

The Role of the Board and the Directors

Approved 19 April 2016



	#
The Role of the Board and the Directors	3
• Role of the Chairman	5
• Role of the Chief Executive	7
• Role of the Senior Independent Director	8
• Role of the Non-Executive Directors	9
• Role of the Executive Directors	10
Appendix: Summary of key Directors' statutory duties under the Companies Act 2006	11



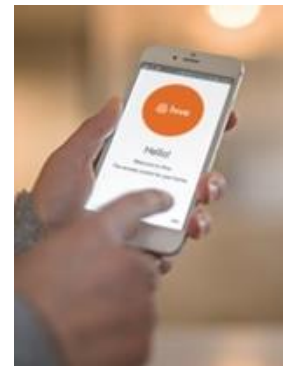
Role of the Board and the Directors

All Directors whether Executive or Non-Executive have the same general legal responsibilities to the Company. The Board as a whole is collectively responsible for the success of the Company by providing direction for management and supervising the Company's affairs.

Directors have statutory duties under law, in particular under the Companies Act 2006. The most important duties are set out in Sections 172 to 174 of the Companies Act in respect of:

- i. a duty to promote the success of the Company;
- ii. a director must act in the way he/she considers 'in good faith' would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so having regard to a number of factors, including the long term consequences of decisions, the impact on the environment and the interest of employees;
- iii. a duty to exercise independent judgement on the consideration of matters; and
- iv. a duty to exercise reasonable care, skill and diligence utilising the experience and skills that a director has or is expected to have.

Further details on the key duties of Directors under the Companies Act are provided in the attached appendix.



The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board also develops and promotes its collective vision of the Company's purpose, its culture, its values and the behaviour it wishes to promote in conducting its business. In particular, the Board:

- i. considers the matters necessary to promote the long term success of the Company;
- ii. sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
- iii. is accountable to its shareholders and takes account of the views of other stakeholders;
- iv. creates a performance culture that drives value creation without exposing the Company to excessive risk of value destruction;
- v. makes well-informed and high-quality decisions based on a clear line of sight into the business;
- vi. creates the right framework for helping Directors meet their statutory and regulatory duties; and
- vii. thinks carefully about its governance arrangements and embraces evaluation of their effectiveness.

Role of the Chairman

The Chairman is pivotal in creating the conditions for overall Board and individual Director effectiveness. Specifically, it is the responsibility of the Chairman to:

- i. provide coherent and ethical leadership;
- ii. run the Board and set its agenda, which should take full account of the issues and the concerns of all Board members. Agendas should be primarily focused on strategy, performance, value creation and accountability and should ensure that issues relevant to these areas are reserved for Board decision;
- iii. ensure that the members of the Board receive accurate, timely and clear information, in particular about the Company's performance, to enable the Board to take sound and effective decisions and ensure constructive debate;
- iv. make certain that the Board determines the nature, and extent, of the significant risks the Company is willing to accept in the implementation of its strategy, and that there are no 'no go' areas which prevent Directors from operating effective oversight in this area;
- v. with the support of the Chief Executive ensure effective implementation of Board decisions;
- vi. ensure effective communication with shareholders and other stakeholders and ensure that the members of the Board are made aware of the views of the major investors;



- vii. take the lead in providing a properly constructed induction programme for new Directors that is comprehensive, formal and tailored, facilitated by Company Secretary;
- viii. take the lead in identifying and meeting the development needs of the Board as a whole and for each individual Director with the Company Secretary having a key role in facilitating provision;
- ix. ensure that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year and the results of the Board evaluation are acted upon;
- x. regularly consider succession planning and the composition of the Board;
- xi. foster relationships founded on mutual respect and open communication – both in and outside the boardroom – between the Non-Executive Directors and the Executive team while respecting executive responsibility. A close relationship of trust with the Chief Executive is particularly important;
- xii. promote high standards of Corporate Governance and seek compliance with the provisions of the UK Corporate Governance Code and other applicable governance codes of practice where appropriate to the Company;
- xiii. consult where necessary or appropriate with the Senior Independent Director on Board matters;
- xiv. ensure there is a clear structure for, and the effective running, of Board Committees with appropriate terms of reference; and
- xv. encourage all Board members to engage in their respective Board Committee meetings by drawing on their skills, knowledge, experience, and where appropriate, independence.

Role of the Chief Executive

The Chief Executive is responsible for running the business of the Company in close collaboration with, and with the support of, the Executive Committee. This is achieved within a framework of governance, policies and strategies defined and approved by the Board.

The key responsibilities of the Chief Executive include:

- i. developing Group objectives and strategy to be approved by the Board;
- ii. providing input to the Board's agenda;
- iii. effective implementation of Board decisions in respect of the business;
- iv. effectively leading the Executive Directors and the Executive Committee in the day-to-day running of the Group's business;
- v. ensuring that the business complies with appropriate policies and procedures;
- vi. providing coherent leadership of the Company with the Chairman.
- vii. setting out the Company's culture, values and behaviours with support from the executive team;
- viii. supporting the Chairman to ensure that appropriate standards of governance permeate throughout the organisation; and
- ix. ensuring the Board is aware of view of employees on issues of relevance to the business.



Role of the Senior Independent Director

The Senior Independent Director should:

- i. act as a sounding board for the Chairman and provide support for the Chairman in the delivery of his or her objectives;
- ii. lead the evaluation of the Chairman on behalf of the other Directors;
- iii. take responsibility for an orderly succession process for the Chairman; and
- iv. work with the Chairman and other Directors, and/or shareholders, to resolve significant issues during times of stress. Examples of such times include: disputes between the Chief Executive and the Chairman or addressing any concerns expressed by shareholders or Non-Executive Directors that are not being addressed by the Chairman or Chief Executive.



Role of Non-Executive Directors

The Non-Executive Director, including the Chairman, should:

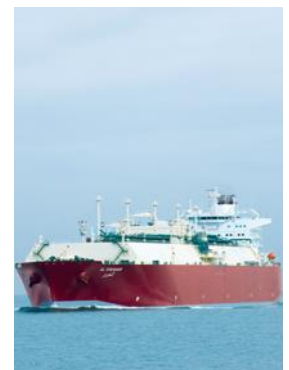
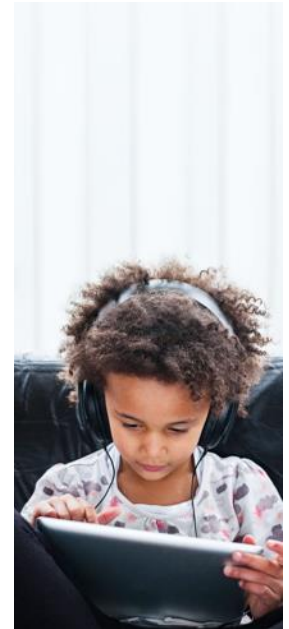
- i. devote time to developing and refreshing their knowledge and skills, to ensure that they are well-informed about the Company and its relevant issues, to make a positive contribution to the Board;
- ii. commit sufficient time to discharge their responsibilities effectively;
- iii. uphold high standards of integrity and probity and support the Chairman and Executive Directors in instilling the appropriate culture, values and behaviours;
- iv. constructively challenge and help develop proposals on strategy;
- v. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- vi. satisfy themselves through the Audit Committee on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and
- vii. determine appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary removing, Executive Directors and in succession planning through the Remuneration Committee and the Nominations Committee.



Role of Executive Directors

Executive Directors should:

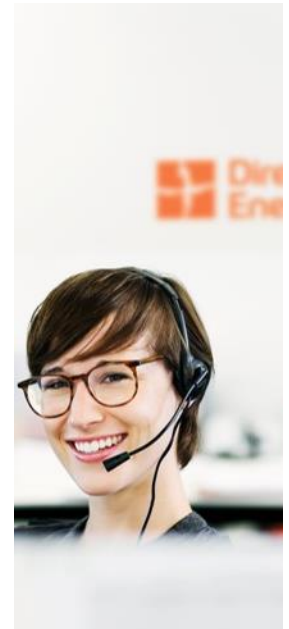
- i. take account of the wider remit of their roles beyond their specific executive duties;
- ii. ensure they receive induction and regular training appropriate to their role on the Board; and
- iii. welcome constructive challenge and the wider views from Non- Executive Directors.



Appendix: Summary of key Directors' statutory duties under the Companies Act 2006

Section 172: Duty to promote the success of the company

- 1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - a) the likely consequences of any decision in the long term;
 - b) the interests of the company's employees;
 - c) the need to foster the company's business relationships with suppliers, customers and others;
 - d) the impact of the company's operations on the community and the environment;
 - e) the desirability of the company maintaining a reputation for high standards of business conduct; and
 - f) (the need to act fairly as between members of the company.
- 2) Where, or to the extent that, the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
- 3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.



Appendix: Summary of key Directors' statutory duties under the Companies Act 2006 (continued)

Section 173: Duty to exercise independent judgment

- 1) A director of a company must exercise independent judgment.
- 2) This duty is not infringed by his acting:
 - a) in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors; or
 - b) in a way authorised by the company's constitution.

Section 174: Duty to exercise reasonable care, skill and diligence

- 1) A director of a company must exercise reasonable care, skill and diligence.
- 2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with:
 - a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company; and
 - b) the general knowledge, skill and experience that the director has.

