

A. Role of the Board

- 1.1. All Directors whether Executive or Non-Executive have the same general legal responsibilities to the Company. The Board as a whole is collectively responsible for the success of the Company by providing direction for management and supervising the Company's affairs.
- 1.2. Directors have statutory duties under law, in particular under the Companies Act 2006. The most important duties are set out in Sections 172 to 174 of the Companies Act in respect of:
 - a duty to promote the success of the Company;
 - a director must act in the way he considers 'in good faith' would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so having regard to a number of factors;
 - a duty to exercise independent judgement on the consideration of matters;
 - a duty to exercise reasonable care, skill and diligence utilising the experience and skills that a director has or is expected to have.
- 1.3. Further details on the key duties of Directors under the Companies Act are provided in the attached Appendix.
- 1.4. The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board also develops and promotes its collective vision of the Company's purpose, its culture, its value and the behaviour it wishes to promote in conducting its business. In particular, the Board:
 - considers the matters necessary to promote the long term success of the Company;
 - sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; is accountable to its shareholders and takes account of the views of other stakeholders;
 - makes well-informed and high-quality decisions based on a clear line of sight into the business;
 - creates the right framework for helping Directors meet their statutory and regulatory duties; and
 - thinks carefully about its governance arrangements and embraces evaluation of their effectiveness.

B. Role of the Chief Executive

1. Reporting Lines

- 1.1. The Chief Executive reports to the Chairman (acting on behalf of the Board) and to the Board directly.
- 1.2. The Chief Executive is responsible for all executive management matters affecting the Group. All members of executive management report, either directly or indirectly, to him (save where the Company Secretary reports directly to the Chairman).

2. Key Responsibilities

- 2.1. The Chief Executive's principal responsibility is executive management of the Group's business, in order to deliver the strategy and commercial objectives agreed by the Board.
- 2.2. The Chief Executive is responsible, working with the operating companies, for researching, proposing and developing the Group's strategy and overall commercial objectives, which is done in consultation with the Chairman and the Board.
- 2.3. The Chief Executive is responsible with the executive team for effecting the Board's, and where applicable its Committees', decisions.
- 2.4. In delivering the Group's strategic and commercial objectives the Chief Executive is responsible for the maintenance and protection of the reputations of the Group and its subsidiaries.
- 2.5. The Chief Executive is responsible for establishing and agreeing with the Board an annual budget consistent with the agreed strategy, and for managing the performance of the Group against that agreed budget.

3. Other Responsibilities

- 3.1. Providing input into the Board's agenda.
- 3.2. Ensuring that a dialogue is maintained with the Chairman on the important and strategic issues facing the Group.
- 3.3. Ensuring that divisional management give appropriate priority to Board reporting in an accurate, timely and clear nature.
- 3.4. Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, compliance with the Board's approved procedures, including Matters Reserved for the Board for its decision and each Committee's Terms of Reference.
- 3.5. Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which the Chairman might otherwise not be aware.

Role of the Board and the Directors



- 3.6. Providing input to the Chairman and Company Secretary on appropriate changes to the Matters Reserved to the Board and Committee Terms of Reference.
- 3.7. Providing information and advice on succession planning, to the Chairman, and members of the Board and managing executive succession planning.
- 3.8. Providing information and advice to the Board on matters regarding health and safety and overseeing the implementation of the Group's strategy on health and safety matters.
- 3.9. Leading the communication programme with shareholders.
- 3.10. Commenting on induction programmes for new directors and ensuring that appropriate management time is made available for the process.
- 3.11. Ensuring that the development needs of the executive Directors and other senior management reporting to the Chief Executive are identified and endeavoured to be met.
- 3.12. Ensuring that Performance Development Reviews are carried out at least annually in respect of all executive Directors and providing input to the wider Board evaluation process.
- 3.13. Setting the Group's culture, values and behaviours and promoting, and conducting the affairs of the Group with, the highest standards of integrity, probity and corporate governance.

C. Role of the Chairman

1. Reporting Lines

- 1.1. The Chairman is accountable to the Board.
- 1.2. The Chairman is not responsible for executive matters regarding the Group's business. Other than the Chief Executive and (in respect of the limited matters set out herein and other matters directly relating to the Board) the Company Secretary, no executive reports to the Chairman other than through the Board.

2. Key Responsibilities

- 2.1. The Chairman's principal responsibility is the effective running of the Board of Carr's Group plc demonstrating objective judgement.
- 2.2. The Chairman is responsible for promoting openness and debate and ensuring that the Board as a whole is able to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives and the monitoring of performance against such strategy and objectives.
- 2.3. The Chairman is the guardian of the Board's decision-making processes and is responsible for promoting the highest standards of integrity, probity and corporate governance.

Role of the Board and the Directors



3. Other Responsibilities
 - 3.1. Setting the Board's agenda, primarily focused on strategy, performance, value creation, culture, stakeholders and accountability, and ensuring that this takes full account of the important issues facing the Group together with any concerns raised by Board members.
 - 3.2. Ensuring the effective and timely implementation of the decisions of the Board and its Committees under the direction of the Chief Executive.
 - 3.3. Ensuring that members of the Board receive accurate, timely and clear information on the Group's performance; the issues, challenges and opportunities facing the Group; and in relation to matters which are reserved to it for decision.
 - 3.4. Ensuring the effective oversight of risk management by the Board.
 - 3.5. Arranging, where appropriate, such informal meetings involving Directors, including between non-executive Directors, as may be required to ensure that sufficient consideration is given to complex, contentious or sensitive issues.
 - 3.6. Proposing to the Board appropriate Matters Reserved for the Board, Terms of Reference for each Board Committee, and other Board policies or procedures, and ensuring that such matters are complied with; in all cases in consultation with the Chief Executive (and, in respect of Committee Terms of Reference, the chair of the relevant Committee) and with the advice of the Company Secretary.
 - 3.7. Ensuring the effective oversight of Board succession planning in conjunction with the Nominations Committee, ensuring that the Board and its Committees are appropriately constituted and proposing Board Committee chairs from time to time.
 - 3.8. Ensuring that there is effective and appropriate communication of financial and other information by the Group to its shareholders, whether through the Chief Executive and other executive management, or, where appropriate, through the Chairman and/or the non-executive Directors.
 - 3.9. Ensuring that all members of the Board develop an understanding of the views of the major investors in the Group and that there is an open dialogue with shareholders.
 - 3.10. Taking the lead in providing a properly constructed induction programme for new Directors, facilitated by the Company Secretary who reports to the Chairman as well as the Chief Executive in this regard.
 - 3.11. Taking the lead in identifying and seeking to meet the development needs both of individual Directors and of the Board as a whole, facilitated by the Company Secretary who reports to the Chairman as well as the Chief Executive in this regard.
 - 3.12. Monitoring and managing the performance of the Chief Executive, and ensuring that the performance of the Board as a whole, each of its Committees, and each individual Director (as regards their Board and/or Committee role(s)), is evaluated at least once a year.

Role of the Board and the Directors



D. Role of the Senior Independent Director

The Senior Independent Director should:

- act as a sounding board for the Chairman and provide support for the Chairman in the delivery of his or her objectives;
- lead the evaluation of the Chairman on behalf of the other Directors;
- take responsibility for an orderly succession process for the Chairman;
- work with the Chairman and other Directors, and/or shareholders, to resolve significant issues during times of stress.

E. Role of the Non-Executive Directors

The Non-Executive Director, including the Chairman, should:

- commit sufficient time to discharge their responsibilities effectively;
- devote time to developing and refreshing their knowledge and skills, to ensure that they are well-informed about the Company and its relevant issues, to make a positive contribution to the Board
- constructively challenge and help develop proposals on strategy;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves through the Audit Committee on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- determine appropriate levels of remuneration of Executive Directors and have a prime role in succession planning.

Appendix to the Role of the Board and the Directors

Summary of key Directors' statutory duties under the Companies Act 2006

Section 172: Duty to promote the success of the company:

- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - (a) the likely consequences of any decision in the long term;
 - (b) the interests of the company's employees;
 - (c) the need to foster the company's business relationships with suppliers, customers and others;
 - (d) the impact of the company's operations on the community and the environment;
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
 - (f) the need to act fairly as between members of the company.
- (2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
- (3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

Section 173: Duty to exercise independent judgment

- (1) A director of a company must exercise independent judgment.
- (2) This duty is not infringed by his acting:
 - (a) in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors; or
 - (b) in a way authorised by the company's constitution.

Section 174: Duty to exercise reasonable care, skill and diligence

- (1) A director of a company must exercise reasonable care, skill and diligence.
- (2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with:
 - (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company; and
 - (b) the general knowledge, skill and experience that the director has.