

Dated

June 2020

SCS Group Plc

Schedule of Matters Reserved for the Board

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SCS Group Plc ("Company")

1. Definitions

In this schedule:

"**CA 2006**" refers to the Companies Act 2006;

"**DTR**" refers to the disclosure and transparency rules of the Financial Conduct Authority;

"**Group**" means the Company and its subsidiary undertakings from time to time;

"**LR**" refers to the listing rules of the Financial Conduct Authority;

"**PRR**" refers to the prospectus regulation rules of the Financial Conduct Authority;

"**UK CGC**" refers to the UK Corporate Governance Code, dated July 2018 and published by the Financial Reporting Council; and

references to "**Audit**", "**Nomination**" or "**Remuneration**" are to the relevant board committee which will consider the item and make recommendations to the board for its final decision.

2. Purpose, values and strategy

2.1. UK CGC Principles A and B

Responsibility for the overall leadership of the Group to promote its long-term sustainability and to establish its purpose, values and strategy.

2.2. UK CGC Principles B, D and E and Provision 2

2.2.1. Establishing the Group's purpose, values and strategy and ensuring that these and its culture are aligned.

2.2.2. Assessing and monitoring the Group's culture.

2.2.3. Ensuring that workforce policies and practices are consistent with the Group's values.

2.3. UK CGC Principle C

Approval of the annual operating and capital expenditure budgets of the Group, and any material changes to them.

2.4. UK CGC Principles M and O

Oversight of the Group's operations ensuring:

2.4.1. competent and prudent management;

- 2.4.2. sound planning;
 - 2.4.3. maintenance of sound risk management and internal control framework;
 - 2.4.4. adequate accounting and other records; and
 - 2.4.5. compliance with statutory and regulatory obligations.
- 2.5. UK CGC Principle A
- 2.5.1. Review of performance in the light of the Group's purpose, values, strategy business plans and budgets and ensuring that any necessary corrective action is taken.
 - 2.5.2. Extension of the Group's activities into new business or geographic areas.
 - 2.5.3. Any decision to cease to operate all or any material part of the Group's business.

3. **Structure and capital**

- 3.1. Changes relating to the Group's capital structure, including any reduction of capital, share issues (except under employees' share plans) and share buy backs (including the use of treasury shares).
- 3.2. 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 (taking into account initial and deferred consideration) - shareholder approval may also be required in certain circumstances.
- 3.3. Changes to the Group's management and control structure.
- 3.4. Any changes to the Company's listing or its status as a public company.

4. **Financial reporting and controls**

- 4.1. UK CGC Principle N

Audit

DTR 4.1 - 4.4

*Approval of the half-yearly report and any preliminary announcements of final results.

- 4.2. CA 2006 s414, s414D, s414CZA, s419, s419A and s422

DTR4, LR9.8

UK CGC Principle N

Audit

*Approval of the annual report and accounts, including the corporate governance statement and remuneration report.

4.3. *Approval of the dividend policy.

4.4. LR 9.7A.2R, DTR 6.1.13

*Declaration of the interim dividend and recommendation of the final dividend.

4.5. UK CGC Principles N and O

Audit

*Approval of any significant changes in accounting policies or and practices.

4.6. Approval of treasury policies, including foreign currency exposure and the use of financial derivatives.

5. **Internal controls**

UK CGC Principle O and Provisions 28 to 31

Audit

Establishing procedures to manage risk, oversee the internal control framework and determining the nature and extent of the principle risks the Group is willing to take to achieve its long-term strategic objectives, including:

5.1. carrying out a robust assessment of the Group's emerging and principal risks;

5.2. approving the Group's risk appetite and principal risks statements;

5.3. receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy, purpose and values;

5.4. UK Bribery Act 2010;

5.5. approving procedures for the detection of fraud and the prevention of bribery;

5.6. undertaking an annual assessment of these processes; and

5.7. approving an appropriate statement for inclusion in the annual report.

6. **Contracts, acquisitions and disposals**

6.1. Approval of major capital projects and oversight over execution and delivery.

6.2. Approval of any financial or debt facility proposed to be entered into by any member of the Group or any material amendment proposed to be made to any existing financial or debt facility.

- 6.3. Approval of any hedging policy or the entry into of any hedging arrangement by any member of the Group.
- 6.4. Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £500,000.
- 6.5. Contracts of the Company or any subsidiary not in the ordinary course of business.
- 6.6. DTR 5
UK Takeover Code

Any investments including the acquisition or disposal of interests of more than three per cent in the voting shares of any company or the making of any takeover offer.
- 6.7. The opening of any new store, distribution centre or third party concession arrangement or closing of any existing store distribution centre or third party concession arrangement including the entry into or termination of any lease or the acquisition or disposal of any freehold property interest.

7. **Communication**

- 7.1. UK CGC Principle D

Ensuring effective engagement with and encouraging participation from shareholders and other stakeholders.
- 7.2. LR 13.3.IR

Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.3. LR 13.3.1R, PRR 5.3

*Approval of all circulars and prospectuses.
- 7.4. *Approval of press releases concerning matters decided by the board.

8. **Board membership and other appointments**

- 8.1. UK CGC Principle G

Nomination

*Changes to the structure, size and composition of the board, following recommendations from the Nomination committee.
- 8.2. UK CGC Principle J and Provision 18

*Ensuring adequate succession planning for the board and senior management so as to maintain an appropriate balance of skills and experience within the Group and on the board.

*Appointments and succession planning should be based on merit and objective criteria and should promote diversity, gender, social and ethnic backgrounds, cognitive and personal strengths.

8.3. UK CGC Provision 17

Nomination

*Appointments to the board, following recommendations by the Nomination committee.

8.4. Nomination

*Selection of the Chair of the board and the Chief Executive.

8.5. UK CGC Provision 12

Nomination

*Appointment of the senior independent director to provide a sounding board for the Chair and to serve as an intermediary for the other directors and shareholders.

8.6. UK CGC Provision 17

Nomination

*Membership and chairmanship of board committees following recommendations from the Nomination committee.

8.7. Nomination

*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.

8.8. Nomination

*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 any relevant legal requirements and their service contract).

8.9. CA 2006 ss271-274

UK CGC Provision 16

*Appointment or removal of the Company Secretary.

CA 2006 s489 and s491
UK CGC Provision 25

Audit

*Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit committee.

8.10. Appointments to boards of subsidiaries.

9. **Remuneration**

9.1. UK CGC Principles P and Q

Remuneration

*Determining the remuneration policy for, and setting the remuneration policy of, the directors, Company Secretary and other senior executives (being the Operating Company Board).

*Aligning executive remuneration to the Group's purpose and values and ensuring that it is clearly linked to delivery of the Group's long-term strategy.

9.2. UK CGC Provision 33

Remuneration

*Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture.

9.3. UK CGC Principle Q and Provision 34

Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval, as appropriate.

9.4. LR 9.4.I

Remuneration

*The introduction of new share incentive plans, or major changes to existing plans, to be put to shareholders for approval.

10. **Delegation of authority**

10.1. UK CGC Provision 14

*The responsibilities of the Chair of the board, the Chief Executive, Senior Independent Director, board and committees should be clear, set out in writing, agreed by the board and made publicly available.

10.2. Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).

10.3. UK CGC Provisions 17, 24 and 32

*Establishing board committees and approving their terms of reference, and approving material changes thereto.

10.4. *Receiving reports from board committees on their activities.

11. **Corporate governance matters**

11.1. UK CGC Provision 21

*Undertaking a formal and rigorous review annually of the board's performance, that of its committees, the Chair and individual directors and the division of responsibilities.

11.2. UK CGC Provision 10

*Determining the independence of non-executive directors in the light of relevant circumstances which are likely to impair or could appear to impair their independence.

11.3. *Considering the balance of interests between shareholders, employees, customers and the community.

11.4. CA 2006 s175

*Considering and, if appropriate, authorising directors' conflicts of interest (other than conflicts arising in relation to a transaction or arrangement with the Company).

11.5. Review of the Group's overall corporate governance arrangements.

11.6. UK CGC Provision 3

*Receiving reports on the views of the Company's major shareholders from the Chair and the committee chairs to ensure that the board has a clear understanding of the views of shareholders.

11.7. UK CGC Provisions 5 and 6

Understanding the views of the Company's key stakeholders, including the workforce.

Setting engagement mechanisms and keeping them under review so they remain effective.

Ensuring that there is a means for the workforce to raise concerns in confidence and, if they wish, anonymously and reviewing the same and the reports arising from its operation.

11.8. UK CGC Provision 7

Identifying and managing conflicts of interest and ensuring that the influence of third parties does not compromise or override independent judgement.

12. **Policies**

UK CGC Principle A

Approval of policies or any material amendment to a Group policy, including (to the extent adopted by the board):

- 12.1. Code of Conduct;
- 12.2. Share dealing code and dealing procedures manual;
- 12.3. Bribery prevention policy;
- 12.4. Whistleblowing policy;
- 12.5. Health and safety manifesto or commitment;
- 12.6. Environment and sustainability policy;
- 12.7. Human resources policy (excluding non-material changes or changes required to be implement in order to comply with applicable laws);
- 12.8. Communications policy, including procedures for the release of price-sensitive information;
- 12.9. Corporate social responsibility policy; and
- 12.10. Charitable donations policy.

13. **Other**

- 13.1. CA 2006 s177/182

Disclosure of directors' interests in proposed or existing transactions or arrangements with the Company.

- 13.2. The making of political donations. Shareholder approval will also be required.
- 13.3. Approval of the appointment of the Group's principal professional advisers.
- 13.4. Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism involving an amount of more than £250,000 or otherwise being material to the interests of the Group.
- 13.5. Major changes to the rules of the Group's pension scheme, changes of trustees or, when subject to the approval of the Company, changes in the fund management arrangements.
- 13.6. Any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 13.7. This schedule of matters reserved for board decisions.

- 13.8. Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.
- 13.9. In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.