

**Royal Mail plc (the Company)**  
**Matters reserved for the Board**

The below are matters reserved for the decision of the Board:

**1. Strategy and management**

- 1.1 The development and approval of the Company's strategy.
- 1.2 The development and approval of the Company's strategic plan, annual plans and budgets.

**2. Structure and capital**

- 2.1 Changes to capital structure including reduction of capital, share buy backs and, except under employee share schemes, share issues and the use of treasury shares.
- 2.2 Approval of Dividend policy.
- 2.3 Declaration of an interim dividend and recommendation of a final dividend and any other distribution or return of value to shareholders.
- 2.4 Changes to the Group's management and control structure.
- 2.5 Major changes to corporate structure.
- 2.6 Changes to the Group's basic control structure, including major internal restructurings.
- 2.7 Formation of a new subsidiary company or partnership.
- 2.8 Changes to the Company's listing or its status as a plc.

**3. Finance**

- 3.1 Approval of Half year financial report, Annual Report and Financial Statements, trading updates and any preliminary announcement of final results.
- 3.2 Any significant change in accounting policies or practices following recommendation by the Audit and Risk Committee (ARC).
- 3.3 Approval of Treasury policy (ARC).
- 3.4 Approval of Tax strategy and any associated governance papers (ARC).
- 3.5 Approval of material unbudgeted capital or operational expenditure, in excess of £25 million.

**4. Internal control**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management, kept under review by the Audit & Risk Committee (ARC).

**5. Contracts and commitments**

- 5.1 Where not included in a strategic plan, annual plans or budgets at the time the budget is approved by the Board:
  - 5.1.1 Contracts or commitments of the Group, including the acquisition and disposal of assets, which involves a value in excess of £25 million.

5.1.2 Major investments, including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any takeover bid, (except where the value of such a disposal or acquisition is worth less than £20 million and it has been included in the Mergers and Acquisitions pipeline report).

5.1.3 Capital projects with costs in excess of £40 million.

5.2 If a project/area is identified, as part of the budget process, as not requiring further Board approval, this would be delegated to the Chief Executive or Chief Finance Officer for approval of any expenditure.

## **6. Communication**

6.1 Approval of all notices of meeting, circulars, prospectuses or other documents circulated to shareholders including resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

6.2 Regulatory announcements and press releases concerning matters decided by the Board.

## **7. Board membership and appointments**

7.1 Changes to structure, size and composition of the Board, including approval of the Board Diversity Policy (following recommendation from the Nomination Committee).

7.2 Ensuring adequate succession planning and development for the Board and senior management (following recommendation from the Nomination Committee).

7.3 Appointments to the Board following recommendation by the Nomination Committee.

7.4 Selection of the Chairman of the Board, Chief Executive Officer and appointment of the Senior Independent Director.

7.5 Membership and Chairmanship of the Board committees.

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 (following recommendation 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 Annual General Meeting (AGM), following recommendation from the Nomination Committee.

7.8 Appointment or removal of the Company Secretary.

7.9 Appointment or removal of the auditor following recommendation from the ARC.

## **8. Remuneration**

8.1 Determine and approve the remuneration policy for the Directors, Company Secretary and other senior management, following recommendation by the Remuneration Committee, as set out in the Annual Report and Accounts from time to time.

8.2 Determine and approve overall pay and reward policy (including employee benefits) for staff and negotiating remit for negotiations with any recognised trade union.

8.3 Introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval, following recommendation from the Remuneration Committee.

8.4 Non-Executive Directors fees are determined by the Chairman and Executive Directors and reported to the Board. Fees for the Chairman are determined by the Remuneration Committee.

## 9. Corporate Governance

9.1 Undertake a formal and rigorous annual review of its own performance, that of its committees, individual Directors and the division of responsibilities.

9.2 Determine the independence of Non-executive Directors following recommendation by the Nomination Committee.

9.3 Consider the balance of interests between shareholders, employees, customers and the community.

9.4 Review all of the Group's corporate governance arrangements.

9.5 Receive reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.

9.6 Authorise conflicts of interest where permitted by the Company's Articles of Association.

9.7 The following matters relate to the delegation of authority:

- Division of responsibilities between the Chairman and the Chief Executive which should be clearly established and set out in writing and agreed by the Board.
- Approval of delegated levels of authority including the Chief Executive's authority limits which must be in writing.
- Establishment of Board Committees, approval of their terms of reference and approving material changes thereto.
- Receive reports from Board Committees on their activities.

9.8 Approval of the following policies, excluding minor changes which will be approved by the Company Secretary:

- Health and safety policy;
- Environment policy;
- Equality and fairness policy;
- Royal Mail Group conduct policy;
- Anti-bribery and corruption policy (including Gifts and Hospitality);
- Communications policy for the management of internal and external communications; and
- Corporate responsibility policy.
- Royal Mail Group Share dealing policy and code; ~~and~~
- Royal Mail Group Inside information and control of inside information policy;
- ISEC01 Group Information Security Policy;
- ISEC02 Group Acceptable Use Policy;
- IG01 Group Records and Information Governance Policy; and
- IG02 Group Privacy Policy.

9.9 Approval of Royal Mail Group Annual Statement in compliance with the Modern Slavery Act 2015.

## 10. Other

- 10.1 Making of political donations.
- 10.2 Appointment of Group's principal professional advisers.
- 10.3 Approval of overall levels of insurance for the group including Director and Officers' insurance and indemnification of Directors.
- 10.4 Annual Security Report.
- 10.5 Corporate Responsibility Report.
- 10.6 Any decision that the Board considers is likely to have a material impact on the Company or Group, including, but not limited to operational, strategic or reputational impact.
- 10.7 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving more than £10 million or being otherwise material to the interests of the group, excluding personal injury claims.
- 10.8 Matters that may have a financial impact on the Royal Mail pension schemes where over £100 million. Strategic changes to employee benefits that require rule changes or changes to the pension scheme trust deeds, other than those required for changes in legislation, each following recommendation from the Pensions Committee.
- 10.9 This schedule of matters reserved for Board decisions.

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