

## **LUXFER HOLDINGS PLC – RESERVATION OF POWERS**

The Board of Directors of Luxfer Holdings PLC, together with its subsidiaries (the **Company**), has reserved to itself the following powers subject to any regulations or resolutions or restrictions which may be imposed by the Board from time to time.

### **1 STRATEGY AND MANAGEMENT**

- 1.1 Approval of the Company's strategy and long-term objectives.
- 1.2 Approval of the annual budget and any material changes to it.
- 1.3 Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that appropriate corrective action is taken
- 1.4 Any decision to cease to operate all or any material part of the Company's business.
- 1.5 Significant extension of the Company's activities into new business or geographic areas.

### **2 COMMUNICATIONS**

- 2.1 Approval of resolutions and corresponding documentation to put to shareholders
- 2.2 Approval of all circulars to shareholders, prospectus and listing particulars (approval of routine documents such as periodic circulars and exercise of any conversion rights may be delegated to a Committee).
- 2.3 Approval of all regulatory filings including those approved by the Disclosure Committee except for standard filings, such as SEC Form 4 where the authority is delegated to the company secretary.

### **3. BOARD MEMBERSHIP AND BOARD COMMITTEE**

- 3.1 Changes to the structure, size and composition of the Board.
- 3.2 Board appointments and removals following recommendations from the Nominating and Governance Committee.
- 3.3 Selection and responsibilities of Chairman of the Board, Chief Executive Officer and Chief Financial Officer.
- 3.4 Terms and conditions of employment of Chief Executive Officer and service contracts for any non-executive directors.
- 3.5 Membership and Chairpersonship of Board Committees.
- 3.6 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 on recommendation of the Nominating and Governance Committee. 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 service contract.

- 3.7 Appointment or removal of the Company Secretary.
- 3.8 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following recommendation by the Audit Committee.

#### **4 COMPANY STRUCTURE AND SHARE CAPITAL**

- 4.1 Material Changes relating to the Company's capital structure, except changes that are directly related to employee share plans, including but not limited to reduction of capital, share issues, share transfers, share buy backs etc.
- 4.2 Any changes to the Company's listing or status as a plc.
- 4.3 Significant reorganization of the Company's reportable segments.
- 4.4 Significant changes to the Company's Executive Leadership Team, including its structure.
- 4.5 The acquisition or disposal of interests in the voting shares of any company or the making of any take-over offer.

#### **5 BANK FINANCING AND EXTERNAL DEBT**

- 5.1 New funding transactions such as the issue of loan notes, bonds and other debt instruments. Approval of the re-arrangement of Company borrowing facilities above \$5 million.

#### **6 CONTRACTUAL ARRANGEMENTS**

- 6.1 All requests for appropriation (RFA) regarding capital and revenue expenditure in relation to individual projects over \$3M, and reapproval thereof where the revised proposed expenditure is to exceed more than 10% of that previously approved by the Board.
- 6.2 New contracts entered into by the Company where the annual operating profit impact associated with the contract exceeds \$3M. The renewal of contracts with existing customers and suppliers with an annual operating profit above \$3m should be reviewed by the Board annually.
- 6.3 Any contracts that contain particularly onerous clauses must be referred to the Board for review e.g. those that require uncapped liability.
- 6.4 The formation of any joint ventures or material changes to existing joint ventures.
- 6.5 Engagement of any financial advisors or consultants where the expected fee exceeds \$1M.

#### **7 FINANCIAL REPORTING CONTROLS**

- 7.1 Approval of quarterly reports (Form 10-Q), annual reports (Form 10-K and UK Report and Accounts) and Annual Proxy (Form DEF 14A).
- 7.2 Approval of any significant change in accounting policies or practices.

7.3 Utilising the work of internal audit over financial reporting, specifically for the purpose of management's s404 attestation of the Sarbanes Oxley Act.

7.4 Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend

## **8. INTERNAL CONTROLS, RISK MANAGEMENT AND INSURANCE**

8.1 Through the audit committee, ensure maintenance of a sound system of internal control and risk management including:

- receiving reports on and reviewing the effectiveness of the Company's risk and control process to support its strategy and objectives
- undertaking an annual assessment of these processes
- approving an appropriate statement for inclusion in the UK annual report and Form 10-K.

8.2 Monitoring internal control arrangements through the Audit Committee and working with the Company internal audit function.

8.3 Approval of the Company's general risk management strategy including insurance strategy and overall levels of insurance for the Company.

8.4 Approval of any hedging activity unrelated to the normal course of business e.g. non-routine currency, commodity and interest rate hedges.

8.5 Reviewing the effectiveness of health and safety and environmental policies.

8.6 Monitoring Directors' and Officers' Liability Insurance and the indemnities to Directors and Officers of the Company.

## **9. REMUNERATION**

9.1 Through the Remuneration committee, determining the framework or policy of the Company on executive remuneration including equity based long-term incentive plan for company's executives.

9.2 Determining the remuneration of the Chairman and the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.

### **(a) Pensions**

9.3 Review of major changes of the rules of the Company's pension schemes (being those changes having a material bearing upon the cost of the schemes to the Company or upon the benefits or other rights of the members).

### **(b) Share Incentive Plans**

9.4 Introduction of new share incentive plans or major changes to existing plans to be put to shareholders for approval.

9.5 Introduction of new share incentive plans or major changes to existing plans for the non-executive directors and the allocation of share awards to non-executive directors. The non-executive directors shall not form part of the quorum when such matters are being considered and approved.

## **10. LITIGATION**

10.1 The prosecution and defence of litigation involving potential financial loss or gain to the company in excess of \$3M or otherwise being material to the interests of the Company, in addition to regular Board updates on all significant legal matters.

## **11. POLICIES**

11.1 Approval of Global Company Policies and Statements which are material to the functioning of any company within the Company or which will be published on the Company website or lodged with a reporting body.

## **12. MISCELLANEOUS**

12.1 Charitable donations exceeding \$20,000 to any one charity and exceeding \$200,000 in aggregate in any one year by the company (excluding any contribution made by the employees). No donations will be made to political or religious organizations.

## **13. PROCEDURES TO BE FOLLOWED FOR DECISIONS BETWEEN BOARD MEETINGS**

13.1 Both the Chairman and the Chief Executive should be advised in writing (including by email) by the relevant Director, Executive Officer or the Company Secretary of a transaction which in the normal course of business requires a decision of the Board, but which because of its urgency cannot wait until the next scheduled Board meeting. The Chairman, in consultation with the Chief Executive Officer and the appropriate committee chairperson will decide the appropriate course of action which may include scheduling a board meeting via telephone/videoconference or taking care of the appropriate matter through a written resolution that may be circulated and approved electronically.

## **14. DELEGATION OF AUTHORITY**

14.1 Approval of terms of reference membership and chairmanship of Board Committees and receiving reports from Board Committees on their activities.

14.2 The Board has delegated powers to the following Committees:

- (a) the Audit Committee;
- (b) the Remuneration Committee; and the
- (c) Nominating and Governance Committee.

Matters 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 Company.