



## Costain Group PLC

### Matters Reserved for the Board

as agreed and adopted by the PLC Board on 14 December 2022

#### 1. STRATEGY AND MANAGEMENT

- 1.1 Responsibility for the overall management of the Group<sup>1</sup>.
- 1.2 Approval of the Group's long-term objectives and commercial strategy.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Over-sight of the Group's operations ensuring:
  - (A) competent and prudent management;
  - (B) sound planning;
  - (C) an adequate system of internal control;
  - (D) adequate accounting and other records; and
  - (E) compliance with strategy and regulatory obligations.
- 1.5 Review of performance in the light of Group strategy, 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.
- 1.8 Any proposal regarding the Company's relationship with a "substantial shareholder" (as defined in Listing Rule 11) (if any), including any proposed transaction or arrangement between the Company and the "substantial shareholder".

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<sup>1</sup> Group means the Company and its subsidiaries throughout the document.

## **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-back including the use of Treasury shares.
- 2.2 Major changes to the Group's corporate structure, in particular: any sale, acquisition, disposal of shares, merger or amalgamation including of any subsidiary with any other company, internal restructuring only when it is material to the Group, any acquisition or disposal of assets (including land) only when it is material to the Group.
- 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 PLC.
- 2.5 The allotment of any shares of the Company or the granting of options over any of the Company's shares or the shares of its subsidiaries.

## **3. FINANCIAL REPORTING AND CONTROLS**

- 3.1 Approval of the half yearly report, interim management statements and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and 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 The making of any change to the accounting reference date of the Company.

## **4. INTERNAL CONTROLS**

Ensuring maintenance of a sound system of internal control and risk management including:

- 4.1 Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
- 4.2 Undertaking an annual assessment of these processes; and
- 4.3 Approving an appropriate statement for inclusion in the annual report.

## **5. CONTRACTS, BANK FACILITIES AND GUARANTEES**

- 5.1 Approval of any contracts of the Group in the ordinary course of business where the value is greater than £100 million.
- 5.2 Approval of any consultancy or technology contracts of the Group in the ordinary course of business that is in excess of £50 million.
- 5.3 Approval of any opportunity or contract involving capital expenditure or R&D funding that has a value in excess of £5 million.
- 5.4 Any contract of the Group which materially increases the Group's risk profile and/or which involves any obligations, restrictions or liabilities of an unusual, onerous or exceptional nature that could reasonably be expected to have a material effect on the Group or the reputation or standing of the Group.
- 5.5 Any contract of the Group which is not in the ordinary course of the Group's business.
- 5.6 Approval of contracts for any acquisition or disposal of an investment, asset (including land) or business where its cash or market value, whichever is the greater, exceeds £1 million.
- 5.7 Approval of any guarantee of a debt (other than a guarantee given in respect of a subsidiary in connection with the Group's banking and bonding facilities) and any guarantee which would be outside the ordinary course of business.
- 5.8 Approval of all new borrowing (or indebtedness in the nature of borrowings) by the Group.
- 5.9 Approval of all major investments including the acquisition or disposal of interests of more than 3% in the voting shares of any company or the making of any take-over offer.
- 5.10 Approval of any joint ventures where the joint venture partners together enter into the client contract.

## **6. COMMUNICATIONS**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 Approval of all circulars, prospectuses and listings particulars.
- 6.3 Approval of Stock Exchange announcements 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 Following recommendations from the Nomination Committee to ensure adequate succession planning for the Board and senior management.
- 7.3 Appointments to the Board following recommendations by the Nomination Committee.
- 7.4 Selection of the Chair of the Company and the Chief Executive Officer.
- 7.5 Appointment of the Senior Independent Director.
- 7.6 Membership (including the position of chair) of Board Committees.
- 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, re-appointment or removal of the external auditor to be put to shareholders for approval following recommendations of the Audit Committee.

## **8. REMUNERATION**

- 8.1 Approval of the remuneration policy of the Chair of the Company, the executive directors the Company Secretary and the senior management as determined by the Remuneration Committee.
- 8.2 Determination of the remuneration of the non-executive directors in accordance with the Company's Articles of Association.
- 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 delegation of responsibilities to the Chief Executive Officer and the Executive Board which will be contained in the policy on delegation.
- 9.2 Establishing Board Committees and approving their terms of reference (including material changes thereto).
- 9.3 Receiving reports from Board Committees on their activities.

## **10. CORPORATE GOVERNANCE MATTERS**

- 10.1 Responsibility for establishing and reconfirming the Company's purpose and values, and for ensuring that the Company's purpose, values and strategy and its culture are aligned.
- 10.2 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 10.3 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 10.4 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.5 Review of the Group's overall corporate governance arrangements and engaging appropriately with the Company's workforce and other stakeholders.
- 10.6 Receiving reports on the views of the Company's shareholders.
- 10.7 Reviewing the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

## **11. POLICIES**

The approval of significant new policies and any material amendments to them, including but not limited to matters relating to the areas of:

- Health and Safety and Environmental
- Ethical Business
- Human Resources
- Modern Slavery and Human Trafficking
- Responsible Business
- Anti-Facilitation of Tax Evasion
- Whistleblowing
- Share Dealing

## **12. OTHER MATTERS**

- 12.1 The approval of the appointment or dismissal of the Group's principal professional advisors.
- 12.2 The prosecution, defence or settlement of litigation involving an amount above £5 million or being otherwise material to the interests of the Group Officers' liability insurance.
- 12.3 Major changes to the rules of the Group's pension scheme.

12.4 The schedule of matters reserved for Board decisions.