

16 April 2019

DISTRIBUTION FINANCE CAPITAL HOLDINGS PLC

MATTERS RESERVED FOR THE BOARD

DISTRIBUTION FINANCE CAPITAL HOLDINGS PLC (THE "COMPANY")

MATTERS RESERVED FOR THE BOARD

This document sets down those powers reserved for the full board of directors of the Company (the "**Board**") and not delegated to the Company's executive directors. It applies to the Company and each of its subsidiaries (if any, from time to time) (together, the "**Group**"), such that the directors of all of the Company's subsidiaries are on notice that the following powers may not be exercised by them without the specific authority of the Board. The list contains some matters which the Board cannot, as a matter of law, delegate. The Board may, however, appoint committees as it thinks fit to exercise certain of its powers. Specific areas of delegation are set out in the terms of reference for the Remuneration Committee, the Nomination Committee and the Audit Committee of the Company as required by the Quoted Companies Alliance Corporate Governance Code 2018, although the final decision on these matters is required to be taken by the whole Board.

1. STRATEGIC ISSUES

- 1.1** To approve the annual business plan.
- 1.2** To receive and approve at least annually a regular review of the long-term objectives and strategic direction of the overall business.
- 1.3** To approve the risk management policies for the Group including insurance, hedging, borrowing limits and corporate security.
- 1.4** To approve the commencement of any major new business activity which is materially different from that being undertaken by an existing part of the Group's business.
- 1.5** To approve any expansion or diversification into any new geographic area where business is not currently undertaken.
- 1.6** To approve:
 - 1.6.1** the formation, acquisition, divestment, liquidation or the cessation of operations of a company (including a joint venture company) or other assets or liabilities; and
 - 1.6.2** any investment or capital projects or any other transactions;in each case where such transaction constitutes either a substantial transaction or a reverse takeover for the purposes of the AIM Rules for Companies.
- 1.7** To review the performance of the business in light of the Group's strategy objectives, business plans and budgets ensuring that any necessary corrective action is taken.
- 1.8** To be responsible for the overall management of the Group.
- 1.9** To approve any decision to cease to operate all or any material part of the Group's business.

1.10 To approve any changes to the Company's listing or its status as a plc.

2. FINANCIAL ITEMS

2.1 To approve the half-yearly report, interim management statements and any preliminary announcement of the final results and the annual report and accounts including the corporate governance statement and remuneration report.

2.2 To approve the dividend policy, declare the interim dividend and recommend the final dividend.

2.3 To approve any significant changes in accounting policies and practices.

2.4 To approve the recommendations of the Audit Committee, including the remuneration of the Company's external auditors and recommendations for the appointment, re-appointment or removal of the Company's external auditors to be put to shareholder approval.

2.5 To approve the accounting policies and practices (including any significant changes thereto) to be applied and adopted in the preparation of the Group's financial statements, to receive any proposed qualification to the accounts.

2.6 To ensure the maintenance of a sound system of internal controls and risk management including receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes (including those relating to the Group's anti-bribery and corruption policy and procedures for the detection of fraud) to support its strategy and objectives, undertaking an annual assessment of these processes and approval of an appropriate statement for inclusion in the annual report.

2.7 To receive and review the reports of the Audit Committee.

2.8 To approve the Group's annual budget including the operating and capital expenditure budgets and any material changes to them.

2.9 To receive for post-completion review a report on all capital expenditure projects which it approves.

2.10 To approve the issue of shares or of securities conferring rights of subscription for or conversion into shares in any member of the Group.

2.11 To authorise transfers to reserves and appropriations of profit by the Group.

2.12 To authorise calls on or forfeiture of shares.

2.13 To approve any own purchases or redemptions of shares or any reductions of capital by any member of the Group including the use of treasury shares.

2.14 To approve any contracts between any member of the Group and a third party, including relating to property or land, in excess of one year's duration or not in the ordinary course of business.

2.15 To approve any contracts which are strategically material or by reason of size entered into in the ordinary course of business above £100,000 per annum.

3. TREASURY ITEMS

3.1 To receive at least twice each year proposals setting out the policy for the financing of the Group.

3.2 To approve the issue to third parties of debenture or loan stocks, bonds and other paper programmes, delegating authority, as appropriate, to finalise details.

3.3 To approve guarantees and letters of comfort where the amount of the loan or liability exceeds £100,000 for subsidiaries or £100,000 in respect of third parties.

3.4 To approve in principle the granting of security over any Group asset excluding cash, the entering into of loan facilities¹, debt factoring, sale and leaseback arrangements and contracts for derivatives, in each case with third parties only and only where the arrangements individually exceed £100,000. The Board may delegate authority, as appropriate, to finalise details.

3.5 To approve at least once each year proposed credit limits for the placing of deposits with individual financial institutions.

3.6 To receive and review at least twice each year proposals in respect of the management of the Group's foreign exchange and interest rate exposures.

4. LEGAL, ADMINISTRATION, PENSION AND OTHER BENEFITS

4.1 To authorise the commencement or settlement of any legal (or similar) process in relation to matters having a value or effect on the Group in excess of £100,000 for any non-credit recovery related activities and £300,000 for any credit recovery related activities.

4.2 To authorise signatories on the Group's bank mandate and authorise/ratify the affixing of the Common Seal of the Company.

4.3 To receive and review at least annually regular reports on pension, health, safety and environment and insurance matters, and any material litigation affecting any member of the Group.

4.4 To approve, where appropriate, any increases in pension benefits payable under the Group's pensions arrangements or schemes, to authorise appointments of trustees to such schemes and to approve major changes in the rules of any such Group pension scheme or, if this is subject to the approval of the Company, changes in the fund management arrangements.

4.5 To approve the application of the Group's share option schemes as recommended by the Remuneration Committee.

¹ TS Note: Whether board approval is needed for loans is to be confirmed.

- 4.6 To receive notification of sales or purchases of shares by directors and senior management of the Company in accordance with the Company's code of dealing for such transactions by directors and senior management.
- 4.7 To submit for shareholder approval any proposed share option scheme and alterations thereto as required by the scheme's rules and to approve certain other matters of detail arising under any such schemes.
- 4.8 To approve the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors.

5. COMMUNICATIONS WITH SHAREHOLDERS

To approve:

- 5.1 the form and issue of the annual report, any preliminary statement, the interim report and any other similar reports or statements of the Company;
- 5.2 the form and issue of circulars to shareholders of the Company and the form and issue of other prospectuses/issue documents;
- 5.3 Company announcements or press releases concerning matters decided by the Board;
- 5.4 the calling of shareholder meetings and the resolutions to be put forward at general meetings; and
- 5.5 any communications with analysts in connection with the items mentioned in paragraphs 5.1 and 5.3 above.

6. BOARD AND SENIOR MANAGEMENT APPOINTMENTS AND ARRANGEMENTS

6.1 To approve:

- 6.1.1 changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee;
- 6.1.2 arrangements relating to the appointment and resignation of directors to or from the Board (both executive and non-executive) and of the Company Secretary and the senior management of the Company and all terms and conditions thereof (including, for the avoidance of doubt, their removal from office or termination of employment). In the case of executive directors and the senior management, the terms and conditions shall be recommended by the Remuneration Committee. In the case of non-executive directors, the terms and conditions, including fees from time to time, shall be for approval by the Board in accordance with the articles of association;
- 6.1.3 the responsibilities of the senior management of the Company and arrangements regarding appropriate training, development and succession for the directors and the senior management;

- 6.1.4** the appointment of directors to specified offices of the Board including the Chairman and senior independent director and to approve the selection of the Chief Executive;
 - 6.1.5** the continuation in office of directors at the end of their term of office or at any time;
 - 6.1.6** applications by executive directors for permission to accept outside appointments;
 - 6.1.7** visits overseas where it is necessary for a director to be accompanied by his/her partner;
 - 6.1.8** the Chairmanship, composition and terms of reference (and any material changes thereto) of the Remuneration Committee, the Nomination Committee and the Audit Committee and any other committees established by the Board (taking into account the recommendations of the Nomination Committee, if appropriate) and to receive the reports of such committees on their activities;
 - 6.1.9** the terms of reference, procedures and limits of authority granted to the Group Chief Executive and the Group Operating Board;
 - 6.1.10** the division of responsibilities between the Chairman and Chief Executive which should be in writing;
 - 6.1.11** the delegated levels of authority, including the Chief Executive's authority limits, which should be in writing;
 - 6.1.12** determining the independence of non-executive directors of the Company;
 - 6.1.13** transactions with directors and other related parties;
 - 6.1.14** appointments to the boards of directors of other members of the Group;
 - 6.1.15** in accordance with the Company's articles of association and any statutory requirements, any authorisation relating to an actual or potential conflict of interest requested by any director; and
 - 6.1.16** any other matter as directed from time to time by the Board.
- 6.2** To ensure adequate succession planning for the Board and senior management.

7. MISCELLANEOUS

- 7.1** To approve policies regarding the making of charitable or political donations, a code of ethics and business practice, share dealing, bribery prevention, modern slavery, whistleblowing, human resources, health and safety environment, communications including procedures for the release of price sensitive information and corporate social responsibility.

- 7.2 To approve the appointment of professional advisers in addition to the Group's external auditors.
- 7.3 To approve this schedule of matters reserved for Board decisions.
- 7.4 To undertake a formal and rigorous review annually of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 7.5 To determine the independence of the non-executive directors in light of their character, judgment and relationships.
- 7.6 To receive reports on the views of the Company's shareholders to ensure they are communicated to the Board as a whole.
- 7.7 Authorising conflicts of interest where permitted by the Company's articles of association.
- 7.8 To consider the balance of interests between shareholders, employees, customers and the community.
- 7.9 To approve 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.
- 7.10 To review the Group's overall corporate governance arrangements.

8. MONETARY LIMITS

Those monetary limits specified in paragraphs 3.3 and 4.1 are subject to variation by the Board on a specific or general basis (as the case may be).

Note: In addition to the specific areas of delegation mentioned above, the Board has delegated certain of its powers to the Remuneration Committee, the Nomination Committee and the Audit Committee in accordance with the Principles of Corporate Governance contained in the Quoted Companies Alliance Corporate Governance Code 2018.

Approved by the Board on 16 April 2019.