

**MERCIA TECHNOLOGIES PLC (the "Company")**  
**SCHEDULE OF MATTERS RESERVED FOR THE BOARD OF DIRECTORS**

**Adopted by resolution of the Board on 8 December 2014**

This document sets down those powers reserved for the full board of the Company (the "**Board**") and not delegated to the company's executive directors. The list contains some matters which the Board cannot, as a matter of law, delegate. The Board may, however, appoint committees as it thinks fit to exercise certain of its powers. Specific areas of delegation are set out in the terms of reference for the remuneration committee, the nomination committee and the audit committee of the Company as required by the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies, although the final decision on these matters is required to be taken by the whole Board.

The following matters require the approval of the Board.

**1. MANAGEMENT STRUCTURE AND APPOINTMENTS**

- 1.1 Board appointments or removals, following recommendations from the Nomination Committee.
- 1.2 Appointment and removal of senior executives.
- 1.3 Board (and senior executive) training, development and appraisal.
- 1.4 Appointment or removal of the Company's registrar.
- 1.5 Appointment or removal of the Company's nominated adviser or broker.
- 1.6 Remuneration of the Board following recommendations from the Remuneration Committee
- 1.7 Delegation of the Board's powers (where necessary and legally permissible).
- 1.8 Agreeing membership and terms of reference of Board committees and task forces.
- 1.9 Establishment of managerial authority limits for smaller transactions.
- 1.10 The Chairmanship, composition and terms of reference (and any material changes thereto) of the Remuneration Committee, the Nomination Committee and the Audit Committee and any other committees established by the Board and to receive the reports of such committees on their activities;
- 1.11 Matters referred to the Board by the Board committees.
- 1.12 The appointment of directors to specified offices of the Board including the Chairman and senior independent director;
- 1.13 The continuation in office of directors at the end of their term of office or at any time;
- 1.14 Applications by executive directors for permission to accept outside appointments;
- 1.15 Procedures or matters to ensure adequate succession planning for the Board and senior management.
- 1.16 The terms of reference, procedures and limits of authority granted to the Executive Directors;

- 1.17 The division of responsibilities between the Chairman and Chief Executive which should be in writing;
- 1.18 Transactions with directors and other related parties;
- 1.19 Appointments to the Boards of subsidiary companies;
- 1.20 In accordance with the Company's articles of association and any statutory requirements, any authorisation relating to an actual or potential conflict of interest requested by any director; and
- 1.21 Visits overseas where it is necessary for a director to be accompanied by his/her partner.

## **2. STRATEGIC/POLICY CONSIDERATIONS**

- 2.1 The investment/business strategy of the Company and its subsidiaries (the "**Group**"), as set out in the annual business plan (and any plans produced and/or developed on a more regular basis) and any changes or amendments to such plans.
- 2.2 Investment decisions (save that for investments up to £250,000 (or such other amount to be determined by the Board from time to time), the Board may devolve its investment decisions to the Chief Investment Officer, Chief Executive Officer and investment directors).
- 2.3 The approval of specific risk management policies including regarding insurance, hedging and borrowing limits and corporate security.
- 2.4 Agreement of codes of ethics and business practices and policies regarding share dealing, bribery prevention, whistleblowing, human resources, health and safety environment, communications including procedures for the release of price sensitive information and corporate social responsibility.
- 2.5 Receive and review regular reports on internal controls.
- 2.6 Annual assessment of significant risks and effectiveness of internal controls.
- 2.7 The calling of shareholders' meetings by the Company and the resolutions to be put forward at general meetings.
- 2.8 The policies and procedures in respect of the avoidance of wrongful or fraudulent trading.
- 2.9 form and issue of the annual report, any preliminary statement, the interim report, interim management statements and any other similar reports or statements of the Company;
- 2.10 form and issue of circulars to shareholders of the Company and the form and issue of other prospectuses/issue documents;
- 2.11 Company announcements or press releases (and analyst communications) concerning matters decided by the Board;

## **3. TRANSACTIONS**

- 3.1 Acquisitions and disposals of subsidiaries or operations of the Group.
- 3.2 Substantial commitments including:-
  - 3.2.1 contracts in excess of one year's duration;

- 3.2.2 contracts which are material strategically in the context of the Group's business and operations; and
- 3.2.3 giving security over significant Company assets (including mortgages and charges over any of the Company's property).
- 3.3 Contracts not in the ordinary course of business.
- 3.4 Actions or transactions where there may be doubt over propriety.
- 3.5 Approval of prospectuses, circulars and similar documents.
- 3.6 Disclosure of directors' interests.
- 3.7 Transactions with directors or other related parties which are not in the ordinary course of business.

#### **4. FINANCE**

- 4.1 Approval of yearly proposals regarding the funding of the Group (and any material amendments to such proposals).
- 4.2 The granting of security over any Group asset, 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.
- 4.3 At least once each year, the proposed credit limits for the placing of deposits with individual financial institutions.
- 4.4 Raising new capital and confirmation of major financing facilities.
- 4.5 Treasury policies including foreign currency and interest rate exposure.
- 4.6 Discussion of any proposed qualification to the accounts.
- 4.7 Final approval of annual and interim reports and accounts (both statutory accounts and management accounts) and accounting policies (and any changes to such accounting policies).
- 4.8 Appointment/proposal of auditors (following recommendations by the Audit Committee).
- 4.9 Charitable and political donations.
- 4.10 Approval and recommendation of dividends.
- 4.11 Operating and capital expenditure budgets.
- 4.12 Guarantees and letters of comfort where the amount of the loan or liability exceeds £10,000.

#### **5. GENERAL**

- 5.1 Allotment, calls or forfeiture of shares.
- 5.2 The grant of options, warrants or any other form of security convertible into shares.

**6. LEGAL, ADMINISTRATION, PENSION AND OTHER BENEFITS**

- 6.1 The commencement or settlement of any legal (or similar) process in relation to matters which are not in the ordinary course of the Group's business and which are de minimis.
- 6.2 Non-routine communications with regulators (including the FCA and PRB).
- 6.3 Authorisation of signatories on the Company's bank mandate.
- 6.4 Reviewing at least annually regular reports on pension, health, safety and environment and insurance matters, and any material litigation affecting the Company or its subsidiaries.
- 6.5 Where appropriate, any increases in pension benefits payable under the Company's pensions schemes, appointments of trustees to such schemes and major changes in the rules of the Company pension scheme or, if this is subject to the approval of the Company, changes in the fund management arrangements
- 6.6 The application of the Company's share option schemes as recommended by the Remuneration Committee.
- 6.7 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.
- 6.8 Submitting for shareholder approval any proposed share option scheme and alterations thereto as required by the scheme's rules and to approve certain other matters of detail arising under any such schemes.
- 6.9 Approving the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors

**7. MISCELLANEOUS**

- 7.1 To approve the appointment of professional advisers in addition to the Company's external auditors.
- 7.2 To approve this schedule of matters reserved for Board decisions.
- 7.3 To undertake a formal and rigorous review annually of its own performance, that of its committees and individual directors, and the division of responsibilities;
- 7.4 To determine the independence of the non-executive directors in light of their character, judgment and relationships.
- 7.5 To receive reports on the views of the Company's shareholders to ensure they are communicated to the Board as a whole.
- 7.6 Authorising conflicts of interest where permitted by the Company's articles of association.
- 7.7 To consider the balance of interests between shareholders, employees, customers and the community.
- 7.8 To approve 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.
- 7.10 To review the Group's overall corporate governance arrangements.