

# **BRITISH EMPIRE SECURITIES AND GENERAL TRUST PLC**

## **SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

Whilst the Board has delegated the Management of the Company's investments to the Investment Manager, and certain functions are dealt with by Committees which report to the Board, the Directors collectively are ultimately responsible for all affairs of the Company. The following matters are specifically reserved for determination by the Board of Directors:

### **1 URGENT MATTERS**

For matters that have to be dealt with urgently, between regular Board meetings, a meeting will be held in person, or by telephone or video conference in which as many Directors as possible will participate. This will allow Directors the opportunity to discuss the matter and raise questions. Any Director unable to attend will be sent the relevant papers and will have the opportunity to give his views to the Chairman, another Director or the Company Secretary before the meeting.

If the matter is routine and discussion is unnecessary, the approval of all Directors may be obtained by means of a written resolution. In all cases the procedures will balance the need for urgency with the overriding principle that each Director should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the commitment of the Company.

### **2 STRATEGY & INVESTMENT MANAGEMENT**

- 2.1 Review of key investment and financial data, revenue projections and expenses, analyses of transactions and performance comparisons.
- 2.2 Authorisation and monitoring of the Company's investment policy and exposure limits.
- 2.3 Establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the level of permitted gearing and borrowings and the amount or proportion of the assets that may be invested in any category of investment or in any one investment.
- 2.4 The power, in extremis, to instruct the Manager to sell or buy particular investments.
- 2.5 Review and approve any contracts of the Company, and any subsidiary, which are material, either by reason of size or strategically, eg bank borrowings/gearing arrangements.
- 2.6 Review and approve any contracts of the Company, and any subsidiary, not in the ordinary course of business, eg loans and repayments; major acquisitions or disposals.

### **3 BOARD MATTERS**

- 3.1 Acting as the Nomination Committee, regularly review the constitution of the Board, and consider and approve appointments to /removals from the Board and its Committees of the Board and the Chairman thereof (taking into consideration the balance of skills, knowledge, experience and diversity on the Board), the continuation in office of Directors due to retire at an AGM and proposals for their re-election by shareholders, and Board succession planning.
- 3.2 Regular review and consideration of the independence of Directors.
- 3.3 Appointment of the senior independent director.
- 3.4 Authorising conflicts of interest where permitted by the Company's articles of association.

- 3.5 Agreeing the Directors' Remuneration Policy and considering Directors' remuneration within the limits set by the Articles of Association and the Remuneration Policy as approved by shareholders.
- 3.6 Performance appraisals of the Directors, Chairman and Board Committees.
- 3.7 Establishing the frequency and conduct of meetings of the Board and its Committees.
- 3.8 Setting the Terms of Reference of Board Committees.
- 3.9 Approving the appointment/removal of the Company Secretary.
- 3.10 Approval of the Schedule of Matters Reserved for the Board.

## **4 CAPITAL MATTERS**

- 4.1 Allotment and issue of equity shares and/or loan stock.
- 4.2 Setting a Policy on buy-backs and issue of shares / loan stock.
- 4.3 Setting the Structure of the Capital of the Company including any increase or reduction (subject to court approval) of share and loan stock capital.
- 4.3 Treasury share policy, re-sale and cancellation of shares held in treasury.

## **5 THIRD PARTY MATTERS**

Agreeing the terms of engagement for the appointment or replacement; or the conditions for the removal; of the following third parties:

- 5.1 Investment Manager
- 5.2 AIFM
- 5.3 Stockbroker
- 5.4 Depositary
- 5.5 Custodian
- 5.6 Registrar
- 5.7 Administrator, solicitor and other professional advisors or consultants
- 5.8 Internal auditor (if applicable)

## **6 FINANCIAL REPORTING**

- 6.1 Approval of Annual Report and Financial Statements.
- 6.2 Approval of Half-year Report.
- 6.4 Approval of announcements in relation to the above.
- 6.5 Declaration of interim dividends and recommendation of final and special dividends; and policy thereon.
- 6.6 Approval of accounting policies and any changes thereto.
- 6.7 Approval of valuation of unlisted investments.

## **7 PUBLIC RELATIONS**

- 7.1 Approval of all press releases (except releases by the Manager that may refer to the Company), non-routine stock exchange announcements or other public statements.
- 7.2 Approval of all circulars or other shareholder communications (other than routine correspondence).
- 7.3 Establishment of marketing strategy and programmes, including target audience selection.
- 7.4 Approval of marketing budget.

## **8 COMPANIES ACT REQUIREMENTS**

- 8.1 Recommendations on the appointment/removal of the independent external Auditor (subject to shareholder approval) and determination of the auditors' remuneration.
- 8.2 Determination of matters to be put to shareholders at general meetings.
- 8.3 Domicile of the Company.
- 8.4 Ensuring Board compliance with the Companies Acts, and in particular Ss 170 - 177 Companies Act 2006 (Directors' Duties).
- 8.5 Ensuring compliance with the Company's Articles of Association.

## **9 CORPORATE GOVERNANCE**

- 9.1 Ensuring that third party service providers' internal controls are effective.
- 9.2 Approval of periodic risk and internal control reports; determination of any action required in relation to any concerns raised or perceived.
- 9.3 Setting the corporate governance culture of the Company and approval of the Corporate Governance Statement for inclusion in the Annual Report including the statement on the review of the investment manager and other major third party service providers.
- 9.4 Regular review of Investment Manager's performance, including process for assessment of suitability of investments, risk and capital adequacy in order to deliver shareholder value.
- 9.5 Review of the Investment Manager's policy on the voting of invested company shares.
- 9.6 Prior approval for:
  - the requisitioning of a General Meeting of an investee company;
  - exercising a members' power to require website publication of audit concerns under s527 of the Companies Act 2006;
  - initiating action to:
    - oust board members;
    - change an investment manager; or
    - force corporate activity or change.
- 9.7 Company's policy on social, employee and environmental matters.
- 9.8 Maintenance of good relationships with Company's stakeholders (third party suppliers, shareholders, loan stock holders, and the public generally).
- 9.9 Review of Custodian's arrangements for the safekeeping of the Company's investment portfolio.

## **10 OTHER MATTERS**

- 10.1 Internal control parameters.
- 10.2 Prosecution, defence and settlement of litigation.
- 10.3 Directors' & Officers' Insurance arrangements and indemnities.
- 10.4 Arrangement and conduct of general meetings of the Company.
- 10.5 Review of audit effectiveness, independence and supply of non-audit services by external independent auditor (in capacity as Audit Committee).
- 10.6 Compliance with UK Listing Authority Listing Rules, FCA regulations and the Corporation Tax Act 2010.
- 10.7 Approval of Minutes of meetings.
- 10.8 Delegation of authority where appropriate including the approval of Authorised Signatories to the Company's Bank Accounts.
- 10.9 Use of the Company Seal and/or execution of document(s) as Deed(s).
- 10.10 Review and conduct any corporate transaction involving the Company.