



Schedule of matters reserved for the Board

1. Strategy and management

- 1.1 Approval of the Group's strategic aims, objectives, and long-term plans. Assessing and monitoring the culture and ensuring this is aligned with the Group's purpose, values, and strategy.
- 1.2 Approval of the annual operating budgets, high-level business plans, and capital expenditure plans and any material changes to them.
- 1.3 Oversight of the Group's operations ensuring alignment with approved strategic frameworks, competent and prudent management and planning and in compliance with statutory and regulatory obligations.
- 1.4 Taking any corrective action as may be deemed necessary to enable the Group to meet its objectives.
- 1.4 Approval of entry into or an extension of the Group's activities into new business or geographic areas.
- 1.5 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 Material 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 Approval of capital projects in accordance with Appendix 1.
- 2.4 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances, in accordance with Appendix 1).
- 2.5 Material changes to the Group's management and control structure, as defined by the UKLA.
- 2.6 Any changes to the Company's listing or its status as a public listed company.

3. Financial reporting and controls

- The Board shall be responsible, subject to the recommendation of the Audit Committee where required, for the approval of the following:
- 3.1 the full year results, half-yearly reports, financial statements, trading updates and any results announcements;
 - 3.2 the annual report and accounts, including the corporate governance statement and directors' remuneration report, ensuring that, taken as a whole, the annual report and accounts are fair, balanced and understandable, and provides shareholders with the necessary information to assess the Company's position and performance, business model and strategy;
 - 3.3 the dividend policy, declaration of the interim dividend and recommendation of any final or special dividend;
 - 3.4 any significant changes in accounting policies or practices;
 - 3.5 material changes to Group treasury policies; and the Group's tax and treasury strategies; and
 - 3.6 oversight of financial risk management



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4. Risk Management and Internal controls

- 4.1 Oversight of risk management and internal control systems, ensuring a robust internal control environment and risk management framework, including
- Approval of the 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; and
 - Approving an appropriate risk statement for inclusion in the annual report.

5. Contracts (see Appendix 1 for limits)

- 5.1 Approval of contracts (and proposed contracts) which are material, strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business. For these purposes, material means transactions which fall into the following categories as defined in the UK Listing Rules issued by the UKLA: reverse takeovers, significant transactions, related party transactions and a takeover bid subject to the Takeover Code.
- 5.2 Approval of contracts (and proposed contracts) of the Company or any subsidiary not in the ordinary course of business, including loans and repayments; foreign currency transactions; major acquisitions or disposals.
- 5.3 Approval of any 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 effective management with, and participation from, the Company's stakeholders, including 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 stock exchange announcements concerning any matters decided by the Board or material developments.
- 6.5 Approval of a whistleblowing mechanism by which the Company's employees, contractors and external parties can raise concerns, in confidence, and if they wish, anonymously, 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.

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 Ensuring that appointments to the Board and senior management are based on merit and objective criteria, while continuing to be aware of any relevant diversity requirements, following recommendations by the Nomination Committee.
- 7.4 Selection of the Chair of the Board and the Chief Executive Officer.



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- 7.5 Appointment of the Senior Independent Director to provide a sounding board for the Chair 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.

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 Following recommendations from the Remuneration Committee, approval of the introduction of any share incentive schemes or major changes to existing plans, to be put to shareholders for approval, including performance measures.
- 8.3 Termination arrangements for Directors.

9. Delegation of authority

- 9.1 Approval of the division of responsibilities between the Chair, the Chief Executive Officer, Senior Independent Director, which should be clearly established, set out in writing, and agreed by the Board.
- 9.2 Approval of the delegated levels of authority as set out in Appendix 1.
- 9.3 Establishing Board Committees and approval of their terms of reference.
- 9.4 Receiving reports from Board committees on their activities.

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. Ensuring the performance review of the Board is completed annually and that it is externally facilitated at least every three years.
- 10.4 Ensuring a statement on how the Board performance review has been conducted is included in the Annual Report and Accounts.
- 10.5 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.
- 10.6 Authorising conflicts of interest where permitted by the Company's articles of association.



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11. Policies and Other matters

- 11.1 Approval of any new Group policy, or material changes to any existing Group policy. For this purpose, a 'Group policy' means any policy, framework or code of conduct which:
 - establishes mandatory principles, standards or controls that must be followed by all Group entities, employees, and directors and officers; and
 - is fundamental to the governance, risk management, legal and regulatory compliance, or culture of the Group as a whole.
- 11.2 Approval of the Company's Modern Slavery Statement
- 11.3 Approval of the appointment of the Board's and Group's principal professional advisers.
- 11.4 Approval of charitable contributions and expenditure, above threshold levels.
- 11.5 Prosecution, commencement, defence, or settlement of litigation, or an alternative dispute resolution mechanism being material to the interests of the Group.
- 11.6 Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance.
- 11.7 Major changes to the rules of the Group's pension schemes, or changes of trustees, or significant changes in the pension funding arrangements.
- 11.8 Oversight of ESG and sustainability matters
- 11.9 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.
- 11.10 Any matter the Board considers should be reserved for its decision.
- 11.11 This Schedule of Matters reserved for the Board.



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 – INVESTMENTS

Reference		Up to GBP4m	GBP4m – GBP6m	Above GBP6m
	– 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

Reference		Up to GBP2m	GBP2m – GBP4m	Above GBP4m
	– Business acquisition (with 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



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FINANCE – OPERATING

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
Reference		Up to GBP4m	GBP4m – GBP6m	Above GBP6m
	– 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

TREASURY

Treasury	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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Treasury (continued)	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	– Renewal of existing PLC guarantee with no change in liability – Up to £25m for guarantees of Bodycote Finance Ltd – £5m for all other guarantees	– N/A	– Guarantees of Bodycote Finance Ltd facilities/loans/hedging above £25m – Above £5m for all other guarantees
Pledge assets as security	– Up to 15% of the Negative Pledge restriction in the core borrowing facility(ies) [c. £10m]	– Up to 50% of the Negative Pledge restriction in the core borrowing facility(ies) (<i>currently 10% of consol. Total Gross Assets</i>) [c. £30m]	– 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	– Interest rate exposures up to £5m – Change to level of currency debt up to £15m – Annual option premium spend up to £1m	– 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	– Changes in fixed/floating interest rate mix outside Policy limits – Change to level of currency debt above £50m
Set deal pre-approval + bank account signatory limits	– No authority	– Full authority	– N/A
Appoint authorised dealers and set dealing limits	– No authority	– Full authority	– N/A
Determine competitive quote thresholds	– No authority	– Full authority	– N/A
Authorise exceptions to counterparty limits	– Breaches up to £2m with appropriate reporting and action plan	– Breaches up to 50% greater than Board approved counterparty limit or less than £5m if bank is unrated	– Breaches greater than 50% of the Board approved counterparty limit or above £5m if bank is unrated (derogation for dividend payment days with a limit of up to £100m as of 24.5.19)