

Renishaw plc

Matters Reserved to the Board

(approved and adopted by the Board effective from 1 July 2019)

1. **Strategy and management**
 - 1.1 Responsibility for the overall leadership of the Company and setting the Company's values and standards.
 - 1.2 Approval of the Group's strategic aims and objectives.
 - 1.3 Approvals of the annual operating and capital expenditure budgets and any material changes to them.
 - 1.4 Oversight of the Group's operations ensuring:
 - 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.
 - 1.5 Review of performance in the light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
 - 1.6 Extension of the Group's activities into new business or geographic areas.
 - 1.7 Any decision to cease to operate all or any material part of the Group's business.
2. **Structure and capital**
 - 2.1 Changes relating to 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).
 - 2.2 Major changes to the Group's corporate structure.
 - 2.3 Material changes to the Group's management and control structure (such as appointments to the Executive Committee).
 - 2.4 Any changes to the Company's listing or its status as a plc.
3. **Financial reporting and controls**
 - 3.1 Approval of the content and release of the half-yearly report, the preliminary announcement of the final results and any trading update.
 - 3.2 Approval of the annual report, including the financial statements, corporate governance statement and directors' remuneration report.
 - 3.3 Approval of the dividend policy.
 - 3.4 Declaration of the interim dividend and recommendation of the final dividend.
 - 3.5 Approval of any significant changes in accounting policies or practices.

- 3.6 Approval of treasury policies, including foreign currency exposure and the use of financial derivatives.
- 3.7 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 4. **Internal controls**
- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - 4.1.1 approving the Company/Group's 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. **Transactions**
- 5.1 Fixed Assets
 - 5.1.1 The sale, lease, transfer, purchase, mortgaging or charging of freehold or leasehold property or of any interest therein (to include major repairs or refurbishment) where the value is in excess of £5,000,000.
 - 5.1.2 The incurring of any other capital expenditure in excess of £5,000,000 in respect of any transaction or related transactions
- 5.2 Financial arrangements
 - 5.2.1 The borrowing and conditions of borrowing of any money from any entity by the Company or a subsidiary of the Company over £5,000,000.
 - 5.2.2 Leasing or hiring (including hire purchase) of any items where the capital value is in excess of £5,000,000.
 - 5.2.3 The lending of any money (except deposits with a bank or other financial institution that is authorised to accept deposits, employee travel advances and employee loans up to £1,000) over £5,000,000.
- 5.3 Mergers and acquisitions
 - 5.3.1 The acquisition or disposal by the Company or a subsidiary of the Company of, or the grant of a call option in relation to, any shares or other interest in any other company.
 - 5.3.2 The acquisition or disposal by the Company or a subsidiary of the Company of any business or undertaking.
 - 5.3.3 The amalgamation or merger of the Company or any subsidiary of the Company with any other company or legal entity outside the Company's group.
- 6. **Communication**
- 6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of all circulars, prospectuses and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee).
- 6.4 Approval of press releases concerning matters decided by the Board.
- 7. Board membership and other appointments**
- 7.1 Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 7.2 Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- 7.3 Appointments to the Board, following recommendations by the Nomination Committee.
- 7.4 Selection of the chairman of the Board and the chief executive following recommendations by the Nomination Committee, where not appointed under 7.3 above.
- 7.5 Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- 7.6 Membership and chairmanship of Board committees following recommendations from the Nomination Committee.
- 7.7 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 AGM and otherwise as appropriate.
- 7.8 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.
- 7.9 Appointment or removal of the company secretary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.
- 7.11 Appointments to the boards of direct subsidiaries.
- 8. Remuneration**
- 8.1 Determining the remuneration policy for the directors, company secretary and other senior executives.
- 8.2 Determining the 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 division of responsibilities between the chairman, the chief executive and other executive directors, which should be clearly established, set out in writing and agreed by the Board.

- 9.2 Approval of the delegated levels of authority, including the chief executive's authority limits (which must be in writing).
- 9.3 Establishing board committees, approving their terms of reference and approving material changes thereto.
- 9.4 Receiving reports from Board committees on their activities.
- 10. **Corporate governance matters**
- 10.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 10.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.4 Reviewing the effectiveness of workforce engagement mechanisms.
- 10.5 Review of the Group's overall corporate governance arrangements.
- 10.6 Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- 10.7 Authorising conflicts of interest where permitted by the Company's articles of association.
- 10.8 Reviewing whistleblowing and processes, ensuring that arrangements are put in place by which the workforce may raise concerns.
- 11. **Policies**
- 11.1 Approval of material policies, including the following:
 - 11.1.1 Code of Conduct;
 - 11.1.2 Share dealing code;
 - 11.1.3 Bribery prevention policy;
 - 11.1.4 Whistleblowing policy;
 - 11.1.5 Health and safety policy; and
 - 11.1.6 Communications policy.
- 12. **Other**
- 12.1 The making of political donations.
- 12.2 Approval of the appointment of the Company's principal professional advisers.
- 12.3 The initiation, settlement or compromise of any dispute relating to patents or to healthcare product quality or safety to which the Company or a subsidiary of the Company is a party.
- 12.4 The initiation of any other legal dispute where the amount claimed by the Company or a subsidiary of the Company is in excess of £5,000,000 (including costs and interest).

- 12.5 The settlement or compromise of any legal dispute where the amount compromised (where claimant) or the amount to be paid (where defendant) is in excess of £5,000,000 (including costs and interest).
- 12.6 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- 12.7 Major changes to the rules of the Company's pension scheme, or changes of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.
- 12.8 This schedule of matters reserved for Board decisions.