

VECTURA GROUP PLC

SCHEDULE OF MATTERS RESERVED TO THE BOARD

These are the matters reserved to the Board for its collective decision:

1. STRATEGIC ISSUES

- 1.1 Approving annually a strategic plan and objectives for the following year for each Group Company.
- 1.2 Approving any decision to cease to operate all or any material part of the Group's business or entering into new business or geographic areas.
- 1.3 Approving the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Reviewing the performance of the Group in light of the Group's strategy, objectives, business plans and budget, ensuring that any necessary corrective action is taken and reviewing the Group's operations to ensure:
 - 1.4.1 competent and prudent management;
 - 1.4.2 sound planning;
 - 1.4.3 maintenance of sound management and internal control systems;
 - 1.4.4 adequate accounting and other records; and
 - 1.4.5 compliance with statutory and regulatory obligations.

2. STRUCTURE AND CAPITAL

- 2.1 Approving or recommending (as the case may be) any changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share schemes), share buy backs including the use of treasury shares.
- 2.2 Approving any changes to the Company's listing or its status as a plc.
- 2.3 Approving any changes to the Group's corporate (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)), management or control structures.

3. FINANCIAL REPORTING & CONTROLS

- 3.1 Approving the Company's annual accounts and reports, including the strategic report, the directors' report, the corporate governance statement, the Remuneration, Audit and Nomination committee reports and the half-yearly and interim financial statements and any preliminary announcement of the final results.
- 3.2 Approving the annual Group budget and any material changes to it.
- 3.3 Approving material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 3.4 Approving the Group's risk management and treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.5 Approving the dividend policy and fixing the amount of a dividend to be recommended to shareholders, and declaring and making arrangements for the payment of interim dividends.
- 3.6 Approving any significant changes in the accounting policies and practices.

4. AGREEMENTS

- 4.1 Approving major capital projects, investments or contracts in excess of the amount delegated to the Chief Executive and having oversight over their execution and delivery.
- 4.2 Approving lending or borrowing by the Company made outside of the treasury policy of the Company.

5. COMMUNICATIONS WITH SHAREHOLDERS

- 5.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- 5.2 Authorising the convening of and approving the notice of and any ancillary documents relating to any general meeting of the Company.
- 5.3 Approving the issue of all circulars, prospectuses and listing particulars to shareholders of the Company.
- 5.4 Approving press releases concerning matters decided by the Board.

6. BOARD APPOINTMENTS AND REMUNERATION

- 6.1 Approving changes to the structure, size and composition of the Board following recommendations from the Nomination Committee.
- 6.2 Ensuring there is effective succession planning for the Board and senior management so as to maintain an appropriate balance of skills, experience and knowledge within the Company and on the Board.

- 6.3 Unless the articles of association provide otherwise, determining the remuneration of the non-executive directors (including members of the Remuneration Committee), within the limits set in the articles. Where permitted by the articles, the Board may delegate this responsibility to a sub-committee.

7. RISK ASSESSMENT AND INTERNAL CONTROLS

- 7.1 Ensuring the maintenance of a sound system of internal control and risk management including:
- 7.1.1 approving the Group Company's risk appetite statements;
 - 7.1.2 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives; and
 - 7.1.3 approving procedures for the detection of fraud and the prevention of bribery.
- 7.2 Carrying out a robust assessment of the emerging and principal risks facing the Group and reporting on such assessment in the Company's annual report, including how such risks are being managed or mitigated. Drawing on this assessment, including a statement in the annual report that:
- 7.2.1 the Board has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate; and
 - 7.2.2 the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.
- 7.3 Monitoring the Group's risk management and internal control systems and reviewing, at least once a year, the effectiveness of such systems and reporting on that review in the Company's annual report. The monitoring and review should cover all controls, including financial, operational and compliance controls and risk management.
- 7.4 Considering and reporting on whether it is appropriate to adopt the going concern basis of accounting in preparing the annual and half-yearly financial statements and identifying any material uncertainties to the Company's ability to do so over a period of at least 12 months from the date of approval of the financial statements.
- 7.5 Recommending to shareholders the appointment, reappointment or removal of the external auditor, following the recommendations of the Audit Committee.

8. CORPORATE GOVERNANCE

- 8.1 Reviewing the Company's overall corporate governance arrangements by:
 - 8.1.1 undertaking a formal and rigorous evaluation annually of its own performance, that of its committees and individual directors and the division of responsibilities;
 - 8.1.2 determining the independence of non-executive directors in light of their character, judgment and relationships;
 - 8.1.3 considering the balance of interests between shareholders, employees, customers, the community and other relevant stakeholders;
 - 8.1.4 receiving reports on the views of the Company's shareholders to ensure that they are communicated to the board as a whole; and
 - 8.1.5 authorising conflicts of interest where permitted by the Group Company's articles of association.
- 8.2 Approving the division of responsibilities and delegated levels of authority between the Chair, the Chief Executive (whose authority limits must be set out in writing).
- 8.3 Establishing board committees, approving the terms of reference of Board committees and approving material changes thereto.
- 8.4 Receiving reports from Board committees on their activities.
- 8.5 Approving formal corporate policies including:
 - 8.5.1 code of conduct;
 - 8.5.2 share dealing code;
 - 8.5.3 bribery prevention policy;
 - 8.5.4 whistleblowing policy;
 - 8.5.5 modern slavery policy;
 - 8.5.6 health and safety policy;
 - 8.5.7 environmental and sustainability policy;
 - 8.5.8 human resources policy;
 - 8.5.9 communication policy (including procedures for the release of price-sensitive information);
 - 8.5.10 corporate social responsibility policy; and
 - 8.5.11 charitable donations policies.

9. OTHER

- 9.1 Approving/supervising the prosecution, commencement, defence or settlement of litigation, or an alternate dispute resolution mechanism involving more than £2.0 million or being otherwise material to the interest of the Group.
- 9.2 Approving the overall levels of insurance for the Group including directors' and officers' liability insurance and indemnification of directors.
- 9.3 Authorising political or charitable contributions by any Group Company.
- 9.4 Approving 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.
- 9.5 Approving the appointment of the Group's principal professional advisers.
- 9.6 Approving major changes to the rules of the group's pension scheme or change of trustees.
- 9.7 Approving this Schedule of Reserved Matters for Board decision.

PROCEDURE FOR DECISIONS BY THE BOARD REQUIRED BETWEEN BOARD MEETINGS

For the purpose of decisions on all matters arising from the above Schedule of Reserved Matters, where a decision is required prior to the next scheduled Board meeting, approval will be by a majority of the directors, which must include one executive director, in writing or by phone or video conference or email and recorded by the company secretary or their nominee. There shall also be a report to the next Board meeting on the reserved matter.

Approved by the Board on 22 January 2020.

DIVISION OF RESPONSIBILITIES BETWEEN CHAIR AND CHIEF EXECUTIVE

The UK Corporate Code requires there to be a clear division of responsibilities between the Chair and the Chief Executive set out in writing and agreed by the Board.

Although the Board agrees with the approach set out in the UK Corporate Governance Code, it recognises that overly prescribing the responsibilities of the Chair and the Chief Executive may reduce their flexibility to act in unforeseen circumstances. Accordingly, although this paper sets out a clear division of responsibilities, it is not intended to provide a definitive list of the individual responsibilities of the Chair or the Chief Executive.

1. PRINCIPLES

- 1.1 The Chair is responsible for leadership of the Board and for ensuring its overall effectiveness in directing the Company, and for promoting the highest standards of integrity, probity and corporate governance.
- 1.2 The Chief Executive leads the team with executive responsibility for running the Group's businesses.

2. RESPONSIBILITIES OF THE CHAIR

The Chair is responsible for the leadership of the Board. In particular, the Chair will:

2.1 Board Meetings

- 2.1.1 Chair Board meetings.
- 2.1.2 Demonstrate objective judgement.
- 2.1.3 Promote a culture of openness and debate within the Board by facilitating constructive board relations and the effective contribution of all directors.
- 2.1.4 Shape the culture in Board meetings.
- 2.1.5 Set the Board's agenda and ensure that adequate time is available for discussion of all agenda items. The Chair will ensure that Board agendas have a focus on strategy, performance, value creation, culture, stakeholders and accountability.
- 2.1.6 Hold meetings with the non-executive directors without the executive directors present in order to facilitate a full and frank airing of views.
- 2.1.7 Ensure that directors receive accurate, timely, high-quality and clear information on the basis of which they can make sound decisions.

2.2 Development, Induction and Performance Evaluation

- 2.2.1 Foster relationships between the non-executive directors and the executive directors.
- 2.2.2 Review and agree, with each director, his or her training and development, and ensuring that all directors continually update their skills and knowledge and

familiarity with the Group so as to enable them to fulfil their role on the Board and its Committees and discharge their statutory duties.

- 2.2.3 Consider ways of seeking feedback from the workforce and other stakeholders on the performance of the Board and individual directors.
- 2.2.4 Ensure that new directors participate in a full, formal and tailored induction programme.
- 2.2.5 Provide guidance and mentoring to new directors.
- 2.2.6 Select an appropriate approach for the board evaluation process, involving the senior independent director, as appropriate.
- 2.2.7 Manage the process of any external Board evaluation.
- 2.2.8 Share the outcome of the Board evaluation with the Board for discussion.
- 2.2.9 Ensure any necessary action is taken on the results of the annual performance evaluation of the performance of the Board, its Committees and the individual directors.
- 2.2.10 Summarise the outcomes and actions of the Board evaluation process in the annual report.
- 2.2.11 Report on board leadership and effectiveness in the annual report.

2.3 Relations with Shareholders

- 2.3.1 Chair shareholder meetings.
- 2.3.2 Arrange for all directors to attend and for the chair of the Board Committees to be available to answer questions at the AGM.
- 2.3.3 Ensure that the Board listens to the views of shareholders, the workforce, customers and other key stakeholders.

3. RESPONSIBILITIES OF THE CHIEF EXECUTIVE

The Chief Executive is responsible for the leadership of the business. In particular, the Chief Executive will:

3.1 Business and Strategy

- 3.1.1 Work closely with the Chair and the Board to propose, develop and implement the Company's strategy and overall commercial objectives.
- 3.1.2 Oversee and manage all business activities, operations and performance of the Group within the authority delegated by the Board.
- 3.1.3 Lead the senior management team of the Group in the day-to-day running of the Group's business.
- 3.1.4 Regularly review the Group's operational performance and strategic direction.

- 3.1.5 Evaluate opportunities for growth through acquisitions identified internally or brought to the Group.
- 3.1.6 Review and manage cost control and operating efficiencies throughout the Group.
- 3.1.7 Recommend the annual budget and financial plans for the Group.

3.2 Communication with the Board, Shareholders and the Workforce

- 3.2.1 Attend Board meetings to report to the Board on matters affecting the Group.
- 3.2.2 Maintain a dialogue with the Chair and the Board on important and strategic issues facing the Group, and propose Board meeting agenda items to the Chair that reflect these issues. Alert the Chair to forthcoming complex, contentious or sensitive issues affecting the Group.
- 3.2.3 Support the Chair to make certain that appropriate standards of governance permeate through all parts of the Group.
- 3.2.4 Ensure that the Board knows the views of senior management on business issues and ensure the senior management team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.
- 3.2.5 Lead the investor relations programme, and ensure that the Board is made aware of shareholders' views on relevant issues.
- 3.2.6 Provide a structure for timely and accurate disclosure of information, including an escalation route for key issues as they arise.
- 3.2.7 Set an example to the workforce, communicating to them the Company's expectation in respect of the Company's culture and ensuring the operational policies and practices drive appropriate behaviour.
- 3.2.8 Ensure that the Board is made aware of views gathered via engagement between management and the workforce.

3.3 Risk Management and Governance

- 3.3.1 Oversee safety management processes, including the system for reporting incidents and safety training programmes.
- 3.3.2 Monitor and maintain high standards of corporate governance.
- 3.3.3 Conduct the affairs of the Group with the highest standards of integrity and having regard to the Group's responsibilities. Safeguard the reputation of the Group.
- 3.3.4 Manage the Group's risk profile in line with the extent and categories of risk identified as acceptable by the Board and the Audit Committee.

Approved by the Board on 22 January 2020.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR ("SID")

1. GENERAL DUTIES

- 1.1 The SID shall be an independent non-executive director, appointed from the Company's current Board of Directors.
- 1.2 The SID will have the same legal responsibilities, and owe the same general duties, as any other director of the Company and must have regard to the relevant obligations under law and regulation.

2. BOARD

- 2.1 The SID shall provide a sounding board for the Chair and support the Chair in the delivery of his objectives.
- 2.2 The SID shall serve as an intermediary between the Chair and the other Directors when necessary, and ensure that the views of all Directors are conveyed to the Chair.
- 2.3 The SID shall chair meetings of the Board in the absence of the Chair.
- 2.4 At least annually and on such other occasions as are deemed appropriate, the SID shall lead meetings with the non-executive Directors without the Chair present to appraise the Chair's performance, taking into account the views of the Executive Committee and the CEO.
- 2.5 When applicable, the SID shall support the Nomination Committee in ensuring an orderly succession process for the Chair.

3. SHAREHOLDERS

- 3.1 The SID shall attend sufficient meetings with a range of major shareholders to develop a balanced understanding of their issues and concerns.
- 3.2 The SID shall pass on the views (and especially concerns) of shareholders to the other Directors.
- 3.3 The SID shall be available to shareholders if they have concerns which have not been resolved through the normal channels of the Chair or the Group CEO, or for which such contact is inappropriate.

4. OTHER

- 4.1 The SID shall work with the Chair, the other Directors, and/or the Company's shareholders (as necessary) to resolve any significant issues that may arise.
- 4.2 The SID shall maintain stability and cohesion within the Board and the Company, particularly during periods of stress; for example intervening if there is a disagreement between the Chair and the Group CEO; if the strategy being proposed by the Chair and the Group CEO is not supported by the entire Board; if decisions are being made without the approval of the full board or if succession planning is being ignored.

Approved by the Board on 22 January 2020.