

## HomeServe plc

### Matters Reserved for the Board of Directors

Save as expressly delegated to a committee of the Board or by direction of the Board from time to time, the Board will continue to exercise its powers and responsibilities under the Company's Articles of Association including but not limited to the following:

#### **1 Strategy and Management**

- 1.1 Responsibility for the overall management for the Group.
- 1.2 Approval of the Group's long term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes in them.
- 1.4 Oversight of the Group's operations ensuring:
  - 1.4.1 Competent and prudent management
  - 1.4.2 Sound planning
  - 1.4.3 An adequate system of internal control
  - 1.4.4 Adequate accounting and other records
  - 1.4.5 Compliance with statutory and regulatory obligations.
- 1.5 Review of performance in light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group's business.

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

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the Company listings or its status as a plc.

#### **3 Financial Reporting and Controls**

- 3.1 Approval of preliminary announcements of interim and final results will be considered by the whole Board but the final decision may be delegated to the Audit Committee.
- 3.2 Approval of the Annual Report and Accounts, including governance statement and remuneration report.
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of the interim dividend and recommendation of the final dividend.

3.5 Approval of any significant changes in accounting policies or practices.

3.6 Approval of treasury policies.

#### **4 Internal Controls**

4.1 Ensuring maintenance of a sound system of internal control and risk management including;

4.2 Receiving reports on and reviewing the effectiveness of the Group's risk and control processes to support its strategy and objectives

4.3 Undertaking an annual assessment of these processes

4.4 Approving an appropriate statement for inclusion in the Annual Report.

#### **5 Whistle Blowing**

5.1 Reviewing the means by which the workforce can raise concerns in confidence (and if they wish, anonymously)

5.2 Ensuring that arrangements are in place for the proportionate and independent investigation of such matters

5.3 Reviewing reports arising from the whistle blowing arrangements.

#### **6 Contracts**

6.1 Capital projects involving expenditure in excess of £2.5m in a single or several directly related projects including leasehold developments where the total of the net present value of the lease and associated costs exceeds £2.5m.

6.2 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example;

6.2.1 all new or renewing bank facilities and other vehicles for raising finance in excess of £1.0m

6.2.2 customer contracts exceeding £10m in annual value;

6.2.3 customer or supplier contracts containing indemnities that exceed the amount covered by the Company's existing insurance policies;

6.2.4 supplier contracts involving expenditure in excess of £10.0m per annum.

6.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments exceeding £1.0m; and acquisitions or disposals of tangible assets exceeding £2.5m.

6.4 The acquisition or disposal of assets comprising a going concern where the proposed total consideration payable exceeds £5.0m.

6.5 The acquisition or disposal of any interest in the voting shares of any company, including participation in a joint venture and the making of any take-over offer of any company where the proposed total consideration payable exceeds £5.0m.

#### **7 Communication**

7.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

- 7.2 Approval of all circulars and listing particulars. Approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to the Audit Committee.

## **8 Board Membership and other Appointments**

- 8.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 8.2 Ensuring adequate succession planning for the Board and senior management.
- 8.3 Appointments to the Board following recommendations by the Nomination Committee.
- 8.4 Selection of the Chairman of the Board and the Chief Executive.
- 8.5 Appointment of the Senior Independent Director.
- 8.6 Membership and Chairmanship of Board committees.
- 8.7 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 AGM and otherwise as appropriate.
- 8.8 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 Company subject to the law and their service contract.
- 8.9 Appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

## **9 Remuneration**

- 9.1 Determining the remuneration of the Non-Executive Directors, subject to the Articles of Association and shareholder approval as appropriate.
- 9.2 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **10 Delegation of Authority**

- 10.1 The division of responsibilities between the Chairman, the Chief Executive and other executive Directors which should be in writing.
- 10.2 Approval of terms of reference of Board committees.
- 10.3 Receiving reports from Board committees on their activities.

## **11 Corporate Governance Matters**

- 11.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual Directors.
- 11.2 Determining the independence of Directors.
- 11.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 11.4 Review of the Group's overall corporate governance arrangements.
- 11.5 Receiving reports on the views of the Company's shareholders.

## **12 Policies**

- 12.1 Approval where appropriate, of policies including;
  - 12.1.1 Code of Conduct
  - 12.1.2 Share Dealing code
  - 12.1.3 Health & Safety policy
  - 12.1.4 Environmental policy
  - 12.1.5 Communications policy, including the release of price sensitive information
  - 12.1.6 Corporate Social Responsibility policy
  - 12.1.7 Charitable Donations policy.

## **13 Other**

- 13.1 The making of political donations.
- 13.2 Approval of the appointment of the Group's principle professional advisers.
- 13.3 Prosecution, defence or settlement of litigation above £1million or being otherwise material to the interests of the Board.
- 13.4 Approval of the overall levels of insurance for the Group including Directors' and officers' liability insurance and indemnification of Directors.
- 13.5 Major changes to the rules of the Group's pension scheme.
- 13.6 This schedule of matter reserved for Board decisions.
- 13.7 Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.
- 13.8 In addition the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.