

XPS Pensions Group PLC

Schedule of Matters Reserved for the Board

In this document, the “**Board**” shall mean the board of directors of the Company; the “**Company**” shall mean XPS Pensions Group plc; and references to the “**Group**” are to the Company and its subsidiary undertakings.

The matters set out in this schedule are reserved for decisions by the Board.

1. Strategy and Management

- 1.1 Responsibility for the overall management and leadership of the Company and setting the Company’s values and standards.
- 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 Approval of the annual business plan and any material changes thereto.
- 1.5 Oversight of the Group’s operations ensuring:
 - a) competent and prudent management;
 - b) sound planning;
 - c) maintenance of sound management and internal control systems;
 - d) adequate accounting and other records; and
 - e) compliance with legal and regulatory obligations.
- 1.6 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.
- 1.7 Extension of the Group’s activities into new business or geographic areas.
- 1.8 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 capital structure of any member of the Group including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares), capital reorganisations, arrangements, reconstructions and calls on or forfeiture of shares.
- 2.2 Major changes to the corporate structure of any member of the Group, including material acquisitions and disposals.
- 2.3 Changes to the constitutional documents of any member of the Group.
- 2.4 Changes to the Group’s management and control structure.
- 2.5 Any changes to the status of the Company’s premium listing on the London Stock Exchange or its status as a plc and any listings of any members of the Group’s securities on any other market.
- 2.6 Approval of:
 - a) the formation, acquisition, divestment, liquidation or the cessation of operations of a company (including a joint venture company) or other assets or liabilities; and
 - b) any investment or capital projects or any other transactions,in each case where such transaction constitutes either a Class 1 or Class 2 transaction or a reverse takeover for the purposes of the Listing Rules issued by the Financial Conduct Authority.

3. Financial Reporting and Controls

- 3.1 Approval of interim and final results or statements and any preliminary announcement of such results, following the recommendation of the audit committee.
- 3.2 Approval of the annual report and accounts, (including the corporate governance statement and remuneration report), following the recommendation of the audit committee.
- 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 following the recommendation of the audit committee.
- 3.6 Authorisation of transfers to reserves and appropriations of profit by the Company.
- 3.7 Approval of treasury policies (including foreign currency exposure and the use of financial derivatives).
- 3.8 To approve the issue to third parties of debenture or loan stocks, bonds and other paper programmes, delegating authority, as appropriate, to finalise details.
- 3.9 To approve guarantees, indemnities and letters of comfort entered into by any member of the Group where the amount of the loan or liability exceeds £10 million for Group entities or £1 million in respect of third parties.
- 3.10 To approve in principle the granting of security over any asset of any member of the Group, the entering into of loan facilities, debt factoring, sale and leaseback arrangements and contracts for derivatives, in each case with third parties, delegating authority, as appropriate, to finalise details.
- 3.11 To approve at least once each year proposed limits for the placing of deposits with individual financial institutions.
- 3.12 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 3.13 Authorisation of signatories on the Company's bank mandate.

4. Internal Controls

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including approving the Group's risk appetite statements, receiving reports on, and reviewing the effectiveness of, the Group's internal control processes and risk management systems and policies (including those relating to compliance with regulations of the Financial Conduct Authority, anti-bribery, the detection of fraud, insurance, hedging, borrowing limits and corporate security).
- 4.2 To undertake an annual assessment of the processes and controls referred to in paragraph 4.1.
- 4.3 Approving an appropriate statement for inclusion in the annual report, following the recommendation of the audit committee.

5. Contracts

- 5.1 To approve the entering into by any member of the Group:
 - a) any major capital project or commitment;
 - b) any finance or operating lease where the capital value of the asset(s) concerned exceeds £250,000;
 - c) any material foreign currency transaction;
 - d) any major acquisition, investment, divestment or disposal of a business or company (including the acquisition or disposal of an interest of more than 3 per cent in the voting shares of any company);
 - e) any joint venture; or
 - f) any contract which is outside the ordinary course of business;

- g) any client contracts which are material strategically or material by reason of size or duration, entered into by any member of the Group in the ordinary course of business above £5 million, any supplier contracts, borrowings or refinancings and material acquisitions or disposals of fixed assets (including intangible assets) above £0.5 million.
- 5.2 Approval of the termination of, or the making of any major changes to, any contract, transaction or commitment referred to in this paragraph 5.1.
- 5.3 To receive for post-completion review a report on all capital expenditure projects which it approves under this paragraph 5.1.

6. Communication

- 6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- 6.2 Approval of the calling of shareholder meetings and the resolutions and corresponding documentation to be put forward at shareholder meetings.
- 6.3 Approval of all circulars, prospectuses and/or admission documents.
- 6.4 Approval of Company announcements or press releases concerning matters decided by the Board.
- 6.5 Approval of any communications with analysts in connection with paragraphs 6.2 and 6.3 above.

7. Board Membership and Other Appointments

- 7.1 Approval of 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 Approval of appointments to the Board, following recommendations by the nomination committee.
- 7.4 Selection of the chairperson of the Board, senior independent director (if any) and the chief executive.
- 7.5 Approval of any applications by executive directors for permission to accept outside appointments.
- 7.6 Approval of the responsibilities of senior management of the Company and arrangements regarding appropriate training, development and succession for the directors and senior management.
- 7.7 Approval of membership and chairpersonship of board committees, following recommendations by the nomination committee.
- 7.8 Approval of 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 AGM and otherwise as appropriate, following recommendations by the nomination committee.
- 7.9 Approval of 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, following recommendations by the nomination committee.
- 7.10 Appointment or removal of the company secretary.
- 7.11 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following recommendations of the audit committee.
- 7.12 Appointment or removal of any person as a director of any of the subsidiaries of the Company.

8. Remuneration

- 8.1 Determining the remuneration policy for the directors, company secretary and other senior executives, following recommendations of the remuneration committee.
- 8.2 Determining the remuneration of the non-executive directors, subject to the articles of association of the Company ("Articles") and shareholder approval as appropriate.

- 8.3 Determining the remuneration of auditors.
- 8.4 The introduction of new share incentive plans or major changes to existing plans to be put to shareholders for approval, following recommendations of the remuneration committee.

9. Delegation of Authority

- 9.1 The division of responsibilities between the chairperson, the chief executive officer(s) and, if applicable, other executive directors, which should be clearly established, set out in writing and approved by the Board.
- 9.2 Approval of the delegated levels of authority including the limits of the chief executive officer(s) authority (which must be in writing).
- 9.3 Establishing board committees and approval of terms of reference of board committees (and any material changes to those terms of reference).
- 9.4 Receiving reports from board committees on their activities and approving their recommendations.

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 directors in light of their character, judgement and relationships.
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.4 Review of the Company's overall corporate governance arrangements.
- 10.5 Receiving reports on the views of the Company's shareholders (and ensuring that those views are communicated to the Board as a whole).
- 10.6 Approval of transactions with a director of any member of the Group or any other related parties and approval of the termination of, or the making of any major changes to, any such transaction.
- 10.7 In accordance with and subject to the Articles and any statutory requirements, the approval of any authorisation relating to an actual or potential conflict of interest requested by any director.
- 10.8 Receiving notification of sales or purchases of shares by directors and senior management of the Company in accordance with the Company's code of dealing for such transactions by directors and senior management

11. Policies

- 11.1 Approval of policies, including the following which may be adopted by the Group from time to time:
 - a) Code of conduct
 - b) Policies in the employee handbook;
 - c) Share dealing code and related procedures;
 - d) Policies relating to the control and disclosure of inside information;
 - e) Health and safety policy;
 - f) Environmental and sustainability policy;
 - g) Human resources policy;
 - h) Communications policy (including procedures for the release of price sensitive information);
 - i) Corporate social responsibility policy;
 - j) Whistle blowing policy;
 - k) Anti-bribery / anti-corruption policy;
 - l) Charitable donations policy; and
 - m) Risk management policy.

12. Other

- 12.1 The making of political or charitable donations.
- 12.2 Approval of the appointment of the Group's principal professional advisers in addition to its external auditor.
- 12.3 Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution procedure (being material to the interests of 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 Approval of the arrangements related to the Group's pension scheme or changes thereto (including with respect to trustees).
- 12.6 Approval of any decision likely to have a material impact on the Company or the Group (including from a financial, operational, strategic or reputational perspective).
- 12.7 Review the adequacy and security of the Company's arrangements for its employees and contractors 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.
- 12.8 This schedule of matters reserved for Board decisions and approval of any changes to this schedule of such matters.

13. Monetary Limits

- 13.1 Those monetary limits specified in paragraphs 3.9, 5.1(b) and 5.1(g) are subject to variation by the Board on a specific or general basis (as the case may be).

Adopted at the Board meeting of the Company on 12 September 2019.