



Schedule of matters reserved for the board

1. Strategy and management

- 1.1 Approval of the group's strategic aims and objectives.
- 1.2 Approvals of the annual operating and capital expenditure budgets and any material changes to them.
- 1.3 Oversight of the group's operations ensuring:
 - competent and prudent management;
 - sound planning;
 - maintenance of sound management and internal control systems;
 - adequate accounting and other records; and
 - compliance with statutory and regulatory obligations.
- 1.4 Review of performance in the light of the group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.5 Extension of the group's activities into new business or geographic areas.
- 1.6 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, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the group in question (taking into account initial and deferred consideration).
- 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 announcement of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and directors' 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.
- 3.7 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

4. Internal controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - Approving the company/group's risk appetite statements;
 - Receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;
 - Approving procedures for the detection of fraud and the prevention of bribery;
 - Undertaking an annual assessment of these processes;
 - Approving an appropriate statement for inclusion in the annual report; and



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- Speaking up: review the adequacy and security of the company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Board shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

5. **Contracts (see Appendix 1 for limits)**

- 5.1 Approval of major capital projects.
- 5.2 Contracts which are material strategically or by reason of size, entered into by the company in the ordinary course of business.
- 5.3 Contracts of the company or any subsidiary not in the ordinary course of business, for example loans and repayments; foreign currency transactions; major acquisitions or disposals.
- 5.4 Major investments including the acquisition or disposal of interests of more than 3 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.

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 so as to maintain an appropriate balance of skills and experience within the company and on the board.
- 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.
- 7.5 Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- 7.6 Membership and chairmanship of board committees following recommendations from the nomination committee.
- 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 in general meeting, following the recommendation of the audit committee.



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8 Remuneration

- 8.1 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 8.2 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

9. 9. Delegation of authority

- 9.1 The division of responsibilities between the chair and the chief executive which should be clearly established, set out in writing and agreed by the board.
- 9.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing – see Appendix 1).
- 9.3 Establishing board committees and approving their terms of reference, and approving material changes thereto.
- 9.4 Receiving reports from board committees on their activities.

10. 10. Corporate governance matters

- 10.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 10.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 10.3 Review of the group's overall corporate governance arrangements.
- 10.4 Receiving reports on the views of the company's shareholders and analyst reviews to ensure that they are communicated to the board as a whole.
- 10.5 Authorising conflicts of interest where permitted by the Company's articles of association.

11. Policies

- 11.1 Approval of policies, including:
 - Share dealing code;
 - Bribery prevention policy;
 - Whistleblowing policy ;
 - Health and safety policy;
 - Communications policy including procedures for the release of price-sensitive information; and
 - Charitable donations policy.



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12. Other

- 12.1 The making of political donations.
- 12.2 Approval of the appointment of the Board's and Group's principal professional advisers.
- 12.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism being material to the interests of the group.
- 12.4 Approval of the overall levels of insurance for the group including directors' & officers' liability insurance.
- 12.5 Major changes to the rules of the group's pension schemes.
- 12.6 Oversight of ESG matters
- 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.
- 12.8 This schedule of matters reserved for board decisions.



Schedule of matters reserved for the board

APPENDIX 1

LINKING OF BODYCOTE PLC GROUP AUTHORITY MATRIX TO ITEM 5 OF SCHEDULE OF MATTERS RESERVED FOR THE BOARD

FINANCE – OPERATING

Authority Matrix action / decision reference		Up to GBP5m	GBP5m – GBP7m	Above GBP7m
	– Customer credit limits (includes new accounts and any changes to existing accounts)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Material customer contracts (derogation for Air Products and US Healthcare as long as renewal terms are in line with existing contracts)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
Authority Matrix action / decision reference		Up to GBP2m	GBP2m – GBP4m	Above GBP4m
	– Credit notes, rebates and discounts	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Fixed asset impairment (outside normal depreciation policy)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Receivables impairment	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board



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FINANCE – INVESTMENTS

Authority Matrix action / decision reference		Up to GBP2m	GBP2m – GBP4m	Above GBP4m
	– Capital Expenditure (includes acquisition of assets through operating or finance leasing and entire costs of capital projects including lease commitments, working capital requirements and non-capitalisable costs)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Dispose, scrap or sale of fixed assets (applies to the higher of the anticipated disposal proceeds of the asset and the net book value of the asset)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Business acquisition (further approval required in the event of any material change to a previously approved acquisition)	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board
	– Disposal of business	– Chief Financial Officer + Chief Executive	– Finance Committee	– Plc Board

TREASURY

Appendix 1 - Treasury cont'd	Chief Financial Officer + Chief Executive	Finance Committee	Plc Board
Set Treasury Policies	– No authority	– No authority	– Set by the Board
Accept new and roll-over: • debt facilities/ term loans • hedging lines	– Uncommitted facilities/loans/hedging lines up to £5m	– Committed and uncommitted facilities/loans/hedging lines up to £25m	– Committed and uncommitted facilities /loans/hedging lines above £25m
Grant funding to non-wholly owned subsidiaries or related companies	– Up to £2m	– Up to £5m	– Above £5m



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Appendix 1 - Treasury cont'd	Chief Financial Officer + Chief Executive	Finance Committee	Plc Board
Grant new / roll-over existing PLC guarantees, performance bonds or similar for wholly owned subsidiaries only	<ul style="list-style-type: none"> – Renewal of existing PLC guarantee with no change in liability – Up to £25m for guarantees of Bodycote Finance Ltd – £5m for all other guarantees 	<ul style="list-style-type: none"> – N/A 	<ul style="list-style-type: none"> – Guarantees of Bodycote Finance Ltd facilities/loans/hedging above £25m – Above £5m for all other guarantees
Pledge assets as security	<ul style="list-style-type: none"> – Up to 15% of the Negative Pledge restriction in the core borrowing facility(ies) [c. £10m] 	<ul style="list-style-type: none"> – Up to 50% of the Negative Pledge restriction in the core borrowing facility(ies) <i>(currently 10% of consol. Total Gross Assets) [c. £30m]</i> 	<ul style="list-style-type: none"> – Above 50% of the Negative Pledge restriction in the core borrowing facility(ies)
Authorise new, and changes to existing, FX and interest rate hedging within Policy limits	<ul style="list-style-type: none"> – Interest rate exposures up to £5m – Change to level of currency debt up to £15m – Annual option premium spend up to £1m 	<ul style="list-style-type: none"> – Full authority to changes in fixed/floating interest rate mix within Policy limits – Change to level of currency debt up to £50m – Annual option premium spend above £1m 	<ul style="list-style-type: none"> – Changes in fixed/floating interest rate mix outside Policy limits – Change to level of currency debt above £50m
Open banks accounts for new Corporate companies	<ul style="list-style-type: none"> – Full authority 	<ul style="list-style-type: none"> – N/A 	<ul style="list-style-type: none"> – N/A
Appoint PLC and HO company bank account signatories	<ul style="list-style-type: none"> – Full authority 	<ul style="list-style-type: none"> – N/A 	<ul style="list-style-type: none"> – N/A
Set deal pre-approval + bank account signatory limits	<ul style="list-style-type: none"> – No authority 	<ul style="list-style-type: none"> – Full authority 	<ul style="list-style-type: none"> – N/A
Appoint authorised dealers and set dealing limits	<ul style="list-style-type: none"> – No authority 	<ul style="list-style-type: none"> – Full authority 	<ul style="list-style-type: none"> – N/A
Determine competitive quote thresholds	<ul style="list-style-type: none"> – No authority 	<ul style="list-style-type: none"> – Full authority 	<ul style="list-style-type: none"> – N/A
Authorise exceptions to counterparty limits	<ul style="list-style-type: none"> – Breaches up to £2m with appropriate reporting and action plan 	<ul style="list-style-type: none"> – Breaches up to 50% greater than Board approved counterparty limit or less than £5m if bank is unrated 	<ul style="list-style-type: none"> – Breaches greater than 50% of the Board approved counterparty limit or above £5m if bank is unrated <i>(derogation for dividend payment days with a limit of up to £100m as of 24.5.19)</i>



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