

# **VICTORIAN PLUMBING GROUP PLC**

## **TERMS OF REFERENCE FOR THE MAIN BOARD**

In this document, the **"Board"** shall mean the Board of directors of the Company; the **"Company"** shall mean Victorian Plumbing Group plc.

### **BOARD CHARTER**

The Board is responsible for the good management of the Company and its principal aim is to enhance the Company's long-term value for the benefit of shareholders.

### **GOVERNANCE PRINCIPLES**

#### **1 STRATEGY**

The Board shall agree a business strategy for the Company that shall be reviewed and refreshed as necessary with a view to ensuring that shareholder value is protected and enhanced.

#### **2 PERFORMANCE**

- 2.1 The Board shall monitor, and evaluate critically, on a regular basis the Company's performance against an agreed strategy and business plan.
- 2.2 The Board shall agree key objectives for the Chief Executive Officer on an annual basis and will monitor performance against these on a regular basis.
- 2.3 The Board shall evaluate critically on a regular basis its own performance, that of its committees and individual directors.

#### **3 STANDARDS AND VALUES**

- 3.1 The Board shall set values and standards and agree policies and processes that shall be used to guide the affairs of the Company to ensure that the Company's obligations to its shareholders and others are understood and met.
- 3.2 All directors shall receive an induction on joining the Board and shall regularly be provided with information and training to update and refresh their skills and knowledge.
- 3.3 All directors shall have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

#### **4 OVERSIGHT**

- 4.1 The operational management of the Company within an agreed strategy and business plan shall be delegated to the Chief Executive Officer but the Board shall exercise oversight over the discharge of this delegation. Such oversight shall be based on:

### **Controls**

The Board shall ensure that an effective system of internal controls is in place at all times. Such a system shall be used to identify and manage risks that threaten the fulfilment of the Company's strategy and business objectives.

### **Information**

The Board shall ensure that it receives accurate and timely information on the performance of the Company and shall agree with the Chief Executive Officer the nature and scope of the information to be provided. The Chief Executive Officer shall be obliged to bring to the Board's attention all matters that materially affect, or are capable of materially affecting, the performance of the Company and the achievement of its strategy and business objectives.

### **Delegated Authorities**

The Board shall approve the delegation of certain responsibilities and authorities but shall maintain a schedule of matters to be reserved specifically for its decision (see below).

## **5 SENIOR INDEPENDENT DIRECTOR**

The Board shall, if it deems appropriate, appoint one of the independent non-executive directors to be the senior independent director. The senior independent director shall be available to shareholders if they have concerns which contact through the normal channels of the Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

## **TERMS OF REFERENCE FOR THE MAIN BOARD OF THE COMPANY AND BOARD CHARTER**

In this document, the **"Board"** shall mean the Board of directors of the Company; the **"Company"** shall mean Victorian Plumbing Group plc.

### **BOARD CHARTER**

#### **1 CONSTITUTION**

The Board sources its authority from the articles of association (the **"Articles"**), these terms of reference and the laws governing the Company and any other applicable regulatory requirements.

#### **2 PURPOSE OF THE BOARD**

The purpose of the Board is to provide entrepreneurial leadership of the Company and its subsidiaries (the **"Group"**) within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. The Board should set the Group's values and standards and ensure that its obligations to its shareholders and others are understood and met.

#### **3 MEMBERSHIP**

- 3.1 The chairman of the Board and Board members shall be appointed by the Board on the recommendation of the Nomination Committee, ensuring that the structure, size and composition of the Board comply with the Company's Articles considering the provisions of the UK Corporate Governance Code (the **"Code"**).
- 3.2 The Board shall comprise directors with a broad range of skills, knowledge and diversity to ensure that the composition reflects an adequately broad range of experiences to discharge its duties and responsibilities effectively.
- 3.3 The Board shall be of a sufficient size that the requirements of the business can be met and that changes to the Board's composition and Committee membership can be managed without undue disruption.
- 3.4 Only members of the Board have the right to attend Board meetings. However, others may attend at the invitation of the Board and with the support of the Board as a whole.
- 3.5 Unless determined otherwise by the Board, appointments of the chairman and independent non-executive directors shall typically be for two three-year periods but a non-executive director may be invited to serve for an additional period subject to a particularly rigorous review, taking into account the need for progressive refreshing of the Board.
- 3.6 In accordance with the Code, Board appointments are subject to election or re-election (as applicable) and therefore the Board members will be proposed for election or re-election (as applicable) at the Company's Annual General Meeting each year (or at the Annual General Meeting immediately following their appointment, if appointed following the date of the adoption of these guidelines), unless otherwise determined in accordance with the Company's Articles.

- 3.7 In the absence of the chairman of the Board or senior independent director, the remaining members present shall elect one of themselves to chair the Board meeting.

#### **4 SECRETARY**

The company secretary or his or her nominee shall be the secretary of the Board and will ensure that the Board receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

#### **5 QUORUM**

A quorum shall be two members and in the case of an equality in votes, the chairman shall have the casting vote. No meeting shall be convened unless all members of the Board have received or waived notice of the meetings. Whenever it is practicable, meetings should be arranged so that all Board members can be present.

#### **6 FREQUENCY OF MEETINGS**

- 6.1 Meetings shall be held at least 4 times a year, which is considered often enough for the Board to effectively discharge its role and responsibilities.
- 6.2 Outside of the formal meeting programme, the chairman will maintain a dialogue with key individuals involved in the Company's governance.

#### **7 NOTICE OF MEETINGS**

- 7.1 Meetings of the Board shall be called by the secretary of the Board at the request of any of its members.
- 7.2 Unless otherwise agreed by all members of the Board, a notice of each meeting shall be forwarded to each member of the Board and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Board members, and to other attendees as appropriate, at the same time. The notice of meeting shall confirm the venue, time and date of the meeting. Notices of meeting sent to members of the Board shall include an agenda of items to be discussed.

#### **8 MINUTES OF MEETINGS**

- 8.1 The secretary shall minute the proceedings and decisions of all Board meetings, including recording the names of those present and in attendance.
- 8.2 Draft Board minutes shall be circulated promptly to all Board members.

#### **9 COMMITTEES**

- 9.1 In accordance with the Articles (and subject to the matters stated below as being matters reserved for the Board), the Board may establish committees and delegate to such committees relevant responsibilities and functions from time to time. In accordance with the Code, the Board has resolved to create the following standing committees:

- (a) Audit Committee;
- (b) Remuneration Committee; and

- (c) Nomination Committee.

## **10 MATTERS RESERVED FOR THE BOARD**

The Board delegates certain elements of its authority through the delegation of authority framework set out in the Group Operating Manual. Those matters which are reserved for the Board are detailed below. Items marked \* are not considered suitable for delegation to a Board Committee:

### **10.1 Strategy and Management**

- (a) Overall management of the Group and setting the Group's values and standards.
- (b) Approve the Group's strategic aims and objectives (including acquisition strategy) and three year Strategic Plan.
- (c) Approve the annual operating and capital expenditure budgets and any material changes to them.
- (d) Monitor the Group's financial performance and endorse updated forecasts.
- (e) Oversee the Group's operations ensuring:
  - (i) competent and prudent management;
  - (ii) sound planning;
  - (iii) a sound management and internal control systems;
  - (iv) adequate accounting and other records; and
  - (v) compliance with statutory and regulatory obligations.
- (f) Review of performance in the light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (g) Extension of the Group's activities into new business, new markets or geographic areas.
- (h) Any decision to cease to operate all or any material part of the Group's business.
- (i) Consider personnel issues of significance where raised by the Nomination Committee and/or determined by the Board.

### **10.2 Structure and Capital**

- (a) Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) or share buy backs (including the use of treasury shares).
- (b) Major changes to the Group's corporate structure, including but not limited to acquisitions and disposals of shares which are material relative to the size of the

Group (taking into account initial and deferred consideration), setting up of joint ventures, incorporation of new legal entities and winding up of Group legal entities.

- (c) Major changes to the constitutional documents of the Company or any of its subsidiaries.
- (d) Changes to the Group's executive directors and control structure.
- (e) Any changes to the Company's listing or its status as a plc.

### 10.3 **Financial Reporting and Controls**

- (a) Approve appointment of external auditors and recommending to shareholders following recommendation from Audit Committee;
- (b) Determine remuneration of external auditors following recommendation from Audit Committee;
- (c) \*Be involved in the approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.
- (d) \*Be involved in the approval of the annual report and accounts (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (e) \*Approve the dividend policy, declaration of interim dividends and recommendation of final dividends to shareholders at the Annual General Meeting (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (f) \*Approve any significant change in accounting policies or practices (save that the final form may be delegated to a sub-committee of the Board set up solely for that purpose).
- (g) Approve treasury policies (including foreign currency exposure and the use of financial derivatives).
- (h) Approve material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

### 10.4 **Internal Controls**

- (a) Ensure maintenance of a sound system of internal control and risk management including:
  - (i) approving the Company/Group's risk appetite statements;
  - (ii) receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives
  - (iii) approving procedures for the detection of fraud and the prevention of bribery;
  - (iv) undertaking an annual assessment of these processes; and

- (v) approving an appropriate statement for inclusion in the annual report.

#### 10.5 **Contracts**

- (a) Approval of major capital projects and oversight over execution and delivery.
- (b) Contracts which are material strategically or by reason of size, entered into by the Company or, in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings above £10,000,000 and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £5,000,000.
- (c) Contracts of the Company or any subsidiary not in the ordinary course of business, for example, related party transactions, loans and repayments above £10,000,000; foreign currency transactions above £10,000,000; major acquisitions or disposals above £10,000,000.
- (d) Major investments including the acquisition or disposal of interests of more than (3) per cent in the voting shares of any company or the making of any takeover offer.
- (e) Offset commitments which exceed 100% of the contract value or with a value by project in excess of £4,000,000; or by country in excess of £4,000,000.

#### 10.6 **Communication**

- (a) Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- (b) Approval of resolutions and corresponding documentation to be put forward to shareholders at any general meeting.
- (c) \*Approval of all circulars, prospectuses, admission documents, applications for listing or for admission to trading and listing particulars.
- (d) \*Approval of press releases concerning matters decided by the Board.
- (e) Statements regarding the Group's future prospects.

#### 10.7 **Board Membership and Other Appointments**

- (a) \*Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- (b) \*Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- (c) \*Appointments to the Board, following recommendations by the Nomination Committee.
- (d) \*Selection of the chairman of the Board and the chief executive.

- (e) \*Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- (f) \*Membership and chairmanship of Board Committees following recommendations from the Nomination Committee.
- (g) \*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 and otherwise as appropriate.
- (h) \*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.
- (i) \*Appointment or removal of the company secretary.
- (j) \*Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.
- (k) Appointments to boards of subsidiaries.

#### 10.8 **Remuneration**

- (a) \*Determining the remuneration policy for the directors, company secretary and other senior executives.
- (b) Determining the remuneration of the non-executive directors, subject to the Articles and shareholder approval as appropriate.
- (c) \*The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

#### 10.9 **Delegation of Authority**

- (a) \*The division of responsibilities between the Chairman, the Chief Executive Officer and other executive directors, which should be clearly established, set out in writing and agreed by the Board.
- (b) Approval of the delegated levels of authority, including the chief executive's authority limits (which must be in writing).
- (c) \*Establishing Board committees and approving their terms of reference and approving material changes thereto.
- (d) \*Receiving reports from Board committees on their activities.

#### 10.10 **Corporate Governance Matters**

- (a) \*Undertaking a formal and rigorous review of its own performance, that of its Committees and individual directors, and the division of responsibilities.
- (b) \*Determining the independence of non-executive directors in light of their character, judgment and relationships.



- (c) \*Considering the balance of interests between shareholders, employees, customers and the community.
- (d) Review of the Group's overall corporate governance arrangements.
- (e) Review the Group's corporate governance disclosures annually, confirming the Company's website is up to date and the date of such review.
- (f) \*Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- (g) Authorising conflicts of interest where permitted by the Company's Articles.

#### 10.11 **Policies**

Approval of policies, including:

- (a) Code of conduct;
- (b) Share dealing code;
- (c) Anti-corruption and Bribery prevention policy;
- (d) Whistleblowing policy;
- (e) Data protection policy;
- (f) Health and safety policy;
- (g) Human resources policy;
- (h) Communications policy including procedures for the release of price-sensitive information;
- (i) Corporate social responsibility policy;
- (j) Statement of policy on ethics and business conduct; and
- (k) Gifts and corporate hospitality policy.

#### 10.12 **Other**

- (a) The making of political donations.
- (b) Approval of the appointment of the Group's principal professional advisers.
- (c) Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £2,000,000 or being otherwise material to the interests of the Group.
- (d) Approval of the overall levels of insurance for the Group including Directors' & Officers' Liability insurance and indemnification of directors.

- (e) Major changes to the rules of the Group's pension scheme, or changes of trustees or when this is subject to the approval of the Company changes in the fund management arrangements.
- (f) Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- (g) This schedule of matters reserved for Board decisions.
- (h) Receive reports and recommendations from time to time on any matter which it considers significant to the Group.

## **11 REPORTING RESPONSIBILITIES**

The Board shall:

- 11.1 act in what it considers to be in the best interests of the Company consistent with its statutory duties;
- 11.2 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 11.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 11.4 give due consideration to laws and regulations, the Code and the requirements of the London Stock Exchange AIM Rules for Companies and any other applicable Rules, as appropriate;
- 11.5 oversee any investigation of activities which are within its terms of reference; and
- 11.6 review and consider changes to its constitution.

## **12 AUTHORITY**

The Board is authorised to:

- 12.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 12.2 obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 12.3 call any employee to be questioned at a meeting of the Board as and when required.

**Adopted on the board meeting of the Company on 7 June 2021**