g) approve appropriate statements for inclusion in the annual report and accounts.

1.5 Corporate Governance Matters

- (a) assess and monitor the culture of the Group, ensuring that policy, practices and behaviours throughout the Group are aligned with the purpose, values and strategy;
- (b) undertake a formal and rigorous review annually of its own performance, that of its committees and individual directors;
- (c) determine the independence of directors;

- (d) understand the views of the Company's stakeholders (including shareholders, employees, customers, suppliers, local communities and the environment) to ensure their interests have been considered in Board discussions and decision making;
- (e) to establish and promote (through delegation to the Nominations Committee) appropriate employee engagement with the Board in order to ensure that workforce views are collected and considered, through any or all of the following: a nominated director appointed from the workforce, a formal workforce advisory panel, a designated non-executive director with responsibility for overseeing such employee engagement or such other arrangements as the Committee may consider conducive at any time;
- (f) review the group's overall corporate governance arrangements and approve appropriate statements and reports for inclusion in the annual report and accounts;
- (g) seek regular engagement and receive reports on the views of the Company's shareholders to ensure that the Board has a clear understanding of their views; and
- (h) authorise conflicts of interest, where permitted by the Company's articles of association.

1.6 Delegation of Authority

- (a) document the division of responsibilities between the Chairman and the Chief Executive Officer;
- (b) approve the terms of reference of board committees; and
- (c) receive reports from board committees on their activities.

1.7 Communication

- (a) make arrangements for dialogue with shareholders and canvass shareholder opinion;
- (b) approve all circulars, listing particulars and prospectuses; and
- (c) approve regulatory announcements concerning matters decided by the Board.

1.8 Legal

- (a) approve and enforcement of the group's delegation of authority matrix and the express delegation of matters set out therein to Committees or business directors; and
- (b) approve those matters reserved for the Board collectively, as set out in the group's delegation of authority matrix.

1.9 People

- (a) Board membership and other appointments
 - (i) approve changes to the structure, size and composition of the Board and the Executive Team, following recommendations from the Nominations Committee;
 - (ii) ensure adequate succession planning for the Board and senior management;
 - (iii) approve the appointments to the Board, following recommendations by the Nominations Committee;
 - (iv) approve the selection of the Chairman of the Board and the Chief Executive Officer;

- (v) approve the appointment of one of the independent non-executive directors to be the Senior Independent Director;
- (vi) determine the membership and chairmanship of Board Committees;
- (vii) approve the 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 Annual General Meeting and otherwise as appropriate;
- (viii) approve the 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;
- (ix) approve the appointment or removal of the Company Secretary; and
- (x) approve the appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

(b) Pensions

Approve major changes to the rules of the Company's pension schemes, or changes of trustees or when this is subject to the approval of the Company changes in the fund management arrangements.

(c) Remuneration

- (i) determine the remuneration policy for the directors and members of the Executive Team;
- (ii) review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the executive director remuneration policy;
- (iii) determine the remuneration of the non executive directors; and
- (iv) consider the introduction of new long-term share incentive plans or major changes to existing plans, to be put to shareholders for approval.

1.10 Group reputation

(a) Approve policies, including the:

- (i) Dignity at Work Policy;
- (ii) Code of Dealing in Securities;
- (iii) Communications policy, including procedures for the release of regulatory information;
- (iv) Corporate Responsibility policy, including Health and Safety policy, Environmental policy, Ethical Trading policy and Modern Slavery Statement;
- (v) Director's Conflicts of Interest policy;
- (vi) significant changes to employment policies which are considered to be of material importance to the group and/or its employees; and
- (vii) Anti-Bribery and Corruption policy.

- (b) approve the making of any political donations; and
- (c) oversight of the group's community and charity giving programme.

1.11 Other

- (a) approve the appointment of the group's principal corporate advisers;
- (b) approve the prosecution, defence or settlement of litigation involving above £500k or being otherwise material to the interests of the group;
- (c) approve the overall levels of insurance for the group, including Directors' & Officers' liability insurance and indemnification of directors;
- (d) recommend any alteration of the articles of association of the Company; and
- (e) review this schedule of matters reserved for Board decisions on an annual basis.

Version	Author	Purpose/Change	Date
3-0	Adele Duff – Deputy Co Sec	Annual Review – approved by the board	08.08.19
4-0	Karen Mills – Deputy Co Sec	Annual Review – approved by the board	23.09.20