



BAGIR GROUP LIMITED
(the “Company”)

CORPORATE GOVERNANCE

- I) SCHEDULES OF MATTERS SPECIFICALLY RESERVED FOR
DECISION BY THE BOARD, AND**
- II) PROCEDURE FOR DIRECTORS TO TAKE INDEPENDENT
PROFESSIONAL ADVICE**

(REVIWED AUGUST 2018)

SCHEDULE OF MATTERS SPECIFICALLY RESERVED FOR DECISION BY THE FULL BOARD

This document sets down those powers reserved for the full board of the Company (the “**Board**”) and not delegated to the Company's executive directors. The list contains some matters which the Board cannot, as a matter of law, delegate. The Board may, however, appoint committees as it thinks fit to exercise certain of its powers. Specific areas of delegation are set out in the terms of reference for the remuneration committee, the nomination committee and the audit committee of the Company as recommended by the UK Corporate Governance Code, although the final decision on these matters is required to be taken by the whole board.

1 STRATEGY AND MANAGEMENT

- (a) Responsibility for the overall leadership of the Company and setting the Company’s values and standards.
- (b) Approval of the group’s strategic aims and objectives.
- (c) Determination of the extent of exposure to identified risks that the Company is able to bear and willing to take balancing risk tolerance and risk appetite in setting the Group’s strategy.
- (d) Embody and promote a corporate culture and values based on sound ethical values and believes.
- (e) Approvals of the annual operating and capital expenditure budgets and any material changes to them.
- (f) Oversight of the group’s operations ensuring:
 - (A) competent and prudent management;
 - (B) sound planning;
 - (C) maintenance of sound management and internal control systems;
 - (D) adequate accounting and other records; and
 - (E) compliance with statutory and regulatory obligations.
- (g) 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.
- (h) To approve the commencement of any major new business activity which is materially different from that being undertaken by an existing part of the Company's business.
- (i) Extension of the group’s activities into new geographic areas.

- (j) Any decision to cease to operate all or any material part of the group's business.
- (k) To approve the risk management policies including insurance, hedging, borrowing limits, corporate security and extended business risks.
- (l) To approve the commencement of any major new business activity which is materially different from that being undertaken by an existing part of the Company's business.

2 **STRUCTURE AND CAPITAL**

- (a) Changes relating to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs including the use of treasury shares.
- (b) 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 in question (taking into account initial and deferred consideration).
- (c) Changes to the group's management and control structure.
- (d) Any changes to the Company's listing or its status as a plc.

3 **FINANCIAL REPORTING AND CONTROLS**

- (a) Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.
- (b) Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report.
- (c) Approval of the dividend policy.
- (d) Declaration of the interim dividend and recommendation of the final dividend.
- (e) Approval of any significant changes in accounting policies or practices.
- (f) Approval of treasury policies.
- (g) Approval of material unbudgeted capital or operating expenditures (outside predetermined tolerances).
- (h) Approval of the recommendations of the audit committee, including the remuneration of the Company's external auditors and recommendations for the appointment, re-appointment or removal of the Company's external auditors to be put to shareholder approval.
- (i) Receiving and reviewing the reports of the audit committee.

- (j) Approval of the group's annual budget including the operating and capital expenditure budgets and any material changes to them.
- (k) Receiving for post-completion review a report on all capital expenditure projects which it approves.
- (l) Approving the issue of shares or of securities conferring rights of subscription for or conversion into shares in the Company.
- (m) Authorising transfers to reserves and appropriations of profit by the Company.
- (n) Authorising calls on or forfeiture of shares.
- (o) Approving any own purchases or redemptions of shares or any reductions of capital by the Company including the use of treasury shares.

4 **INTERNAL CONTROLS**

- (a) Ensuring maintenance of a sound system of internal control and risk management including:
 - (A) approving the Company/group's risk appetite statements;
 - (B) receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;
 - (C) approving procedures for the detection of fraud and the prevention of bribery;
 - (D) undertaking an annual assessment of these processes; and
 - (E) approving an appropriate statement for inclusion in the annual report.

5 **CONTRACTS**

- (a) Approval of major capital projects and oversight over execution and delivery.
- (b) Contracts which are material strategically or by reason of size, entered into by the Company or, in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings above \$100,000 and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above \$100,000.
- (c) Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments above \$100,000; foreign currency transactions above \$100,000; major acquisitions or disposals above \$100,000.
- (d) Major investments including the acquisition or disposal of interests of more than 3% in the voting shares of any company or the making of any takeover offer.

6 **COMMUNICATION**

- (a) Ensuring a healthy dialogue with all stakeholders, including shareholders, based on the mutual understanding of objectives.
- (b) Ensure appropriate communication and reporting structures exist between the Board and all constituent parts of the shareholder base.
- (c) Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- (d) Approval of all circulars, prospectuses and listing particulars approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee.
- (e) Approval of press releases and announcements concerning matters decided by the Board.

7 **BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- (a) Changes to the structure, size and composition of the Board, following recommendations from the nomination committee.
- (b) 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.
- (c) Appointments to and resignations from the Board (both executive and nonexecutive), following recommendations by the nomination committee.
- (d) Selection of the chairman of the Board and the chief executive.
- (e) Appointment of at least two independent non-executive directors.
- (f) Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- (g) Membership and chairmanship of board committees following recommendations from the nomination committee.
- (h) The division of responsibilities between the Chairman and Chief Executive which should be in writing.
- (i) 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 of the Company and otherwise as appropriate.
- (j) 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.

- (k) Appointment or removal of the Company secretary.
- (l) 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.
- (m) Appointments to boards of subsidiaries.
- (n) Applications by executive directors for permission to accept outside appointments.
- (o) To determine the independence of the non-executive directors in light of their character, judgment and relationships.
- (p) To ensure the Board has an appropriate balance of personal skills, experience, and knowledge of the Board and ensure they are sufficient to enable the directors to discharge their duties and responsibilities efficiently.
- (q) To ensure the directors commit the time necessary to fulfil their roles.
- (r) Regularly review the effectiveness of the Board's performance as a unit, as well as that of its committees and individual directors, identify development or mentoring needs accordingly.

8 **REMUNERATION**

- (a) Determining the remuneration policy for the directors, company secretary and other senior executives.
- (b) Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- (c) The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

9 **DELEGATION OF AUTHORITY**

- (a) The division of responsibilities between the chairman, the chief executive and other executive directors, which should be clearly established, set out in writing and agreed by the Board.
- (b) Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).
- (c) Establishing Board committees and approving their terms of reference, and approving material changes thereto.
- (d) Receiving reports from Board committees on their activities.

10 **CORPORATE GOVERNANCE MATTERS**

- (a) Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- (b) Determining the independence of non-executive directors in light of their character, judgment and relationships.
- (c) Considering the balance of interests of all stakeholders including shareholders, employees, customers, the community and the environment, communicating with all such stakeholders to understand their needs, interests and expectations.
- (d) Review of the group's overall corporate governance arrangements.
- (e) Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- (f) Authorising conflicts of interest where permitted by the Company's articles of association.
- (g) Transactions with directors and other related parties.

11 **POLICIES**

Approval of policies, including:

- (A) Code of Conduct;
- (B) Share dealing code;
- (C) Bribery prevention policy;
- (D) Whistleblowing policy;
- (E) Health and safety policy;
- (F) Environment and sustainability policy;
- (G) Human resources policy;
- (H) Communications policy (including procedures for the release of price-sensitive information);
- (I) Corporate social responsibility policy; and
- (J) Charitable donations policy.

12 **OTHER**

- (a) The making of political donations.
- (b) Approval of the appointment of the group's principal professional advisers.

- (c) Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism \$100,000 or being otherwise material to the interests of the group.
- (d) Approval of the overall levels of insurance for the group including directors' & officers' liability insurance and indemnification of directors.
- (e) Major changes to the rules of the group's pension scheme, or changes of trustees or when this is subject to the approval of the Company changes in the fund management arrangements.
- (f) Any decision likely to have a material impact on the Company or group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- (g) This schedule of matters reserved for Board decisions.

PROCEDURE FOR DIRECTORS TO TAKE INDEPENDENT PROFESSIONAL ADVICE

1 INTRODUCTION

- (a) Occasions may arise when directors have to seek legal or financial advice in furtherance of their duties. Directors are always able to consult the Company's advisers and it is not intended to restrict or discourage this in any way. However, the Board has adopted the procedure set out below for circumstances where a director of the Company considers it necessary to take independent professional advice in the furtherance of his/her duties, at the Company's expense.
- (b) Any advice taken will be in his/her capacity as a director, not on behalf of the Company or of the entire Board. Advisers should be notified accordingly. Failure to follow these procedures will mean that the director concerned will be responsible for any costs incurred.
- (c) The procedure set out below does not cover advice concerning the personal interests of a director including matters relating to his/her service contract or his/her dealings in the Company's securities or in relation to disputes with the Company; in such cases, the director concerned will be personally responsible for the cost of obtaining such advice.

2 PROCEDURE

- (a) Where a director considers it necessary to take independent professional advice in furtherance of his/her duties, he/she should first consult with the Company's advisers through the Company secretary to clarify their advice and to identify his/her concerns with them directly unless, in the circumstances, he/she reasonably considers that such consultations would be inappropriate.

- (b) If:
- (A) a director reasonably considers it necessary to take professional advice in furtherance of his/her duties from independent advisers and not from the Company's professional advisers; or
 - (B) following consultations with the Company's advisers or where consultation is reasonably considered to be inappropriate as outlined in paragraph (a), the director reasonably considers it necessary to take independent professional advice;

the director may take independent professional advice at the Company's expense (up to a limit of \$10,000 excluding value added tax and disbursements or such higher figure as the Board may determine) after first giving notice in writing to the Company secretary with details of the matter on which he/she is proposing to seek advice and the advisers he/she is proposing to consult together with the fee arrangements and an estimate of the costs to be incurred.

- (c) Where either paragraph 2(b)(A) or paragraph 2(b)(B) applies and the expenses of taking independent advice are likely to exceed \$10,000 excluding value added tax and disbursements or the higher figure (if any) determined by the Board, the director should discuss his/her concerns with the chairman of the Audit Committee (having first given him/her and the Company secretary notice in writing containing the same details as are required for a notice given under paragraph (b)) and explain why he/she considers it necessary to take independent professional advice. Following discussions with the director, the chairman of the Audit Committee shall either:

(A) authorise in writing the payment by the Company of the reasonable fees of such independent advisers as he/she approves (with or without a limit at his/her discretion) for advising the director on those matters raised by that director which the chairman of the Audit Committee considers appropriate; or

(B) set out in writing the reasons why he/she considers that there is no arguable case for the Company to pay the cost of obtaining the independent professional advice in question. The director may then require that the matter be considered by the full Audit Committee which shall determine whether or not the director should be authorised to obtain independent professional advice on the matters raised at the Company's expense. Any authority given by the Audit Committee should be in the form of an Audit Committee chairman's authority as set out in paragraph 2(c)(A).

- (d) In his/her own case, the chairman of the Audit Committee should discuss his/her concerns with the other members of the Audit Committee (having first

given them and the company secretary notice in writing containing the same details as are required for a notice given under paragraph (b)) who shall deal with the matter in accordance with the procedure for an Audit Committee chairman's authority as set out in paragraph 2(c)(A) or the first sentence of paragraph 2(c)(B).

- (e) Where a director considers it necessary to seek independent professional advice, the matter will be included on the agenda for every meeting of the Board until the issue requiring independent advice is resolved.