

**Charles Stanley Group PLC**  
**(the “Company” or “CSG”)**

**Matters reserved for the Board of Directors (the “Board”)**

**1. Purpose**

- 1.1 CSG has responsibility for the oversight, governance and direction of the business and affairs of the Company and its subsidiaries (together the “**Group**”). In particular the Board will provide challenge, oversight and approval of the Group’s strategy and business plan. In doing so it will set and uphold values and standards necessary to ensure its obligations to shareholders and other stakeholders are met. CSG will also be responsible for monitoring the performance of Charles Stanley & Co. Limited (“**CSC**”) and other subsidiaries against their strategic objectives and ensuring an effective risk management framework is in place and being followed within those entities. CSG will also consider and approve all external financial reporting disclosures.
- 1.2 The Board is collectively responsible to the shareholders for the long term success of the Company, exercising all of the powers of the Company, subject to any relevant laws and regulations and in accordance with the Articles of Association (the “**Articles**”). In particular, the Board will take into account the Directors’ duties contained in the Companies Act 2006.
- 1.3 Reference in these Matters Reserved to ‘**Regulated Businesses**’ shall mean those Group companies being authorised and regulated by the Financial Conduct Authority (or any successor body) from time to time.

**2. Composition**

- 2.1 Subject to the Articles of the Company, the Board comprises the following:
- Sir David Howard – Chair & Non-Executive Director
  - Marcia Campbell - Independent Non-Executive Director
  - Andrew Didham –Independent Non-Executive Director
  - Hugh Grootenhuis - Independent Non-Executive Director
  - Anna Troup – Independent Non-Executive Director
  - Paul Abberley – Chief Executive Officer
  - Ben Money-Coutts – Chief Financial Officer
- 2.2 Only members of the Board have the right to attend Board meetings. At the discretion of the Chair and at their invitation, non-members may attend all or part of any meeting where their attendance is necessary to facilitate improved debate and decision making. Subject to the discretion of the Chair, any non-member invited to attend a meeting shall remain at the meeting only for the duration of the relevant agenda item.
- 2.3 The Group Company Secretary will attend all Board meetings.
- 2.4 Appointments to the Board are recommended by the CSG Nomination Committee.
- 2.5 The overall composition of the Board will be reviewed periodically by the CSG Nomination Committee.
- 2.6 It is intended that all Directors appointed to the Board of the Company will retire and put themselves forward for re-election annually at the annual general meeting (“**AGM**”) in accordance with the Articles. Subject to retirement by rotation and removal in accordance with the Articles, applicable law and regulation, and the terms of their appointment.

### **3. Quorum**

- 3.1 The quorum for any meeting shall be two Directors.
- 3.2 The Chairman shall have a second, casting vote in the event of an equality of votes on any matter that the Board considers.

### **4. Secretary**

The Group Company Secretary, or his or her nominee, shall act as the secretary of the Board (the “**Secretary**”) and will ensure that the Board receives information in a timely manner to enable full and proper consideration to be given to the issues.

### **5. Frequency of meetings**

- 5.1 The Board shall meet at least four times per annum and on an ad hoc basis as required. The Chairman will meet with the Non-Executive Directors not less than once each year without the presence of the Executive Directors.
- 5.2 Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

### **6. Notice of meetings**

- 6.1 Meetings of the Board shall be convened by the Secretary at the request of the Chairman or any Director.
- 6.2 Unless otherwise agreed, and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Director no later than five business days before the date of the meeting.

### **7. Minutes of meetings**

- 7.1 The Secretary of the meeting shall minute the proceedings and all decisions made at the meeting, including recording the names of those persons present and in attendance. The Secretary shall ensure that the minutes of meetings are formally approved by the Board at the following meeting.
- 7.2 The Secretary shall circulate the minutes of meetings of the Board to all members plus other individuals as agreed by the Board.

### **8. Scope of responsibility**

The overall focus of the Board is to set strategy for CSG, applicable to the subsidiaries within the Group and to monitor the performance of CSC.

The following matters are reserved for the decision of the Board:

#### ***Group business strategy***

- 8.1 Setting the Group business strategy, values, standards and culture taking into account the Group’s risk appetite, tolerance and other key risk factors.
- 8.2 Overseeing the performance of CSC in implementing the Group’s objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 8.3 Approving the annual Group financial budgets and medium term plan.

#### ***Group financial reporting and controls***

- 8.4 Approving the consolidated Annual Report and Accounts following recommendation from the Joint Audit Committee.
- 8.5 Approving periodic reporting, including announcements of interim and final results for CSG.
- 8.6 Approving the CSG dividend policy and any periodic dividends to CSG shareholders (declaring interim dividends and recommending final dividends to CSG shareholders for approval).
- 8.7 Approving any significant changes in Group accounting policies or practices, following recommendation by the Joint Audit Committee.

#### ***Communication***

- 8.8 Ensuring a satisfactory dialogue with CSG shareholders based on the mutual understanding of objectives.
- 8.9 Approving resolutions and corresponding documentation to be put forward to CSG shareholders.
- 8.10 Approving all circulars, prospectuses and listing particulars for CSG.
- 8.11 Approving regulatory and other RNS announcements including press releases, as required.

#### ***Board and Committee membership and other appointments***

- 8.12 Approving changes to the structure, size and composition of, and appointments to, the Board and its Committees (including the appointment of all Board level Directors and the Chair of any CSG or CSC Committee), following recommendation from the CSG Nomination Committee and, in the case of CSC, following consultation with the Chair of the CSC Nomination Committee.
- 8.13 Approving changes to the structure, size and composition of the boards and committees of the Regulated Business, following recommendation from the CSC or CSG Nomination Committees and the CSC Board, as appropriate.
- 8.14 Recommending to the CSC Board, via the CSC Nomination Committee, changes to the structure, size and composition of the CSC Board.
- 8.15 Approving the continuation in office of CSG Directors seeking re-election at the AGM, following recommendation from the CSG Nomination Committee.
- 8.16 Approving the appointment or removal of the Group Company Secretary.
- 8.17 Ensuring adequate succession planning is in place for CSG, to ensure that an appropriate balance of skills and expertise is maintained.
- 8.18 Approving the appointment, reappointment or removal of the Group External Auditor to be put to CSG shareholders for approval, following the recommendation of the Joint Audit Committee.

#### ***Risk and Internal Controls***

- 8.19 Overseeing effective Group risk management and internal control processes.
- 8.20 Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives.
- 8.21 Setting the Group's risk appetite and tolerance, following recommendation from the Joint Risk Committee.
- 8.22 Periodically reviewing Group risk strategy.
- 8.23 Approving the consolidated Internal Capital Adequacy Assessment Process following recommendation from the CSC Board and the Joint Risk Committee.
- 8.24 Receiving and considering reports from the Joint Audit Committee and Joint Risk Committee on the design, operation and monitoring of the Group's policy and procedures for the detection of fraud and prevention of bribery and whistleblowing.

#### ***Remuneration***

- 8.25 Approving the Group remuneration policy following recommendation by the Joint Remuneration Committee

- 8.26 Approving the CSG Directors Remuneration Policy, and recommending it for approval by CSG's shareholders as required by the Companies Act 2006 (as amended from time to time).
- 8.27 Approving major changes in employee benefit structures across the Group.
- 8.28 Approving the policy for pension arrangements relating to the Group.
- 8.29 Approving the design of all Group performance related remuneration schemes and Group share incentive schemes, and recommending it for approval by CSG's shareholder as required by the Companies Act 2006 (as amended from time to time).
- 8.30 Approving the fees of the CSG Chairman and CSG Non-Executive Directors, subject to the Articles and shareholder approval, as appropriate.
- 8.31 Approving the remuneration of the CSC Chairman and CSC Non-Executive Directors, subject to the articles of association of CSC, as appropriate.

### ***Culture***

- 8.32 Setting the tone for appropriate culture and behaviours across the Group.

### ***Structure and Capital***

- 8.33 Approving changes relating to CSG's capital structure including but not limited to reduction of capital, share issues and share buy backs, including the use of treasury shares.
- 8.34 Approving any major changes to the Group's corporate structure, including but not limited to:
  - 8.34.1 acquisitions and disposals of shares in other companies;
  - 8.34.2 acquisitions or disposals of businesses or fixed assets;
  - 8.34.3 making a takeover offer; or
  - 8.34.4 entering into joint ventures.
- 8.35 Approving any change to the Company's listing or its status as a public limited company.

### ***Contracts***

- 8.36 Approving any major contractual obligations including contracts which are material strategically or by reason of size, entered into by the Company or any member of the Group in the ordinary course of business, for example above £500k-.

### ***Delegation of authority***

- 8.37 Approving the division of responsibilities between the CSG Chairman, the Chief Executive Officer and other CSG Executive Directors, which should be clearly established, set out in writing and agreed by the Board.

### ***Policies***

- 8.34 Approving policies specifically relating to CSG as required following recommendation from the Policy Review Committee or other relevant Committee.
- 8.35 Approving any CSG shareholding policy or changes thereto.

### ***Other***

- 8.36 Approving the policy for making of political donations applicable for the Group.
- 8.37 Approving the appointment of the Group's principal professional advisers.
- 8.38 Overseeing any prosecution, defence or settlement of litigation, material to the interests of the Group.
- 8.39 Approving any undertaking under which a material contingent liability is assumed by the Group, for example, a guarantee or letter of comfort or support.
- 8.40 Approving the overall levels of insurance for the Group, including Directors' & Officers' liability insurance and indemnification of Directors.

## **9. Committees**

- 9.1 The Board may delegate any of its powers, authorities and discretions (including the power to sub-delegate) for such time and on such terms as it thinks fit to any Committee consisting of one or more Directors.
- 9.2 Each Committee Chairman is responsible for ensuring that the Board is briefed in an appropriate and timely manner on the matters considered and decisions made by each Committee or Sub-Committee. In accordance with the relevant terms of reference, any such Committee shall have the authority to sub-delegate to Sub-Committees any power or discretions delegated to it.
- 9.3 Where Board Committees are established, the Board will approve their terms of reference and any material changes to them. The Board will receive reports from such Committees on their activities relating to CSG and review the minutes of their meetings.

## **10. Other**

- 10.1 The Board should have access to sufficient resources in order to carry out its duties, including access to the Company Secretarial Department for assistance as required. Directors may, in pursuance of their duties, appoint, employ or retain such professional advisors as they may consider appropriate.
- 10.2 Each Director will receive an induction upon appointment. The level of induction needed will be considered by the Chairman and the Group Company Secretary. Each Director will also be supported by the ongoing Board training programme.
- 10.3 The Board should give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 10.4 The Board should undertake a formal and rigorous annual review of its own performance (as a Board, of its Committees and of individual Directors) which should be externally facilitated at least once every three years and review its matters reserved for the Board at least annually, to ensure it is operating at maximum effectiveness. Any changes to the matters reserved for the Board must be approved by the Board.
- 10.5 The Board shall ensure that the CSG Directors' Conflict of Interest register is reviewed and approved on an annual basis and shall consider any new actual or potential conflicts disclosed by a Director as and when they arise.
- 10.6 The Board shall make its matters reserved available to the Company's shareholders via its website.

To the extent that there is any inconsistency between these matters reserved for the Board and the Articles, the Articles will prevail.

Approved by the Board on 26 September 2018