



**Ultra Electronics Holdings plc**  
**(the "Company")**

**Schedule of Matters Reserved for the Board**  
**Approved by the Board on 2 February 2021**

This schedule sets out the matters which are reserved for the Board of the Company. In this schedule 'Group' means the Company and its subsidiary undertakings.

**1. LEADERSHIP, STRATEGY, BUDGETS AND MANAGEMENT**

- 1.1 Establishing the Group's purpose, values and general strategy and objectives, assessing and monitoring the Group's culture and promoting the alignment of culture with purpose, values and strategy.
- 1.2 Assessing the basis over which the Group generates and preserves value over the long term, considering and addressing opportunities and risks to the future success of the business, the sustainability of the business model and the Group's governance.
- 1.3 Approving the Group's business plan, budget and forecasts and any material changes to them and monitoring their implementation. The executive directors are responsible for the day-to-day management of the Group and developing the Group's business strategy, objectives, budget and forecasts and, when approved by the board, ensuring their successful implementation.
- 1.4 Ensuring that necessary resources are in place for the Group to meet its objectives and measure performance against them.
- 1.5 Overseeing the Group's operations, ensuring competent and prudent management, sound planning, maintenance of sound management and internal control systems, adequate accounting and other records and compliance with statutory and regulatory obligations.
- 1.6 Approving any material extension of the Group's existing operations into new geographical areas, if not in line with approved strategy.
- 1.7 Approving any change of primary business purpose, if not in line with approved strategy.
- 1.8 Approving any decision to cease to operate all or any material part of the Group's business where the value exceeds £10m NBV/Enterprise Value and not within the approved budget.
- 1.9 Approving the Company's tax strategy.

**2. STRUCTURE, CAPITAL AND DIVIDENDS**

- 2.1 Approving changes to the Company's capital structure, including any reduction or redemption of capital, share buy-back (other than in relation to employees' share plans) or issue of shares or other securities.
- 2.2 Approving any issue of shares or other securities of a company in the Group to a person not a member of a Group company, where the issue is material in the context of the Group.

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- 2.3 Approving any proposed alteration to the articles of association of the Company.
- 2.4 Approving any changes to the Company's listing or listings, or the markets on which its securities are traded.
- 2.5 Approving any major restructuring or reorganisation of the Group.
- 2.6 Approving any acquisitions or disposals if consideration (including net debt) exceeds £25m.
- 2.7 Approving any major changes to the Group's management or control structures.
- 2.8 Approving any joint ventures if value contributed exceeds £10m.
- 2.9 Approving the Company's dividend policy and the payment of any interim dividend, the recommendation to shareholders in general meeting of any final dividend, and any other distribution by the Company.

### **3. FINANCIAL MATTERS**

- 3.1 Approving unbudgeted capital expenditure in excess of 10% of Group annual budgeted capital expenditure individually or in aggregate.
- 3.2 Approving all leases if the value is equal to, or in excess of, £10m, or if the contractual term is greater than 10 years.
- 3.3 Approving asset disposals in excess of £10m.
- 3.4 Approving unbudgeted Independent Research and Development ("IR&D") equal to, or in excess of 10% of Group annual budgeted capital expenditure individually or in aggregate. Approving any new borrowings facilities, or material changes to existing borrowing facilities, in excess of £50m.
- 3.5 Approving any non-ordinary course foreign exchange e.g. M&A.

### **4. FINANCIAL AND OTHER REPORTING**

- 4.1 Approving the Company's annual report and accounts (including the financial statements and the strategic report, directors' report, directors' remuneration report and corporate governance statement).
- 4.2 Approving the Company's half-yearly financial report (including financial statements, interim management report and responsibility statement).
- 4.3 Approving any preliminary announcement of final results by the Company.
- 4.4 With advice from the audit committee, ensuring the Company's annual report and accounts and half-yearly report are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 4.5 Ensuring all price-sensitive public records and reports to regulators issued by the Company are fair, balanced and understandable.

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- 4.6 Approving any material changes in the Company's accounting policies and practices.
- 4.7 With advice from the audit committee, considering whether it is appropriate to adopt the going concern basis of accounting in preparing annual and half-year financial statements, and the Company's ability to continue to do so, and reporting accordingly.
- 4.8 With advice from the audit committee, assessing the prospects of the Company (and choosing the period over which to do so) and considering whether the board can reasonably expect the Company to be able to continue in operation and meet its liabilities as they fall due over the period of their assessment and reporting accordingly in the annual report.
- 4.9 Approving the Company's slavery and human trafficking statement under the Modern Slavery Act 2015 and any other statement required by law to be approved by the board.

## **5. AUDIT, RISK AND INTERNAL CONTROLS**

- 5.1 Ensuring the Group has a framework of prudent and effective controls, which enable risk to be assessed and managed.
- 5.2 Establishing procedures to manage risk, oversee the internal control framework (including procedures for the detection of fraud and the prevention of bribery), and determine the nature and extent of the principal risks the Group is willing to take to achieve its long-term strategic objectives.
- 5.3 Establishing formal and transparent policies and procedures to ensure the independence and effectiveness of the Group's internal and external audit functions and the integrity of the financial and narrative statements.
- 5.4 Carrying out a robust assessment of the Group's emerging and principal risks, overseeing procedures for identifying emerging risks, and procedures for managing and mitigating principal risks.
- 5.5 Monitoring the Group's risk management and internal control systems (covering all material controls including financial, operational and compliance controls) and, at least annually, carry out a review of their effectiveness.
- 5.6 Making any major decision relating to the conduct (or settlement) of any material legal proceedings or arbitration to which the Company or another member of the Group is a party where the potential liability or claim is in excess of £5m.
- 5.7 Adopting (or making a material amendment or variation to) the Group's major policies including, but not limited to, whistleblowing, anti-bribery and corruption, share dealing and the Company's Code of Conduct.
- 5.8 Overseeing the audit and risk committee and ensuring that the committee as a whole and its members have the relevant competencies.
- 5.9 With the audit committee's advice, make recommendations to shareholders relating to the appointment, re-appointment or removal of the Company's external auditors.

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## **6. BID & CONTRACT MATTERS**

- 6.1 Approve bid and contracts matters in accordance with the limits stated in the Group's Bid and Pricing Management Policy.
- 6.2 Approving any unlimited Parent Company Guarantees ("PCGs") and any PCGs of £50m or higher.
- 6.3 Approving offset commitments greater than 100% of contract value or with a value
  - i) by project in excess of £25m; or
  - ii) by country in excess of £75m.
- 6.4 Approving any trading at risk in excess of £5m.
- 6.5 Approving any takeover offer for another company that is subject to the City Code on Takeovers and Mergers.

## **7. SHAREHOLDERS AND OTHER STAKEHOLDERS**

- 7.1 Ensuring an effective engagement strategy with, and encouraging participation from, shareholders, the workforce and other key stakeholders and keeping engagement mechanisms under review.
- 7.2 Ensuring an appropriate method for gathering the views of the workforce is in place.
- 7.3 With advice from the audit committee and the remuneration committee, ensuring that workforce policies and practices are consistent with the Group's purpose and values and support its long-term sustainable success.
- 7.4 Establishing and monitoring procedures by which the workforce can raise any matters of concern and arrangements for investigation and follow-up.
- 7.5 Convening general meetings of the Company, including approving notices of general meetings and related documents.
- 7.6 Approving press releases concerning matters decided by the board.

## **8. BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- 8.1 Overseeing the nomination committee, which leads the process for board appointments, ensures plans are in place for orderly succession to the board and senior management positions, and oversees the development of a diverse pipeline for succession.
- 8.2 With the advice of the nomination committee:
  - (a) making any changes to the structure, size and composition of the board and making appointments to the board;
  - (b) facilitating adequate succession planning for the board and senior management;
  - (c) considering and determining the independence of non-executive directors;

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- (d) considering and determining whether or not to approve directors' external appointments;
- (e) identifying and managing actual or potential conflicts of interest;
- (f) appointing the chief executive officer and the chair;
- (g) appointing the senior independent director;
- (h) considering and determining whether a director should continue in office at the end of his/her term of office and whether a director should be proposed for election or re-election by shareholders at the annual general meeting; and
- (i) considering and determining whether a director should continue in office at any time, including suspending or terminating the service of an executive director as an employee.

8.3 Appointing and removing the company secretary.

## **9. BOARD COMMITTEES AND OTHER DELEGATION**

9.1 Establishing board committees and approving their terms of reference.

9.2 Appointing the members and the chair of any board committee, and approving any changes to the composition of committees.

9.3 Facilitating the formal and rigorous evaluation of the performance of the board, its committees, the chair and individual directors.

9.4 Receiving reports and recommendations from committees.

9.5 Approving the statement of the responsibilities of the chair, the chief executive officer and the senior independent director.

9.6 Approving the division of responsibilities between the chair and the chief executive officer.

9.7 Approving the scope and terms of any delegation of authority given to the chief executive officer, Chief Financial Officer and other directors and senior managers to approve expenditure, investments, and such other matters as the board may determine.

## **10. REMUNERATION**

10.1 Overseeing the remuneration committee, which is responsible for determining the policy for executive director remuneration and setting remuneration for the chair, and executive directors.

10.2 With the advice of the remuneration committee, establishing a formal and transparent procedure for developing policy on the remuneration of executive directors and the chair.

10.3 Determining the remuneration of non-executive directors in accordance with the articles of association.

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## 11. OTHER MATTERS

- 11.1 Approving any prospectuses, pre-listing statements, circulars to holders of the Company's shares or other securities and recommendations in respect of any matters or notices which may be submitted to holders of the Company's shares or securities in accordance with statutory requirements or requirements of the Financial Conduct Authority or London Stock Exchange or the Company's articles of association.
- 11.2 Approving the Group's policy on the making of political donations.
- 11.3 Approving the Group's insurance levels, including directors' and officers' liability insurance (with the exception of non-material local policies).
- 11.4 Approving any major changes to the rules of the Group's defined benefit pension scheme.
- 11.5 Approving any litigation (prosecution, defence or settlement of litigation or regulatory investigations) in excess of £5m or of otherwise material to the interests of the Group.
- 11.6 Approving any indemnity by the Company of a director or officer of the Company or any other member of the Group.
- 11.7 Approving any other matters that are reserved for decision by the board in accordance with applicable law or regulation, or pursuant to accepted best practice, or under the articles of association of the Company.
- 11.8 Reviewing periodically this schedule of matters reserved for the board.