

## **BARRATT REDROW PLC**

### **THE BOARD – SCHEDULE OF MATTERS RESERVED TO THE BOARD**

#### **General**

The UK Corporate Governance Code (the Code) states that every company should be led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to a wider society. Among other things, a company's board should establish a company's purpose, values and strategy and satisfy itself that these and its culture are aligned.

The board of directors (the "Board") of Barratt Developments PLC (the "Company") is ultimately responsible for the strategy, management, performance and long-term success of the Company and its subsidiaries (the "Group"). In particular, the Board is responsible for:

- the effective and entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed;
- assessing and monitoring culture and ensuring that it is aligned with the Group's purpose, values and strategy;
- ensuring all directors, act with integrity, led by example and promote the desired culture of the Group;
- overseeing the Group's operations ensuring:
  - competent and prudent management;
  - sound planning;
  - maintenance of sound management and internal control systems;
  - adequate accounting and other records;
  - compliance with statutory and regulatory obligations;and
- ensuring that the necessary resources are in place for the Group to meet its objectives and enable it to review the Group's performance against its strategy, objectives, business plans and budgets.

In carrying out these responsibilities, all directors must act in what they consider to be in the best interests of the company and consistent with their statutory duties as set out in the Companies Act 2006 sections 171-177 and must uphold the highest standards of integrity, while supporting the Chair in instilling the appropriate values, behaviours and culture in the boardroom and the wider Group.

Having regard to the duty of all directors to promote the long-term success of the Company for the benefit of its members as a whole, and in doing so, to have regard (amongst other matters) to:-

- the likely consequences of any decision in the long term;

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- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board has reserved the following matters for its direct stewardship and decision making in conjunction with the Audit, Remuneration and Nomination committees and any other committee appointed by the Board.

The Board shall be responsible for approving the following:

#### **1 Strategy, Culture and Management**

- 1.1 the Company's purpose, desired culture, values and long-term objectives and strategy;
- 1.2 the annual operating and capital expenditure budgets and any material changes to them;
- 1.3 taking any corrective action as may be deemed necessary so as to enable the Group to meet its objectives;
- 1.4 any extension of the Group's activities into new business or geographic areas outside the UK;
- 1.5 any decision to cease operating 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, but not limited to, reduction of capital, share issues, allotments (except under employee share plans), share buy backs including the use of treasury shares;
- 2.2 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);
- 2.3 material changes to the Group's senior management and control structure;
- 2.4 any changes to the Company's listing or its status as a public limited company;

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**3 Financial reporting and controls**

- 3.1 the half yearly report, interim management statements and the final results announcement;
- 3.2 the annual report and financial statements, including the strategic report, directors' report, corporate governance statement and remuneration report, ensuring that, taken as a whole, the annual report and accounts, are fair, balanced and understandable and provide shareholders with the necessary information to assess the Company's position and performance, business model and strategy;
- 3.3 approving the dividend policy, declaration of the interim dividend and recommendation of the final dividend;
- 3.4 any significant changes in accounting policies or practices, which the auditors have advised are a material change;
- 3.5 treasury policies including foreign currency exposure and the use of financial derivatives;
- 3.6 material unbudgeted capital or operating expenditures outside predetermined tolerances;

**4 Risk Management and Internal controls**

- 4.1 the Group's internal control and risk management including:-
  - determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives;
  - undertaking a robust annual assessment of the Company's emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
  - monitoring, at least annually, the Company's risk management and internal control framework, covering all material controls including financial, operational, reporting and compliance controls and assess their effectiveness;
  - approving an appropriate statement for inclusion in the annual report and accounts which provides a description of how the board has monitored and reviewed the effectiveness of the risk management and internal control framework, a declaration of effectiveness of the material controls as at the balance sheet date and a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to

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address previously reported issues.

- the Company's/group's risk appetite and any associated statements;
- receiving reports on, and reviewing the effectiveness of, the company's risk and control processes to support its strategy and objectives;
- approving procedures for the detection of fraud and the prevention of bribery;
- approving an appropriate statement for inclusion in the annual report and accounts which provides a description of the Company's principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated, following recommendation from the Audit Committee;
- assessing, following recommendations from the Audit Committee, the prospects of the Company, over an appropriate period of time, and its ability to continue in operation and meet its liabilities as they fall due over the period of assessment;
- agreeing a statement to confirm the long-term viability of the Company for inclusion in the Annual Report and Accounts;

#### **5 Contracts**

- 5.1 any proposed major capital projects;
- 5.2 considering and approving proposed contracts above the limits of authority delegated by the board, which are material strategically or by reason of size, and acquisitions or disposals of fixed assets;
- 5.3 any proposed contracts of the Company or any subsidiary not in the ordinary course of business, including major acquisitions or disposals;
- 5.4 any proposed major investments including the acquisition or disposal of interests of more than 5 percent in the voting shares of any company or the making of any takeover offer.

#### **6 Engagement with shareholders, employees and other stakeholders**

- 6.1 ensuring effective management with, and encourage participation from, the Company's shareholders and other stakeholders;
- 6.2 any resolutions and corresponding documentation to be put forward to shareholders at a general meeting;

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- 6.3 all circulars, prospectuses and listing particulars;
- 6.4 any press releases concerning matters decided by the Board.
- 6.5 all material communication with shareholders in respect of access to information;
- 6.6 a framework engagement methods for the workforce;
- 6.7 a mechanism by which the workforce can raise concerns in confidence, and if they wish, anonymously, and which mechanism includes reports and proportionate and independent investigation of any matters following from such reports;

#### **7 Board membership and other appointments**

- 7.1 changes to the structure, size and composition of the Board, following recommendations from the nomination committee;
- 7.2 succession planning for the Board and senior management in order to maintain an appropriate balance of skills, experience, independence and knowledge;
- 7.3 ensuring that appointments and succession plans are based on merit and objective criteria and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 7.4 the appointment of the Chair of the Board and the Chief Executive;
- 7.5 the appointment of the Senior Independent Director;
- 7.6 the membership and chairs of its committees following recommendations from the nomination committee;
- 7.7 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;
- 7.8 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;
- 7.9 appointment or removal of the Company Secretary;
- 7.10 appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee;

#### **8 Remuneration**

- 8.1 a formal and transparent procedure for determining the

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- remuneration policy for the Chair, executive directors, Company Secretary and senior management which supports strategy and promotes the long term sustainable success of the Company following recommendation from the Remuneration Committee;
- 8.2 the remuneration of the non-executive directors' subject to the articles of association and shareholder approval as appropriate;
- 8.3 the introduction of any share and long term incentive plans or major changes to existing plans, and agreeing for them to be put to shareholders for approval, as appropriate;

#### **9 Delegation of Authority**

- 9.1 the division of responsibilities between the Chair, the Chief Executive, Senior Independent Director and other executive directors;
- 9.2 the delegated levels of authority limits for across the business which should be recorded in writing;
- 9.3 the terms of reference of each of its board committees;
- 9.4 the reports from board committees on their activities;

#### **10 Corporate Governance matters**

- 10.1 a formal and rigorous review, annually, of its own performance, that of its committees and individual directors and the division of responsibilities to consider the composition, diversity, how effectively members work together to achieve objectives and whether directors continue to contribute effectively;
- 10.2 the performance review of the Board, which is to externally facilitated at least every three years;
- 10.3 the results of and actions resulting from the Board performance review as conducted by the Nomination Committee for the purposes of recognising strengths and addressing any weaknesses identified;
- 10.4 a statement on how the performance review has been conducted for inclusion in the Annual Report and Accounts.
- 10.5 a determination of the independence of non-executive directors.
- 10.6 the balance of interests between shareholders, employees, customers and the community.
- 10.7 the Company's overall corporate governance arrangements;
- 10.8 reports on the views of the Company's shareholders,

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- workforce and other stakeholders;
- 10.9 reviewing and approving recommendations from the nomination committee in respect of existing and prospective director's conflicts of interest authorisations required by the Companies Act 2006;

#### **11 Policies**

- 11.1 at least annually, the Company's core policies including, but not limited to:
- Ethics and Anti-Bribery Policies
  - Whistleblowing Policy
  - Dignity, Respect and Equality Policy
  - Diversity Policy
  - Health and Safety Policy
  - Environmental Policy
  - Sustainability Policy
  - Accounting Policy and Procedure
  - Dealing with price sensitive information
  - Share Dealing Code
  - Modern Slavery and Human Trafficking Statement
  - Policy for Workforce Engagement

#### **12 Other**

- 12.1 any proposed political donations and expenditure;
- 12.2 the appointment and reappointment of the Company's principal professional advisers;
- 12.3 any prosecution, commencement, defence or settlement of material litigation outside the scope of authority delegated by the board;
- 12.4 the overall levels of insurance for the company including Directors & Officers liability insurance;
- 12.5 any major changes to the rules of the company's pension scheme, or changes of trustees or changes in the pension funding arrangements;
- 12.6 any decision likely to have a material impact on the Company from any perspective including, but not limited to, financial, operational, strategic or reputational; and
- 12.7 this schedule of matters reserved for board decisions.

Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.

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In addition, the board will receive reports and recommendations from time to time on any matter, which it considers significant to the company.