

## **AFI DEVELOPMENT PLC**

### **MATTERS RESERVED FOR THE BOARD**

In general, the board of directors (the “**Board**”) of AFI Development plc (the “**Company**”) should consider all important management and policy matters in relation to the Company which should include, amongst other things, setting the Company’s strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board should also set the Company’s values and standards and ensure that its obligations to its shareholders and others are understood and met. The Board as a whole is responsible for the management of the Company. Without prejudice to that general rule, the Board has specifically resolved that (subject to any applicable provisions of the Company’s articles of association that provide for certain matters to be determined or approved by the Company’s shareholders in general meeting) the following matters should be reserved for decision by it:

#### **1. Strategy and Management**

- 1.1 Responsibility for the overall management of the group.
- 1.2 Approval of the group’s long term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the group’s operations ensuring:
  - competent and prudent management;
  - sound planning;
  - an adequate system of internal control;
  - adequate accounting and other records; and
  - compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the group’s activities into new business or geographic areas.
- 1.7 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 subject to the rights of the general meeting.
- 2.2 Any changes to the group’s corporate structure.

- 2.3 Changes to the group's management and control structure.
- 2.4 Subject to the approval of the general meeting, offer or grant or agreement to offer or grant any option to subscribe or other right to call for shares in the Company.
- 2.5 Issue or agreement to issue any shares in the Company or any securities convertible into shares of the Company.
- 2.6 Any changes to the Company's listing or its status.
- 2.7 The formation of any subsidiaries of the Company.

### **3. Financial reporting and controls**

- 3.1 Approval of the preliminary announcements of interim and final results and of interim management statements.
- 3.2 Approval of the half yearly report and annual report and accounts, including the corporate governance statement and remuneration report.<sup>1</sup>
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of the interim dividend and recommendation of the final dividend.<sup>1</sup>
- 3.5 Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.7 Material changes in banking arrangements, including change of bankers, facilities and signatory category limits.

### **4. Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - receiving reports on, and reviewing on a regular basis the effectiveness of, the group's risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes; and
  - approving an appropriate statement for inclusion in the annual report.

### **5. Contracts**

- 5.1 Major capital projects.

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<sup>1</sup> These items are often considered by the whole Board but with the final formal decision being delegated to a committee (set up solely for the purpose). This allows time for any changes requested at the Board meeting to be incorporated into the final document before publication.

- 5.2 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business.
- 5.3 Contracts of the Company or any subsidiary not in the ordinary course of business.
- 5.4 Major investments including the acquisition or disposal of interests of more than five percent in the voting shares of any company or the making of any takeover offer.
- 5.5 Acquisition or disposal of any material subsidiaries or material businesses of the Company or any of its subsidiaries.
- 5.6 Entering into a contract which could have a material impact on any member of the group.
- 5.7 Creation or assumption of any significant indebtedness out of the ordinary course of its business by the Company or any member of the group.
- 5.8 Creation of any mortgage, charge (whether fixed or floating), pledge, hypothecation or any other encumbrance of a similar nature over all or over part of the assets, business or undertaking of the Company or any member of the group out of the ordinary course of business.
- 5.9 Where the matter is or may reasonably be expected to be of public interest or will impact upon the Company's reputation (including actual or potential litigation) or as to which there may be doubt over propriety.
- 5.10 If a proposed transaction or agreement is with related parties.
- 5.11 Where any material contract is not on an arm's length basis.

## **6. Communication**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approval of all circulars and listing particulars.
- 6.3 Approval of press releases concerning matters decided by the Board.
- 6.4 Approval of all material public documents or announcements.

## **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.
- 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.
- 7.6 Membership and Chairmanship of Board committees.
- 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 annual general meeting 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, following the recommendation of the audit committee.
- 7.11 Appointments to boards of subsidiaries.

## **8. Remuneration**

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

## **9. Delegation of Authority**

- 9.1 The division of responsibilities between the Chairman of the Board, the Chief Executive and other executive directors, which should be in writing.
- 9.2 Approval of terms of reference of Board committees.
- 9.3 Receiving reports from Board committees on their activities.
- 9.4 Delegation of the Board's powers and establishment of managerial authority limits for smaller transaction.

## **10. Corporate governance matters**

- 10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 10.2 Determining the independence of directors.
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.4 Review of the group's overall corporate governance arrangements.

10.5 Receiving reports on the views of the Company's shareholders.

## **11. Policies**

11.1 Approval of policies, including:

- code of conduct;
- share dealing code;
- health and safety policy;
- environmental policy;
- communications policy, including procedures for the release of price sensitive information;
- corporate social responsibility policy; and
- charitable donations policy.

## **12. Other**

12.1 The making of political donations.

12.2 Approval of the appointment of the group's principal professional advisers.

12.3 Prosecution, defence or settlement of litigation or other claims by or against any member of the group.

12.4 Approval of the overall levels of insurance for the group including Directors' & Officers' liability insurance and indemnification of directors.

12.5 Major changes to the rules of the group's pension scheme or changes of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.

12.6 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.