

**M&C SAATCHI PLC**  
**SCHEDULE OF MATTERS**  
**RESERVED FOR THE BOARD**

- 1.1 Set out below is a schedule of matters reserved for the board in accordance with good corporate governance practice. Items marked \* (and shaded a different colour for ease of reference) are not considered suitable for delegation to a committee of the board, for example because of Companies Act requirements or because, under the recommendations of the Code, they are the responsibility of an audit, nomination or remuneration committee, with the final decision required to be taken by the board as a whole.
- 1.2 Matters which the board considers suitable for delegation are contained in the terms of reference of its committees. In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the group.

<b>Index of Definitions</b>	
<i>CA06</i>	Companies Act 2006
<i>Code</i>	UK Corporate Governance Code (July 2018)
<i>GBE</i>	FRC Guidance on Board Effectiveness (July 2018)
<i>DTR</i>	The FCA's Disclosure and Transparency Rules
<i>LR</i>	The FCA's Listing Rules
<i>PRR</i>	The FCA's Prospectus Regulation Rules
<i>Audit &amp; Risk, Nomination, Remuneration</i>	The board committee which will consider the item and make recommendations to the board for its final decision

<b>2. STRATEGY AND MANAGEMENT</b>		
2.1	Responsibility for the overall leadership of the company and setting the company's values and standards.	Code Part 1; GBE 11-14
2.2	Approval of the group's strategic aims and objectives.	Code Part 1; GBE 11-14
2.3	Approvals of the annual operating and capital expenditure budgets and any material changes to them.	
2.4	Oversight of the group's operations ensuring: <ul style="list-style-type: none"> <li>• competent and prudent management;</li> <li>• sound planning;</li> <li>• maintenance of sound management and internal control systems;</li> <li>• adequate accounting and other records; and</li> <li>• compliance with statutory and regulatory obligations.</li> </ul>	Code Part 1

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.	Code Part 1
2.6	Any decision to cease to operate all or any material part of the group's business.	
<b>3. STRUCTURE AND CAPITAL</b>		
3.1	*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.	
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 in question (taking into account initial and deferred consideration).	
3.3	*Changes to the group's management and control structure.	
3.4	*Any changes to the company's listing or its status as a plc.	
<b>4. FINANCIAL REPORTING AND CONTROLS</b>		
4.1	*Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.	Code Part 4; <b>Audit &amp; Risk;</b> DTR 4.1-4.4.
4.2	*Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report. <sup>1</sup>	CA06 s414- s415; DTR 4; Code Parts 4 & 5; <b>Audit &amp; Risk</b>
4.3	*Approval of the dividend policy.	
4.4	*Declaration of the interim dividend and recommendation of the final dividend.	DTR 6.1.13.
4.5	*Approval of any significant changes in accounting policies or practices.	Code Part 4; <b>Audit &amp; Risk</b>
4.6	*Approval of treasury policies including foreign currency exposure and the use of financial derivatives.	
4.7	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).	
4.8	Approval of the group's tax strategy.	

<sup>1</sup> These items are often considered by the whole board but with the formal decision being delegated to a committee (set up solely for that purpose). This allows time for any changes requested at the board meeting to be incorporated into the final document before publication.

<b>5. INTERNAL CONTROLS</b>		
5.1	<p>Ensuring maintenance of a sound system of internal control and risk management including:</p> <ul style="list-style-type: none"> <li>• approving the company/group’s risk appetite statements;</li> <li>• receiving reports on, and reviewing the effectiveness of, the group’s risk and control processes to support its strategy and objectives;</li> <li>• approving procedures for the detection of fraud and the prevention of bribery;</li> <li>• undertaking an annual assessment of these processes; and</li> </ul> <p>Approving an appropriate statement for inclusion in the annual report.</p>	Code Part 4; <b>Audit &amp; Risk;</b> UK Bribery Act 2010
<b>6. CONTRACTS</b>		
6.1	Approval of major capital projects and oversight over execution and delivery.	
6.2	Contracts of the company or any subsidiary with a supplier with a term of greater than 12 months and which cannot be terminated by the company or subsidiary on three months’ notice without cause.	
6.3	Any property leases with payments of more than £1,000,000 and a rental term of 12 months or more.	
6.4	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 £1,000,000 and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £1,000,000.	
6.5	Contracts of the company or any subsidiary not in the ordinary course of business, for example loans and repayments above £1,000,000; foreign currency transactions above £1,000,000; major acquisitions or disposals above £1,000,000.	
6.6	Major investments including the acquisition or disposal of interests of more than 3 percent in the voting shares of any company or the making of any takeover offer.	DTR 5
6.7	Any decision by the group to enter into any material new business venture which will have a materially different risk profile to the then existing business ventures of the group.	
<b>7. COMMUNICATION</b>		
7.1	Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.	Code Part 1; GBE 35-39

7.2	Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.	LR 13
7.3	*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.	LR 13, PRR 5.3.
7.4	*Approval of press releases concerning matters decided by the board.	
<b>8. BOARD MEMBERSHIP AND OTHER APPOINTMENTS</b>		
8.1	*Changes to the structure, size and composition of the board, following recommendations from the nomination committee.	Code Part 3; <b>Nomination</b>
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.	Code Part 3
8.3	*Appointments to the board, following recommendations by the nomination committee.	Code Part 3; <b>Nomination</b>
8.4	*Selection of the chairman of the board and the chief executive.	GBE 61 <b>Nomination</b>
8.5	*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.	Code Part 2(12); GBE 66-68 <b>Nomination</b>
8.6	*Membership and chairmanship of board committees following recommendations from the nomination committee.	<b>Nomination</b>
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.	<b>Nomination</b>
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.	<b>Nomination</b>
8.9	*Appointment or removal of the company secretary.	CA06 Part 12 s270-280; Code Part 2(16)
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.	CA06 s489 & s491, Code Part 4(25); <b>Audit &amp; Risk</b>

<b>9. REMUNERATION</b>		
9.1	*Determining the remuneration policy for the directors, company secretary and other senior executives including members of the Executive Leadership Team.	Code Part 5; <b>Remuneration</b>
9.2	Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.	Code Part 5
9.3	*The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.	<b>Remuneration</b>
<b>10. DELEGATION OF AUTHORITY</b>		
10.1	*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.	Code Part 2
10.2	Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).	
10.3	*Establishing board committees and approving their terms of reference and approving material changes thereto.	Code Parts 2-5
10.4	*Receiving reports from board committees on their activities.	
<b>11. CORPORATE GOVERNANCE MATTERS</b>		
11.1	*Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.	Code Part 3(21)
11.2	*Determining the independence of non-executive directors in light of their character, judgment and relationships.	Code 2(10)
11.3	*Considering the balance of interests between shareholders, employees, customers and the community.	CA06 s172; GBE 34-60
11.4	Review of the group's overall corporate governance arrangements.	
11.5	*Receiving reports on the views of the company's shareholders to ensure that they are communicated to the board as a whole.	Code Part 1; GBE 35-39
11.6	Authorising conflicts of interest where permitted by the Company's articles of association.	CA06 s177
<b>12. POLICIES</b>		
12.1	Approval of policies, processes, information needed in order to function effectively and efficiently, including:	Code Part 2 (principle I)

	<ul style="list-style-type: none"> <li>• Share dealing code;</li> <li>• Bribery prevention policy;</li> <li>• Whistleblowing policy;</li> <li>• Anti-fraud policy;</li> <li>• Environment and sustainability policy;</li> <li>• Disclosure policy; and</li> <li>• Corporate social responsibility policy.</li> </ul>	
<b>13. OTHER</b>		
13.1	The making of political donations.	
13.2	Approval of the appointment of the group’s principal professional advisers.	
13.3	Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £1,000,000 or being otherwise material to the interests of the group.	
13.4	Approval of the overall levels of insurance for the group including directors’ & officers’ liability insurance and indemnification of directors.	
13.5	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.	
13.6	This schedule of matters reserved for board decisions.	