

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

The Board may by resolution delegate matters 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. Those matters listed below are for the Board.

### 1. The Group's Purpose and Strategic Direction

Responsibility for:

- 1.1 Establishing the Group's purpose, values and strategy and the alignment of these with the Group's culture and regularly monitoring this.
- 1.2 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:
  - (a) Acquisition and divestment of companies and major properties.
  - (b) Major development projects and other significant (including unbudgeted) capital or operating expenditure.
  - (c) Performance standards, including corporate values.
  - (d) Extension of the Group's activities into new business or geographic areas.
  - (e) The basis on which the Group generates and preserves value over the long-term.

### 2. Risk Management and Internal Controls

In conjunction with the Audit Committee where appropriate, establish formal and transparent policies and procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives, including:

- 2.1 Risk management framework, including the clarification and robust assessment of the emerging and principal risks.
- 2.2 Receiving regular reports on, and reviewing at least annually, the effectiveness of the Group's risk and control processes to support its strategy.

- 2.3 Approving the Company's risk appetite statements, including that for the annual report.
- 2.4 Approving procedures for the detection of fraud and the prevention of bribery.
- 2.5 Approving the overall levels of insurance for the Group, including directors' and officers' liability insurance and (if applicable) indemnification of Directors.
- 2.6 Ensuring the independence and effectiveness of internal and external audit functions and satisfying itself with the integrity of financial and narrative statements.
- 2.7 Routinely reviewing:
  - (a) the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence and anonymously, about possible wrongdoing in financial reporting or other matters. The Board shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
  - (b) the Company's whistleblowing procedures.

### **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).
- 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 and Authorities**

Review and approval of:

- 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 (a) 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, with due regard for the benefits of diversity on the Board, including diversity of gender, of social and ethnic backgrounds, and of cognitive and personal strengths, and that both appointment and re-appointment are subject to rigorous review and that appointees have sufficient time to perform the role.
- 6.2 Succession planning for the Board.
- 6.3 Selection of the Chair of the Board and the Chief Executive.
- 6.4 Appointment of the Senior Independent Director.
- 6.5 Membership and chairs of Board committees.
- 6.6 The terms of appointment of the Chair of the Board and other Non-Executive Directors.
- 6.7 The approval of additional external appointments by members of the Board. For an executive of another company, this would be the principal non-executive appointment. The Chair of the Board would not normally be the Chair of more than one FTSE 100 company or equivalent. Executive Directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

The Board is separately responsible for the appointment and removal of the Company Secretary.

## **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:
  - (a) The re-appointment of auditors and change (or recommendation of a change) of auditors; subject to shareholder approval.
  - (b) The audit scope memorandum and engagement letter.
  - (c) The auditor's letter of recommendation.

- (d) 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.
- 8.2 On recommendation from the Remuneration Committee, the review and approval of:
  - (a) Remuneration policy for the Chair of the Board, the Executive Directors, General Counsel and Company Secretary and the Group Executive Committee.
  - (b) Subject to shareholder approval, the establishment of and major changes in employment share schemes and other benefit or incentive schemes.
  - (c) 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.
- 9.2 Terms of reference and membership of Board committees (which are formally reviewed each year by the Board).
- 9.3 Changes relating to the Company's corporate or management structure.
- 9.4 Changes to the 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.
- 10.2 The dividend policy, including the declaration of the interim dividend and recommendation of the final dividend.
- 10.3 Resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

- 10.4 All circulars, prospectuses and listing particulars issued to shareholders, except those of a routine nature.
- 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.

## **11. People**

- 11.1 Review and approval of:
  - (a) Human resource requirements.
  - (b) General employment policies.
- 11.3 Ensuring the Company's workforce policies and practices are consistent with the Company's values and support its long-term sustainable success.
- 11.4 Induction process on the appointment of Executive and Non-executive Directors and senior executives.
- 11.5 Major recruitment or redundancy programme.
- 11.6 Terms and conditions of Directors and senior executives (on the recommendation of the Remuneration Committee).
- 11.7 Assess and monitor the Group's culture and where the Board is not satisfied that policy, practices or behaviour throughout the business are aligned with the Group's purpose, values and strategy, seek assurance that management has taken corrective action.

## **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 Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the UK Bribery Act and other relevant regulatory requirements.
- 12.3 Approval of policies, including but not limited to:
  - Board Diversity policy
  - Bribery prevention and whistleblowing
  - Charitable donations policy
  - Code of Conduct

- Communications policy (including procedures for the release of price sensitive information)
  - Corporate social responsibility policy
  - Data Protection policy
  - Environmental policy
  - Health and Safety policy
  - Political donations policy
  - Share Dealing policy
- 12.4 Agreeing and publishing the responsibilities of the Senior Independent Director, the Chair of the Board and the Chief Executive.
- 12.5 Ensuring the Board as a whole has access to independent professional advice and committees are sufficiently resourced to perform their duties.
- 12.6 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors.
- 12.7 Determining the independence of Non-executive Directors.
- 12.8 Considering the balance of interests between shareholders, employees, customers and the community.
- 12.9 Receiving reports on the views of, maintaining satisfactory dialogue and effective engagement with, and encouraging participation from the Company's shareholders.
- 12.10 Engaging with the Company's other key stakeholders to gather their views.
- 12.10 Select a method of engaging with the Company's workforce in accordance with the UK Corporate Governance Code (July 2018).
- 12.11 Reviewing the shareholder and other stakeholder engagement mechanisms so that they remain effective.
- 12.12 Identifying and managing conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.

### **13. General**

- 13.1 Ensuring that the necessary resources are in place for the Group to meet its objectives and measure performance against them.

Review and approval of:

- 13.2 Major changes to the rules of Company pension schemes including changes in fund management.

13.3 Business Continuity, security and similar policies.

13.4 This Schedule of Matters reserved for Board decisions.

**Adopted by the Board on 30 January 2019**