

HORNBY PLC

SCHEDULE OF MATTERS RESERVED FOR THE BOARD OF DIRECTORS

1. Strategy and Management

- 1.1 Responsibility of the overall management of the group.
- 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 Oversight of the group's operations ensuring competent and prudent management, sound planning and an adequate system of internal control.
- 1.5 Ensure adequate accounting and other records.
- 1.6 Review of performance in the light of the group's strategy, objectives, business plans and budgets and ensuring that any necessary action is taken.
- 1.7 Extension of the group's activities into new business or geographic areas.
- 1.8 Any decision to cease to operate all or any material part of the group's business.
- 1.9 Compliance with statutory and regulatory obligations.

2. Structure and Capital

- 2.1 Changes relating to the group's capital structure.
- 2.2 Major changes to the group's corporate structure.
- 2.3 Changes to the group's management and control structure.
- 2.4 Changes to the company's listing or its status as a plc.

3. Contracts

- 3.1 Major capital projects (>£100,000)
- 3.2 Contracts which are material strategically or by reason of size, entered into by the company.
- 3.3 Major investments or disposals.

4. Communication

- 4.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 4.2 Approval of all circulars listing particulars.
- 4.3 Approval of press releases concerning matters decided by the board.

5. Finance

- 5.1 Approval of preliminary announcements of interim and final results
- 5.2 Approval of the dividend policy and approval and recommendation of dividends.
- 5.3 Insurance arrangements.
- 5.4 Approval of the annual report and accounts.
- 5.5 Approval of accounting policies and practices.
- 5.6 Approval of Stock Exchange announcements others than those relating to disclosable interests.
- 5.7 Appointment of auditors.
- 5.8 Approval of the policy on non-audit services performed by the auditor, taking into account the recommendations of the Audit Committee.
- 5.9. Bank facilities.
- 5.10 Approval of treasury policies, and approval of any variation in pension arrangements for employees.

6. Internal Control

- 6.1 Ensure maintenance of a sound system of internal control and risk management including:
- 6.2 Receiving reports on, and reviewing the effectiveness of the group's risk and control processes to support its strategy and objectives;
- 6.3 Undertaking an annual assessment of the above processes;
- 6.4 Compliance with Rules of the London Stock Exchange
- 6.5 Approval of Authorisation Limits
- 6.6 Approval of Statement for inclusion within the Annual Report

7. Secretarial

- 7.1 Calling shareholders meetings.
- 7.2 Delegation of Board's powers.
- 7.3 Authorisation of security over group assets.
- 7.4 Pension arrangements.
- 7.5 Board appointment.

8. Board membership and other appointments

- 8.1 Changes to the structure, size and composition of the board, following recommendations from the nominations committee.
- 8.2 Ensuring adequate succession planning for the board and senior management.
- 8.3 Appointments to the board, following recommendations by the nomination committee.
- 8.4 Selection of the Chairman of the Board and the Chief Executive.
- 8.5 Appointment of the Senior Independent Director.

9. Membership and Chairmanship of the board committees.

- 9.1 Continuation in office of any director at any time, including the suspension or termination of service of an executive director or employee of the company, subject to the law and their service contract.
- 9.2 Appointment or removal of the company secretary.
- 9.3 Appointment to boards of subsidiaries.

10. Remuneration

- 10.1 Determining the remuneration policy for the directors, company secretary and other senior executives.
- 10.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 10.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

11. Delegation of Authority

- 11.1 The division of responsibilities between the Chairman, the Chief Executive and other executive directors, which should be in writing.
- 11.2 Approval of terms of reference of board committees.
- 11.3 Receiving reports from board committees on their activities.

12. Corporate Governance matters

- 12.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 12.2 Determining the independence of directors.
- 12.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 12.4 Review of the group's overall corporate governance arrangements.
- 12.5 Receiving reports on the views of company's shareholders.

13. Policies

- 13.1 Approval of corporate governance policies delegating to relevant sub-committees where appropriate.

14. Other

- 14.1 The making of political donations
- 14.2 Approval of the appointment of the group's principal professional advisers.
- 14.3 Prosecution, defence or settlement of litigation
- 14.4 Approval of the overall levels of insurance for the group including Directors' & Officers' liability insurance
- 14.5 Approval of policies which comply with safety and environmental standards and safeguard the health, safety and welfare of all employees whiles at work; and monitor compliance with these policies.
- 14.6 Matters which the board considers suitable for delegation are contained in the terms of reference of its Committees.
- 14.7 In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.
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