

## AO World plc

### LIST OF MATTERS TO BE RESERVED TO THE BOARD

#### 1. STRATEGY AND MANAGEMENT

- 1.1 Responsibility for the Group's overall commercial strategy and business plan, including setting the Group's values and standards and reviewing performance.
- 1.2 Oversight of the Group's operations and management.
- 1.3 Determining the basis on which the Group generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Group.
- 1.4 Determining the nature and extent of the significant risks the board is willing to take in achieving the strategic objectives of the Company.
- 1.5 Approval of any major change in the nature, scope or scale of the business of the Group, including any decision to (i) cease to operate all or a substantial part of the Group's business and (ii) enter into any strategically or commercially significant new business areas not forming part of the Group's current activities from time to time.

#### 2. STRUCTURE AND CAPITAL

- 2.1 Changes relating to the Group's capital structure, including any reductions of capital, share issues (except under employee share plans) and share buybacks.
- 2.2 Major changes to the Group's corporate structure, management and control structure.
- 2.3 Changes related to the Company's listings or its status as a plc.

#### 3. FINANCIAL REPORTING AND AUDIT

- 3.1 Approval of preliminary and annual reports and accounts (including the board satisfying themselves that the annual report and accounts are fair, balanced and understandable), half-yearly reports and interim management reports.
- 3.2 Approval of the dividend policy, approval and declaration of the interim dividend and recommendation of the final dividend.
- 3.3 Approval of accounting policies and practices and any changes thereto; the use of any off-balance sheet structures.
- 3.4 Acceptance of any proposed audit qualification of the accounts.
- 3.5 Approval of Audit Committee's:
  - 3.5.1 recommendations for the tender, appointment or removal of external auditors;
  - 3.5.2 recommendations on external auditors' remuneration; and
  - 3.5.3 strategy for maintenance of appropriate relationship with external auditors.
- 3.6 The making of any tax elections or the entry into any agreement, compromise or accommodation with HM Revenue and Customs.

#### **4. RISK MANAGEMENT AND POLICIES**

- 4.1 Setting risk management and internal control policies for the Group, taking into account any recommendations of the Audit Committee.
- 4.2 Reviewing the effectiveness of risk management and internal control systems on an ongoing basis, including receiving and reviewing regular reports on internal control.
- 4.3 Carrying out an assessment (at least annually) of significant risks and the effectiveness of risk management and internal control systems; and reporting to shareholders on such matters.
- 4.4 Prosecution, defence or settlement of litigation, arbitration, regulatory or other proceedings (involving above £200,000 or being otherwise material to the Group).
- 4.5 Any matter which could reasonably be expected to have a material effect on the reputation or standing of the Company or Group.
- 4.6 Agreement of codes of business conduct and ethics, in light of the Bribery Act 2010 and directors' duties, in particular the duty contained in section 172 of the Companies Act 2006 to promote the success of the company for the benefit of the members as a whole and in doing so have regard to (amongst others):
  - 4.6.1 the likely consequences of any decision in the long term,
  - 4.6.2 the interests of the company's employees,
  - 4.6.3 the need to foster the company's business relationships with suppliers, customers and others,
  - 4.6.4 the impact of the company's operations on the community and the environment,
  - 4.6.5 the desirability of the company maintaining a reputation for high standards of business conduct, and
  - 4.6.6 the need to act fairly as between members of the company.
- 4.7 Approval of environmental policy.
- 4.8 Approval of health and safety policy.
- 4.9 Approval of whistleblowing policy.

#### **5. TRANSACTIONS**

- 5.1 Approval of all unbudgeted capital expenditure in excess of £500,000 or 10% budgeted capital expenditure for the relevant financial year (whichever is the higher).
- 5.2 Acquisitions and disposals of subsidiaries or other material assets or liabilities.
- 5.3 Approval of any contract entered into in the normal course of business (not approved within the budget for the relevant financial year) that is
  - (A) in excess of £1,000,000 in value either as a single transaction or a series of related transactions; or
  - (B) subject to a term of 5 years or more where the annual expenditure thereunder is more than £250,000 per annum; or
  - (C) an acquisition or disposal of interests in real property above £250,000 (or in the case of leased property £250,000 per annum or over 5 years).

- 5.4 Approval of any contract or agreement outside of the normal course of business of the Company (and not approved within the budget for the relevant financial year) in excess of £250,000 in value.
- 5.5 Approval of unbudgeted marketing expenses (not falling under 5.3 or 5.4) incurred in excess of 10% of the budgeted marketing expenditure for the relevant financial year.
- 5.6 Contracts in which a director or other related party is interested.
- 5.7 Any proposed acquisition or disposal of a business or shares in a company.
- 5.8 Any binding commitment to enter into a material strategic alliance, joint venture, partnership or profit sharing arrangement.
- 5.9 Giving security over significant assets.
- 5.10 Establishing managerial authority limits.

## **6. COMMUNICATION AND REGULATORY REQUIREMENTS**

- 6.1 Calling general meetings of shareholders.
- 6.2 Approval of resolutions and related documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of announcements and press releases concerning matters decided by the board.
- 6.4 Delegation of authority to issue an urgent announcement without the need to call a board meeting, in order to comply with the company's regulatory obligation to announce inside information as soon as possible.
- 6.5 Ensuring compliance with the Listing, Prospectus, Disclosure and Transparency Rules.
- 6.6 Approval of all circulars, prospectuses and equivalent documents (save that approval of routine documents may be delegated to a committee).

## **7. FINANCE**

- 7.1 Any increase beyond the borrowing limits previously adopted.
- 7.2 Raising new capital and obtaining and confirming major financing facilities.
- 7.3 Approval of annual operating and capital expenditure budgets and changes thereto and review of performance against budgets.
- 7.4 Treasury policies (including foreign currency and interest rate exposures).

## **8. DIRECTORS, SENIOR EMPLOYEES AND OTHER APPOINTMENTS**

- 8.1 Approval of Nomination Committee's recommendations on:
  - 8.1.1 board appointments and removals;
  - 8.1.2 board and senior employee succession;
  - 8.1.3 appointment of Chairman and Chief Executive and terms of engagement (other than remuneration) for Chairman and Chief Executive;
  - 8.1.4 terms of engagement (other than remuneration) of non-executive directors;

- 8.1.5 the re-appointment of any non-executive director at the end of his specified term of office;
- 8.1.6 the re-election by shareholders of any director; and
- 8.1.7 any matters concerning the continuation in office of any director at any time.
- 8.2 Setting policy on boardroom diversity, including gender, and monitoring its implementation.
- 8.3 Remuneration of non-executive directors.
- 8.4 Terms of engagement (other than remuneration package) of executive directors and senior employees.
- 8.5 Appointment and removal of company secretary; terms of engagement (other than remuneration) of company secretary.
- 8.6 Board policy on the duration of contracts with directors (both executive and non-executive).
- 8.7 The procedures in place (or to be put in place) for the authorisation of directors' conflict matters falling within section 175 of the Companies Act 2006 and any changes to these procedures.
- 8.8 The authorisation of any conflict matter arising for any director of the Company under section 175 of the Companies Act 2006 and the terms and conditions attaching to such authorisation taking into account any recommendations of the Nomination Committee.
- 8.9 Approval of terms of reference, membership of board committees and any material changes to either.
- 8.10 Delegation of the board's powers, including formation of such committees as the Board may from time to time consider necessary and appropriate.
- 8.11 Division of responsibilities between the Chairman, Chief Executive and other executive directors.
- 8.12 Procedure for directors in the furtherance of their duties to take independent professional advice, at the Company's expense.
- 8.13 Assessment of which non-executive directors are independent.
- 8.14 Directors' and officers' liability insurance.
- 8.15 Approval of the share dealing code.
- 8.16 Approval of training and development programmes for directors and senior employees.
- 8.17 Approval of performance evaluation programmes for board, committees and individual directors.

## **9. REMUNERATION**

- 9.1 Approval of Remuneration Committee's recommendations on remuneration for the company secretary and for senior employees.
- 9.2 Directors' remuneration report, including approval of Remuneration Committee's recommendations to exclude from the report any performance measures, performance targets and formulae which may be considered commercially sensitive to the Company.

## **10. EMPLOYMENT AND PENSION ISSUES**

- 10.1 Major changes in the rules or funding of the pension schemes, or changes of trustees or fund management arrangements.
- 10.2 Major changes in employee share schemes and major changes in the allocation of share options.
- 10.3 Decisions regarding trade union recognition.
- 10.4 Decisions regarding proposed large-scale redundancies.

## **11. CORPORATE GOVERNANCE AND SHAREHOLDER ENGAGEMENT**

- 11.1 Compliance with the UK Corporate Governance Code and other relevant corporate governance guidelines.
- 11.2 Overall governance framework and values of the group.
- 11.3 Relations and engagement with shareholders and the investment community generally.
- 11.4 Carrying out an assessment (at least annually) of its own performance, that of its committees and individual directors and the division of responsibilities.

## **12. OTHER**

- 12.1 Approval of any single charitable or political donation permitted by law, other than donations which are purely charitable and do not exceed £5,000 which must be approved by a director of the Company.
- 12.2 Approval of the appointment of the Group's principal professional advisers.
- 12.3 This schedule of matters reserved for board decisions.

**Note:** Any matter reserved to the Board may be delegated by a decision of the Board to any board committee or any director