

Nucleus Financial Group plc

# Schedule of matters reserved for the board

(adopted by resolution of the directors passed on 21 November 2019)

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## 1. Introduction

This schedule of matters reserved for the board was adopted by a resolution of the board of directors of Nucleus Financial Group plc (the "Company") passed on 21 November 2019.

## 2. Strategy and management

The board of directors of the Company (the "Board") will maintain responsibility for the following:

- 2.1 the overall management of the Company and its subsidiary undertakings (together the "Group") and setting the Group's values and standards;
- 2.2 approval of the Group's strategic aims and objectives;
- 2.3 approval of the annual operating and capital expenditure budgets and any material changes to them;
- 2.4 oversight of the Group's operations ensuring:
  - 2.4.1 competent and prudent management;
  - 2.4.2 sound planning;
  - 2.4.3 maintenance of sound risk management and internal control systems;
  - 2.4.4 adequate accounting and other records; and
  - 2.4.5 compliance with statutory and regulatory obligations;
- 2.5 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;
- 2.6 extension of the Group's activities into new business or geographic areas; and
- 2.7 any decision to cease to operate all or any material part of the Group's business.

## 3. Structure and capital

The Board shall make any decisions in relation to:

- 3.1 changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans or other existing option/warrant arrangements) and share buy backs;
- 3.2 major changes to the Group's corporate structure including, but not limited to, acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration);
- 3.3 changes to the Group's management and control structure; and
- 3.4 any changes to the Company's listing or its status as a public company.

## 4. Financial reporting and controls

The Board shall:

- 4.1 approve the half-yearly report and any preliminary announcement of the final results;
- 4.2 approve the annual report and accounts, including the s172 statement, the corporate governance statement and directors' remuneration report;
- 4.3 approve the dividend policy;
- 4.4 resolve to pay the interim dividend and recommend the final dividend in accordance with approved dividend policy;
- 4.5 approve any significant changes in accounting policies or practices;
- 4.6 approve any treasury policies; and
- 4.7 approve any material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

## 5. Internal controls

The Board shall ensure maintenance of a sound system of internal control and risk management including:

- 5.1 approving the Company/Group's risk management framework including its risk appetite statements;
- 5.2 approving procedures for the detection of fraud and the prevention of bribery;
- 5.3 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
- 5.4 undertaking an annual assessment of these processes; and
- 5.5 approving an appropriate statement for inclusion in the annual report.

## 6. Contracts

The Board shall review and make a final decision in relation to:

- 6.1 approval of major capital projects and overseeing execution and delivery;
- 6.2 contracts which are material, strategically or by reason of size, entered into by the Group in the ordinary course of business, for example bank borrowings above £1 million and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £1 million;
- 6.3 contracts of the Group not in the ordinary course of business, for example loans and repayments above £1 million, foreign currency transactions above £1 million, or major acquisitions or disposals above £1 million; and
- 6.4 major investments including the acquisition or disposal of interests of more than three (3) per cent in the voting shares of any company or the making of any takeover offer.

## 7. Communication

The Board shall:

- 7.1 ensure a satisfactory dialogue with shareholders, based on the mutual understanding of objectives;
- 7.2 approve resolutions and corresponding documentation to be put forward to shareholders at a general meeting;
- 7.3 approve all circulars, prospectuses and listing particulars; and
- 7.4 approve press releases concerning matters decided by the Board.

## 8. Board membership and other appointments

The Board shall decide upon the following (save for 8.9 and 8.10 each upon recommendations from the nomination committee):

- 8.1 changes to the structure, size and composition of the Board;
- 8.2 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;
- 8.3 appointments to or removal of directors from the Board;
- 8.4 selection of the chairman of the Board (with support from the senior independent director) and the chief executive officer;
- 8.5 membership and chairmanship of board committees and any changes to committee membership;
- 8.6 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 annual general meeting and otherwise as appropriate;
- 8.7 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 Group, subject to the law and their service contract;
- 8.8 appointment to and resignation of any director or Senior Manager function holder ("SMF") from executive or other office;
- 8.9 appointment or removal of the company secretary;
- 8.10 appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the audit committee; and
- 8.11 appointments to boards of subsidiaries.

## 9. Remuneration

- 9.1 The Board shall determine the remuneration of the non-executive directors, following recommendation from the remuneration committee and subject to the articles of association and shareholder approval as appropriate.
- 9.2 The Board, following recommendation from the remuneration committee, shall determine the remuneration policy for the directors, company secretary and other senior executives.
- 9.3 The Board, following recommendation from the remuneration committee, shall approve the introduction of new share incentive plans or major changes to existing plans, (including where these are required to be put to shareholders for approval).

## 10. Delegation of authority

The Board shall decide upon:

- 10.1 the division of responsibilities between the chairman, the chief executive officer and other SMFs which should be clearly established, set out in writing in the management responsibilities map and individual statements of responsibilities and agreed by the Board following recommendation from the nomination committee;
- 10.2 approving the delegated levels of authority, including the chief executive's authority limits (which must be in writing);
- 10.3 establishment of board committees and approving their terms of reference, and approving material changes thereto; and
- 10.4 receiving reports from board committees on their activities.

## 11. Corporate Governance matters

The Board shall be responsible for:

- 11.1 undertaking a formal and rigorous periodic review of its own performance, that of its committees and individual directors, and the (with support from the nomination committee) division of responsibilities as set out in the management responsibilities map and individual statements of responsibilities;
- 11.2 determining the independence of non-executive directors in light of their character, judgment and relationships;
- 11.3 considering the balance of interests between shareholders, employees, customers and the community;
- 11.4 reviewing the Group's overall corporate governance arrangements, including consideration of compliance with the QCA Code; and
- 11.5 receiving reports on the view of the Company's shareholders to ensure that they are communicated to the Board as a whole; and
- 11.6 authorising conflicts of interest where permitted by the Company's articles of association and policies.

## 12. Regulatory matters

The Board shall be responsible for:

- 12.1 reviewing and approving of the ICAAP following recommendation from the risk committee;
- 12.2 ensuring the regulated business of the Group complies with all regulatory requirements and the Group is organised so that it can be controlled effectively;
- 12.3 To monitor adherence by the Company to FCA principles for customers and treating customers fairly ("TCF") initiatives;
- 12.4 To monitor the Company's policy and approach to conduct risk; and
- 12.5 To confirm all executive and SMF appointments.

## 13. Policies

Whilst the Board's committees have the authority to approve various policies, approval of the following policies shall be reserved for the Board:

- 13.1 share dealing code;
- 13.2 anti-bribery and corruption policy;
- 13.3 capital management policy;
- 13.4 conduct risk policy;
- 13.5 risk management policy (which contains the risk management framework) and
- 13.6 health and safety policy.

## 14. Other

- 14.1 The Board shall also:
  - 14.1.1 approve the making of political donations;
  - 14.1.2 approve the appointment or removal of the Group's principal professional advisers;
  - 14.1.3 prosecute, commence, defend or settle litigation, or an alternative dispute resolution mechanism;
  - 14.1.4 approve the overall levels of insurance for the Group including directors' and officers' liability insurance and indemnification of directors;
  - 14.1.5 approve major changes to the rules of the Group's pension scheme or changes of trustees;
  - 14.1.6 approve changes to the schedule of matters reserved for board decisions; and
  - 14.1.7 approve any decision likely to have a material impact on the Company or the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 14.2 Certain matters (including any of the foregoing matters) which the Board considers suitable for delegation and which the Board has delegated are contained in the terms of reference of its committees.
- 14.3 In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

