

## Division of responsibilities - Chairman and CEO

### Executive summary

Whilst maintaining a close working relationship, the roles of the Chairman and the Chief Executive should be clearly separated and divided between running the Board and the business.

### Role of the Chairman

The Chairman is responsible for:

1. Meetings
  - 1.1 Chairing Board and general meetings and those of the Nomination Committee.
  - 1.2 Running the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
  - 1.3 Setting the Board agenda, taking into account the issues and concerns of all Board members. The agenda should be forward looking, concentrating on strategic matters.
  - 1.4 Ensuring that there is appropriate delegation of authority from the Board to executive management.
  - 1.5 Ensuring that the Directors receive accurate, timely and clear information, including that of the Company's current performance to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company.
  - 1.6 Managing the Board to ensure sufficient time is allocated to promote healthy discussion and open debate, supported by the right level and quality of information to assist the Board in reaching its decisions.
2. Directors
  - 2.1 Facilitating the effective contribution of Non-Executive Directors and encouraging active engagement by all members of the Board.
  - 2.2 Ensuring constructive relations between the Executive and Non-Executive Directors.
  - 2.3 Holding meetings with the Non-Executive Directors without the Executive Director present.
3. Induction, development and performance evaluation
  - 3.1 Ensuring that new Directors participate in a full, formal and tailored induction programme, facilitated by the Company Secretary.
  - 3.2 Ensuring that the development needs of Directors are identified and, with the Company Secretary playing a key role, that these needs are met. The Directors should be able to continually update their skills and their knowledge and familiarity of the Company, as required to fulfil their role on the Board and its Committees.
  - 3.3 Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team.
  - 3.4 Ensuring the performance of the Board, its Committees and individual Directors is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths



and addressing the weaknesses of the Board. Where appropriate, through the Nomination Committee, proposing that new members be appointed to the Board or seeking the resignation of others.

4. Relations with shareholders

4.1 Ensuring effective communication with shareholders.

4.2 Maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.

4.3 Ensuring that the views of shareholders are communicated to the Board as a whole so that all Directors develop an understanding of their views.

5. AGM

5.1 Arranging for the Chairmen of Board Committees to be available to answer questions at the AGM and for all Directors to attend.

The Chairman's direct reports are the Chief Executive and the Company Secretary.

In addition, the Chairman should:

- Uphold the highest standards of integrity and probity.
- Set the agenda, style and tone of Board discussions to promote effective decision making and constructive debate.
- Ensure that the Board is fully informed about all issues on which the Board will have to make a decision, through briefings with the Chief Executive, the Company Secretary, and members of the executive management, as appropriate.
- Ensure a clear structure for, and the effective running of, Board Committees.
- Promote effective relationships and open communication between Executive and Non-Executive Directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- Build an effective and complementary Board, and with the Nomination Committee, initiate change and plan succession in Board appointments (except that of a successor as Chairman), subject to Board and shareholder approval.
- With the assistance of the Company Secretary, promote the highest standards of corporate governance, seeking compliance with the UK Corporate Governance Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the Board and explained to shareholders.
- Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
- Ensure the long term sustainability of the business.
- Establish a close relationship of trust with the Chief Executive and Group Finance Director, providing support and advice while respecting executive responsibility
- Provide coherent leadership of the Company, including, in conjunction with the Chief Executive, representing the Company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

### Role of the Chief Executive

The Chief Executive is accountable to the Board, reports to the Chairman and is responsible for running the Group's business.

The Chief Executive is responsible for the following, within the authority limits delegated by the Board:

1. Business Strategy and Management

- 1.1 Developing Group objectives and strategy, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders.
- 1.2 The successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board.
- 1.3 Recommending to the Board an annual budget and 5 year financial plan and ensuring their achievement following Board approval.
- 1.4 Optimising as far as is reasonably possible the use and adequacy of the Group's resources.

2. Investment and Financing

- 2.1 Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the Board of those which, in a Group context, are material either by nature or cost.
- 2.2 Identifying and executing acquisitions and disposals, approving major proposals or bids.
- 2.3 Identifying and executing new business opportunities outside the current core activities and in new geographical areas.

Risk Management and Controls

- 3.1 Managing the Group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the Board.
- 3.2 Ensuring appropriate internal controls are in place.

3. Board Committees

- 4.1 Making recommendations on remuneration policy, executive remuneration and terms of employment of the senior executive team, including the Company Secretary, to the Remuneration Committee.
- 4.2 Making recommendations to the Nomination Committee on the role and capabilities required in respect of the appointment of Executive Directors.



#### 4. Communication

5.1 Providing a means for timely and accurate disclosure of information, including an escalation route for issues.

5.2 Ensuring effective communication with shareholders.

#### 5. Other

6.1 Setting Group HR policies, including management development and succession planning for the senior executive team, and approving the appointment and termination of employment of members of that team.

The duties which derive from these responsibilities include:

- Leading the Executive Directors and the senior executive team in the day to day running of the Group's business, including chairing the Executive Committee, Investment Committee and Results Committee and communicating decisions/recommendations to the Board, as appropriate.
- Ensuring effective implementation of Board decisions.
- Regularly reviewing the operational performance and strategic direction of the Group's business.
- Regularly reviewing the Group's organisational structure and recommending changes as appropriate.
- Formalising the roles and responsibilities of the senior executive team, including clear delegation of authorities.
- Supervising the activities of subsidiary companies' most senior executives.
- Developing senior teams within subsidiaries and ensuring succession planning.
- Developing the following policies for Board approval and then implementing them:
  - o Codes of ethics and business practice
  - o Share dealing code
  - o Health and safety policy, risks and procedures (to be reviewed annually)
  - o Communications policy (including procedures for the release of price sensitive information)
  - o Investor relations policy
  - o Corporate social responsibility policy (including environmental, employee communications and employee disability)
  - o Charitable donations policy.
- Ensure the maintenance of a sound system of internal controls including financial, operational and compliance controls, risk management systems and the prevention of bribery and detection of fraud.
- Ensuring that all Group policies and procedures are followed and conform to the highest standards.
- Together with the Chairman, providing coherent leadership of the Company, including, representing the Group to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the public.
- Keeping the Chairman informed on all important matters.

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