

**FORMAL SCHEDULE OF MATTERS SPECIFICALLY RESERVED FOR
BOARD OF DIRECTOR'S DECISION**

(SUBJECT ONLY TO AMENDMENT BY THE BOARD ITSELF)

Approved by the Board on 4 December 2019.

Preliminary

The following is a schedule of matters reserved for the Board of Directors of Morgan Sindall Group plc and has been prepared in accordance with past practice together with the recommendations of the UK Corporate Governance Code (the 'Code'). In preparing the schedule, acknowledgment of the existence of an Audit Committee, a Remuneration Committee a Nomination Committee and a Health, Safety and Environmental Committee is implied if not expressed.

Items marked * cannot be delegated to a Committee of the Board, e.g. because of Companies Acts requirements or because under the recommendations of the Code they are the responsibility of the Audit, Remuneration or Nomination Committee, with the final decision required to be taken by the whole Board. However, for items marked ** the final formal decision can be delegated to a committee set up solely for that purpose to facilitate the approval of documentation in final form for publication.

Schedule of Matters Reserved for the Board

Strategy and Management

- 1 Responsibility for the overall leadership of the Company and setting the Company's values and standards.
- 2 Approval of the Group's long term objectives and commercial strategy.
- 3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 4 Oversight of 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
- 5 Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring any necessary corrective action is taken.
- 6 Extension of the Group's activities into new business or geographic areas.
- 7 Any decision to cease to operate all or any material part of the Group's business.

Structure and capital

- 8 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans and share buy backs).
- 9 Any significant new borrowings or loans that the Company may enter into and any new or significant changes to the Company's banking facilities
- 10 Major changes to the Company's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Group in question or its status as plc.
- 11 Terms and conditions of directors and divisional managing directors (subject to recommendations of the remuneration committee).
- 12 Changes to the management control structure at Group Board level.
- 13 Any changes to the Company's listing or its status as a plc.

Financial reporting and controls

- 14* Approval of preliminary announcements of half year and final results.
- 15** Approval of annual report and accounts (including corporate governance statement and remuneration report).
- 16* Approval of the dividend policy.
- 17** Declaration of the interim dividend and recommendation of the final dividend.
- 18* Approval of any significant changes in accounting policies or practices.
- 19 Approval of treasury policies.
- 20 Approval of material unbudgeted capital or operating expenditures (outside of pre-determined tolerances).

Internal Controls

- 21 Ensuring maintenance of a sound system of internal control and risk management including:
 - approving the Company/Group's risk appetite statements;
 - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - approving procedures for the detection of fraud and the prevention of bribery;
 - undertaking an annual assessment of these processes; and
 - approving an appropriate statement for inclusion in the annual report.

Contracts

22 All matters relating to

- Approval of capital expenditure projects;
- Material contracts of the Company or any subsidiary in the ordinary course of business;
- Contracts of the Company or any subsidiary not in the ordinary course of business;
- Major investments including the acquisition or disposal of interests of more than 3% in the voting share of the Company or the making or any take-over bid;

are reserved to the Board except to the extent that they have been delegated under the 'Delegation and Limits of Authority Procedures' a copy of which is annexed hereto.

Communication

23 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

24* Approval of all circulars and listing particulars and resolutions and corresponding documentation to be put to shareholders at a general meeting (approval of routine documents such as periodic circulars re scrip dividend procedures could be delegated to a committee).

25* Approval of press releases concerning matters decided by the Board.

Board membership and other appointments

26* Changes to the structure, size and composition of the Board, following recommendations from the nominations committee.

27* 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.

28* Board appointments and removals and any special terms and conditions attached to the appointment (subject to the recommendations of the nomination and remuneration committees).

29* 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.

30* Terms of reference of chairman, chief executive and other executive directors including division of responsibilities between the chairman and the chief executive.

31* Terms of reference and membership of Board committees.

32* 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.

33* 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.

- 34* Appointment or removal of company secretary.
- 35* Appointment, reappointment and removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the audit committee.

Remuneration

- 36* Determining the remuneration policy for the directors, company secretary and other senior executives following a recommendation from the remuneration committee.
- 37 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate following a recommendation from the executive directors.
- 38* The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following a recommendation from the remuneration committee.

Delegation of authority

- 39 Approval of the delegated levels of authority.
- 40* Receiving reports from Board committees on their activities.

Corporate governance matters

- 41* Undertaking a formal and rigorous annual review of the Board's own performance, that of its committees and individual directors, and the division of responsibilities.
- 42* Determining the independence of directors.
- 43* Considering the balance of interest between shareholders, employees, customers and the community.
- 44 Review of the Company's overall corporate governance arrangements
- 45* Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- 46 Authorising conflicts of interest where permitted by the Company's articles of association.

Policies

47** Approval of policies, including but not limited to:

- Audit and assurance policy
- Competition policy
- Environmental policy
- Ethics policy
- Health and safety policy
- Diversity policy
- Quality policy
- Sustainable sourcing timber policy
- Risk management policy
- Responsible Business policy
- Social media policy
- Treasury policy
- Modern Slavery policy

Miscellaneous

48 Political donations.

49 Principle corporate appointments including auditors, corporate solicitors, brokers, merchant banks and financial Public Relations advisers

50 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving costs above £100,000 or being otherwise material to the interests of the Company except as regards proceedings arising from contractual disputes arising in the ordinary course of business.

51 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.

52 Major changes in the rules of the Group's pension scheme, or changes of trustees or changes in the fund management arrangements.

53 Any decision likely to have a material impact on the Company or the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

54 This schedule of matters reserved for Board decisions

Matters which 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 Group.

Urgent Matters

In respect of Urgent Matters arising between prescribed dates of Board Meetings, if it is practicable, the approval of all directors is to be obtained by means of a written resolution. However, the need for urgency must be balanced with the overriding principle that each director should be given as much information as possible and have an opportunity to requisition an emergency meeting of the Board to discuss the matter prior to the commitment of the Company.

In the event that a director or directors cannot be contacted, despite all reasonable attempts made, the urgent matter or matters may be dealt with by the remainder of the Board as long as the number of directors present at the meeting shall be a majority of the Board and further that of the directors present, one director shall be a non-executive director.