

VELOCYS PLC

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

AS ADOPTED BY BOARD RESOLUTION ON 5 APRIL 2017

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	Approval of the annual operating and capital expenditure budgets and any material changes to them.	
1.4	Overview of the Group's operations ensuring: <ul style="list-style-type: none">– competent and prudent management;– sound planning;– maintenance of sound risk management and internal control systems;– adequate accounting and other records; and– 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) and purchases of own shares (including the use of treasury shares).	
2.2	Major changes to the Group's corporate structure, including (but not limited to) acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration).	
2.3	Changes to the Group's management and control structure.	
2.4	Any changes to the Company's admission to AIM or its status as a public limited company.	

3. Financial report and controls		
3.1	Approval of preliminary announcements of interim, final results and any trading statements.	
3.2	Approval of the annual report and accounts including the remuneration report and corporate governance statement.	t
3.3	Approval of the dividend policy.	

3.4	Declaration of any interim dividend and recommendation of any final dividend.	
3.5	Approval of any significant changes in accounting policies or practices.	
3.6	Approval of treasury policies, including, if appropriate, foreign currency and interest rate exposure, and the use of financial derivatives.	
3.7	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).	

4. Internal controls		
	<p>Ensuring maintenance of a sound system of internal control and risk management including:</p> <ul style="list-style-type: none"> • Approving the company/group's risk appetite statements; • Receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives; • Approving procedures for the detection of fraud and the prevention of bribery; • Undertaking an annual assessment of these processes; • and • Approving an appropriate statement for inclusion in the annual report. 	

5. Contracts		
5.1	Approval of major capital projects.	
5.2	<p>Contracts which are material strategically or sensitive by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, including:</p> <ul style="list-style-type: none"> • all bank or other borrowings. • acquisitions or disposals of fixed assets where original cost exceeded £500,000, or net book value or consideration exceeds £50,000. • acquisitions, disposals and lapsing of intangible assets including intellectual property with a cost or net book value in excess of £50,000. • approval of contracts for cost of goods sold and inventory supplies, or consultancy or similar services arising from ongoing departmental or project-related activities, in excess of US\$1m or £750,000. 	
5.3	Contracts of the Company or any subsidiary not in the ordinary course of business e.g. major acquisitions or disposals, for a consideration in excess of US\$500,000.	
5.4	Major acquisitions, disposals and investments (including the acquisition or disposal of interests of more than (3) percent in the voting shares of any company or the making of any takeover offer).	
5.5	Any contract with a director or any related party.	

5.6	Guarantees to be issued by the Parent Company or any Subsidiary Company	
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6. Communication		
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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 admission documents other than approval of routine documents.	
6.4	Approval of press releases concerning matters decided by the board.	

7. Board Membership and other appointments		
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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 executive management.	
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 Officer.	
7.5	Appointment of the Senior Independent Director.	
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, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.	
7.11	Appointments to boards of subsidiaries.	

8. Remuneration		
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8.1	Determining the remuneration policy for the Directors.	
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 employees' share schemes or other incentive plans, or major changes to existing schemes/plans, to be put to shareholders for approval.	
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9. Delegation of authority

9.1	The division of responsibilities between the Chairman of the board and the CEO, 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 and 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 review annually of the Board's 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	Review of the Group's overall corporate governance arrangements.	
10.5	Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the board as a whole.	
10.6	Authorising conflicts of interest where permitted by the Company's articles of association.	

11. Policies

11.1	Approval of Group policies, including: <ul style="list-style-type: none"> • Code of conduct; • Share dealing code; • Bribery prevention policy; • Whistleblowing policy; • Health and safety policy; • Environment and sustainability policy; • Human resources policy; • Data Protection Policy • Communications policy (including procedures for the release of price-sensitive information); • Corporate social responsibility policy; and • Charitable donations policy. 	
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12. Other

12.1	The making of political donations.	
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12.2	Approval of the appointment of the Group's principal professional advisers.	
12.3	Prosecution, defence or settlement of litigation involving an amount of more than £50,000, or otherwise being material to the interests of the Group.	
12.4	Approval of the overall levels of insurance for the Group, including directors' and officers' liability insurance and indemnification of directors.	
12.5	Major changes to the rules of any pension scheme, changes of trustees or, when subject to the approval of the Company, changes in the fund management arrangements.	
12.6	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.	
12.7	This schedule of matters reserved for the Board.	

RESPONSIBILITIES

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees. In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.