

Terms of reference

# Matters Reserved for the Board

**Board approval:** September 2023



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# 1. Strategy, Leadership and Purpose

- 1.1 Responsibility for the overall leadership of the Group and setting the Group's purpose, values and strategy for the long-term sustainable success of the Group.
- 1.2 Ensuring culture (including policies and practices relating to colleagues) aligns with the Group's purpose, values and strategy.
- 1.3 Approval of the Group's long-term objectives and commercial strategy and assessing the basis on which the Group generates and preserves long-term value for the benefit of all stakeholders, including its investors and the wider community.
- 1.4 Responsibility for the consideration and approval or rejection of any expression of interest in or offer for the Group or a material part thereof.
- 1.5 Approval of the annual business plan, operating and capital expenditure budgets and any material changes to them and reviewing their ongoing performance in light of the Group's strategy and objectives, ensuring that all necessary corrective action is taken.
- 1.6 Ensuring effective engagement with all stakeholders.
- 1.7 Oversight of the Group's operations ensuring:
  - 1.7.1 competent and prudent management;
  - 1.7.2 sound planning;
  - 1.7.3 an effective system of risk management and an adequate system of internal control;
  - 1.7.4 adequate accounting and other records; and
  - 1.7.5 compliance with statutory and regulatory obligations.
- 1.8 Extension of the Group's activities into new business or geographic areas.
- 1.9 Any decision to cease to operate all or any material part of the Group's business.

# 2. Structure and Capital

- 2.1 Material changes relating to The Sage Group plc. (the "Company") capital structure, including reduction of capital, share issues (except under employee share plans in accordance with policies approved by the Board), and share buybacks, including the use of treasury shares.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the Company's listing or its status as a public listed company.

### 3. Financial Reporting and Controls

- 3.1 Approval of the half-yearly report, interim management statements and any preliminary announcements of interim and final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 Approval of dividend policy, declaration of the interim dividend and recommendation to shareholders of the final dividend.
- 3.4 Approval of any significant changes in accounting policies or practices.
- 3.5 Approval of bank facilities over £10 million and annually the treasury policy.

### 4. Internal Controls

- 4.1 Ensuring maintenance of an effective system of internal control and risk management including:
  - 4.1.1 approving the Group's risk management framework, Group risk thresholds and risk appetite statements;
  - 4.1.2 receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - 4.1.3 approving procedures for the detection of fraud and the prevention of bribery;
  - 4.1.4 undertaking an annual assessment of these processes; and
  - 4.1.5 approving an appropriate statement for inclusion in the annual report.

### 5. Contracts

- 5.1 Material capital projects with a value of over £20 million and acquisitions or disposals of shares, businesses or assets over £20 million.
- 5.2 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example, acquisitions or disposals of fixed assets above £20 million.
- 5.3 Material investments with a value of over £20 million.

### 6. Communication

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

- 6.2 Approval of all circulars and listing particulars required by law or any regulatory authority other than routine documents such as periodic circulars, which may be delegated to a committee.
- 6.3 Approval of press releases concerning matters decided by the Board or which may be price sensitive.

## 7. Board Membership and Other Appointments

- 7.1 Approval of changes to the structure, size and composition of and appointments to the Board of the Company, taking into account succession requirements, following recommendation from the Nomination Committee.
- 7.2 Appointment and removal of the Chair of the Board, the Senior Independent Director, the Chief Executive Officer, other Executive Directors and the Company Secretary.
- 7.3 Approval of the composition, including membership and chairmanship, of the Board Committees, following recommendation by the Nomination Committee.
- 7.4 Ensuring adequate succession planning for senior management positions so as to maintain an appropriate balance of skills, experience, and a diverse pipeline within the Company.
- 7.5 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 Annual General Meeting and otherwise as appropriate.
- 7.6 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.
- 7.7 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit and Risk Committee.

## 8. Remuneration

- 8.1 Approval of the remuneration policy for the Executive Directors and setting the remuneration for the Chair, Executive Directors, the Company Secretary and other members of the Executive Leadership Team.
- 8.2 Determining the terms of appointment and remuneration of the Non-executive Directors, subject to the articles of association and shareholder approval, as appropriate.
- 8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## 9. Delegation of Authority

- 9.1 The clear division of responsibilities between the Chair and the Chief Executive Officer which should be clearly established, set out in writing and agreed by the Board.
- 9.2 Approval of terms of reference of Board committees.

9.3 Receiving reports from Board committees on their activities.

## 10. Corporate Governance Matters

10.1 Undertaking a formal and rigorous review, on an annual basis, of its own performance, that of its committees, the Chair and individual directors.

10.2 Determining the independence of directors.

10.3 Considering the balance of interests between key stakeholders of the Group, including customers, colleagues, society and shareholders, .

10.4 Review of the Group's overall corporate governance arrangements.

10.5 Receiving reports on the views of the Company's shareholders.

10.6 Authorising conflicts of interest where permitted by the Company's Articles of Association.

## 11. Policies

11.1 Approval of policies, including:

11.1.1 Code of Conduct;

11.1.2 Share Dealing Code;

11.1.3 Anti-Bribery and Corruption Policy;

11.1.4 Whistleblowing Policy;

11.1.5 Health and Safety Policy;

11.1.6 Environmental Policy;

11.1.7 External Communications Policy, including procedures for the release of price sensitive information;

11.1.8 Sanctions Policy;

11.1.9 Sustainability Policy; and

11.1.10 Board Diversity, Equity and Inclusion Policy.

## 12. Other

12.1 The making of political donations.

12.2 Approval of the appointment of the Group's principal professional advisers and review (at least annually).

- 12.3 Prosecution, defence or settlement of material litigation.
- 12.4 Approval and review of the overall levels of insurance for the Group, including Directors' & Officers' liability insurance (at least annually).
- 12.5 The introduction of or any major changes to the rules of the Group's pension scheme.
- 12.6 Approval of the Company's Modern Slavery Statement.
- 12.7 This schedule of Matters Reserved to the Board.

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

Approved by the Board: 26 September 2023

