

## Hammerson plc

### Schedule of Matters Reserved for the Approval of the Board

#### *Glossary*

CA: The Companies Act 2006  
CGC: The UK Corporate Governance Code (April 2016)  
DTR: The FCA Disclosure and Transparency Rules  
GBE: FRC Guidance on Board Effectiveness  
LR: The FCA Listing Rules  
PR: The FCA Prospectus Rules  
UKBA: The UK Bribery Act 2010

The Board may by resolution delegate matters below to a sub-committee as it deems necessary. Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

#### 1. **Strategic Direction** (*CGC A.1, B.6*)

Responsibility for the review, approval and monitoring of the long-term strategic and operational objectives of the Group and the annual Business Plan for the Company (and any material changes to either) encompassing, but not limited to:

- 1.1 Acquisition and divestment of companies and major properties.
- 1.2 Major development projects and other significant (including unbudgeted) capital or operating expenditure.
- 1.3 Performance standards, including corporate values.
- 1.4 Extension of the Group's activities into new business or geographic areas.

#### 2. **Risk Management and Internal Controls** (*CGC C.2*)

In conjunction with the Audit Committee where appropriate, ensuring the maintenance of a sound system of internal control and risk management including:

- 2.1 Risk management framework, including the clarification of key risk areas.
- 2.2 Receiving regular reports on, and reviewing the effectiveness of the Group's risk and control processes to support its strategy.
- 2.3 Undertaking an annual assessment of these processes. (*CGC C.2.1*)
- 2.4 Approving the Company's risk appetite statements, including that for the annual report. (*CGC C.2.1, DTR 7.2.5R*)
- 2.5 Approving procedures for the detection of fraud and the prevention of bribery. (*UKBA*)
- 2.6 Approval of the overall levels of insurance for the Group, including directors' and officers' liability insurance and (if applicable) indemnification of Directors. (*CGC A.1.3*)

### 3. Financial Direction

Review and approval of:

- 3.1 Group operating budget.
- 3.2 Sale of assets - in accordance with limits specified by the Board from time to time.
- 3.3 Capital expenditure or investments - in accordance with limits specified by the Board from time to time.
- 3.4 Substantial leasing or other financial commitments- in accordance with limits specified by the Board from time to time.
- 3.5 Significant changes in accounting policies and practices (on the recommendation of the Audit committee). *(CGC C.1, C.3)*
- 3.6 General treasury and FOREX policy and practice and any material changes, including foreign currency exposure and the use of financial derivatives.
- 3.7 Change in major banking relationships.
- 3.8 Operational results, including rental income, operating expenses, vacancies and general and administrative expenses and income.
- 3.9 Taxation policy, including UK-REIT status.
- 3.10 Material litigation and approval of settlement terms.

### 4. Contracts & Authorities

- 4.1 Terms of material contracts outside the ordinary course of business and all contracts with related parties.
- 4.2 Leasing (new permanent leases, lease renewals) of more than £10m per annum.
- 4.3 Landlord Breaks/Surrenders of more than £10m.
- 4.4 Capital commitments of more than £50m.
- 4.5 Appointment of a firm of consultants (for a non-capital project) where fees/costs are greater than £10m.
- 4.6 Investment market activity in compliance with the Business Plan (buy, sell, JV) greater than £50m.
- 4.7 Financing / deposits concerning new facilities of more than £50m.
- 4.8 The approval of all guarantees by Hammerson plc.
- 4.9 Litigation / settlement: i) where exposure and/or settlement is more than £10m, ii) notification of all litigation involving government or regulatory authorities, (b) criminal proceedings, and (c) litigation with the potential for negative adverse publicity.

## 5. Structure and capital

Review and approval of:

- 5.1 Changes relating 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).
- 5.2 Major changes to the Group's corporate structure.
- 5.3 Any changes to the Company's listing or its status as a plc.

## 6. Board Membership

On recommendation from the Nomination Committee, the review and approval of:

- 6.1 Changes to the structure, size and composition of the Board, ensuring that appointments are made on merit and against objective criteria, considering diversity (including gender) and that both appointment and re-appointment are subject to rigorous review and that appointees have sufficient time to perform the role. *(CGC B.1, B.2.1)*
- 6.2 Succession planning for the Board and senior management. *(CGC B.2)*
- 6.3 Selection of the Chairman of the Board and the Chief Executive Officer. *(GBE 1.4-1.8, 1.1.2-1.17, 4.1-4.7)*
- 6.4 Appointment of the Senior Independent Director. *(CGC A.4.1, GBE 1.9-1.11)*
- 6.5 Membership and chairmanship of Board committees.
- 6.6 The terms of appointment of the Chairman and other Non-Executive Directors.

The Board is separately responsible for the appointment and removal of the Company Secretary. *(CA s270-280, CGC B.5.2, GBE 2.1-2.4)*

## 7. Principal advisers

- 7.1 The Board is responsible for authorising the appointment and removal of the Company's principal advisers such as the auditor, registrar and the Company's property valuers.
- 7.2 On recommendation from the Audit Committee, the review and approval of:
  - 7.2.1 The re-appointment and remuneration of auditors and change (or recommendation of a change) of auditors; subject to shareholder approval. *(CA s489-491, CGC C.3.2)*
  - 7.2.2 The audit scope memorandum and engagement letter.
  - 7.2.3 The auditor's letter of recommendation.
  - 7.2.4 The Audit Committee's report on the qualification, expertise and resources, effectiveness, independence and objectivity of the auditors.

## 8. Remuneration

- 8.1 The Board is separately responsible for setting the remuneration of the Non-executive Directors, subject to the articles of association and shareholder approval as appropriate. *(CGC D.2.3)*
- 8.2 On recommendation from the Remuneration Committee, the review and approval of:
- 8.2.1 Remuneration policy for the Chairman, the Executive Directors, General Counsel and Company Secretary and other senior executives. *(CGC D.2, CGC Sch.A)*
- 8.2.2 Subject to shareholder approval, the establishment of and major changes in employment share schemes and other benefit or incentive schemes.
- 8.2.3 Recommendation of grants or awards under such schemes.

## 9. Organisational matters

Review and approval of:

- 9.1 Contracts in which the Directors have an interest. *(CA s177)*
- 9.2 Terms of reference and membership of Board committees (which are formally reviewed each year by the Board). *(CGC B.2.1, C.3.1, D.2.1)*
- 9.3 Changes relating to the Company's corporate or management structure.
- 9.4 Changes to the Memorandum and Articles of Association.

## 10. Shareholders and Financial Reporting

Review and approval of:

- 10.1 The annual report to shareholders, including the corporate governance statement and remuneration report and arrangements to ensure that the information presented is fair, balanced and understandable. *(CA ss414, 415, DTR4, LR9.8, CGC C.1)*
- 10.2 The dividend policy, including the declaration of the interim dividend and recommendation of the final dividend. *(LR 9.7, CGC A.2, DTR 6.1.13)*
- 10.3 Resolutions and corresponding documentation to be put forward to shareholders at a general meeting. *(LR13)*
- 10.4 All circulars and prospectuses and listing particulars issued to shareholders, except those of a routine nature. *(LR13, PR5.5)*
- 10.5 Press releases concerning matters decided by the Board.
- 10.6 The response to a bid approach.
- 10.7 On recommendation from the Audit Committee, the review and approval of the interim half year and final results announcements and published financial statements. *(CGC C.1, DTR4)*

## 11. Human Resources

Review and approval of:

- 11.1 Human resource requirements.
- 11.2 General employment policies.
- 11.3 Induction process on the appointment of Executive and Non-executive Directors and senior executives. (*CGC B.4.1*).
- 11.4 Major recruitment or redundancy programme.
- 11.5 Terms and conditions of Directors and senior executives (on the recommendation of the Remuneration Committee).

## 12. Corporate Governance and Corporate Responsibility

- 12.1 Review of the Company's corporate governance arrangements.
- 12.2 Compliance with the Companies Act, the Listing, Prospectus, Disclosure and Transparency Rules (including, *inter alia*, the Model Code for dealing by directors), the UK Bribery Act and other relevant regulatory requirements.
- 12.3 Approval of policies, including:
  - Code of Conduct
  - Share Dealing Code
  - Bribery prevention and whistleblowing
  - Health and Safety policy
  - Environmental policy
  - Communications policy (including procedures for the release of price sensitive information)
  - Corporate social responsibility policy
  - Charitable donations policy
  - Political donations policy
- 12.4 Agreeing a clearly established division of responsibilities between the Chairman and the Chief Executive, set out in writing. (*CGC A.2.1*)
- 12.5 Ensuring the Board as a whole has access to independent professional advice and committees are sufficiently resourced to perform their duties. (*CGC B.5.1*)
- 12.6 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors. (*CGC B.6*)
- 12.7 Determining the independence of Non-executive Directors. (*CGC B.1.1*)
- 12.8 Considering the balance of interests between shareholders, employees, customers and the community. (*CA s.172*)
- 12.9 Receiving reports on the views of the Company's shareholders and maintaining satisfactory dialogue with shareholders, including at the AGM. (*CGC E.1, E.2*)

13. **General**

Review and approval of:

- 13.1 Major changes to the rules of Company pension schemes including changes in fund management.
- 13.2 Business Continuity, security and similar policies.
- 13.3 This Schedule of Matters reserved for Board decisions.

**Adopted by the Board on 4 December 2014, updated and approved 1 December 2016**