

Card Factory plc (the “Company”)

ROLES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Approved on 30 April 2014.

The UK Corporate Governance Code (the “Code”) sets out as a main principle that there should be a “clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company’s business”.

Provision A.2.1 of the Code states that the division of responsibilities between the Chairman and the Chief Executive Officer should be clearly established, set out in writing and agreed by the board.

In addition, provision A.4.1 of the Code states that the board should appoint one of the independent non-executive directors to be the Senior Independent Director. Certain of the primary responsibilities of the Senior Independent Director are set out at the end of this document.

Statement of division of responsibilities

1 Key Responsibilities	
Chairman	Chief Executive Officer
1.1 The Chairman’s principal responsibility is the effective running of the board of directors of the Company (the “Board”).	1.1 The Chief Executive Officer’s principal responsibility is running the business of the Company and its subsidiaries (the “Group”).
1.2 The Chairman is responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategy and overall commercial objectives.	1.2 The Chief Executive is responsible for proposing and developing the Group’s strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
1.3 The Chairman is the guardian of the Board’s decision-making processes and shall preside at all meetings of the shareholders and the Board.	1.3 The Chief Executive Officer is responsible, with the executive team, for implementing the decisions of the Board and its Committees including those regarding an annual budget and financial plans, and identification and execution of new business opportunities.
2 Reporting Lines	
Chairman	Chief Executive Officer
2.1 The Chairman reports to the Board.	2.1 The Chief Executive Officer reports to the Board.

<p>2.2 The Chairman is not responsible for executive matters regarding the Group's business. Apart from the Chief Executive Officer and the Company Secretary, no executive has a direct reporting line to the Chairman, other than through the Board.</p>	<p>2.2 The Chief Executive Officer is responsible for all executive management matters affecting the Group and, with the executive team, the implementation of the decisions of the Board and its committees. All members of executive management report, either directly or indirectly, to him.</p>
3 Other Responsibilities	
Chairman	Chief Executive Officer
<p>3.1 Running the Board, including ensuring appropriate delegation of authority from the Board to executive directors and management and setting its agenda.</p>	<p>3.1 Providing input to the Board's agenda from himself and other members of the executive team.</p>
<p>3.2 Ensuring that Board agendas take full account of, and spend sufficient time discussing, the important, complex and contentious issues facing the Group and the concerns of all Board members. There should be an emphasis on strategic, rather than routine, issues.</p>	<p>3.2 Ensuring that he maintains a dialogue with the Chairman on the important and strategic issues facing the Group, and proposing Board agendas to the Chairman which reflect these.</p>
<p>3.3 Ensuring that the Board receives accurate, timely and clear information on:</p> <ul style="list-style-type: none"> • the Group's performance; • the issues, challenges and opportunities facing the Group; and • matters reserved to it for decision, <p>in order for the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Group.</p>	<p>3.3 Ensuring that the executive team gives appropriate priority to providing reports to the Board which contains accurate, timely and clear information.</p>
<p>3.4 Arranging informal meetings of the directors, including meetings of the non-executive directors at which the executive director(s) are not present, as required to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues, and facilitating the effective</p>	<p>3.4 Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware.</p>

	contribution of the non-executive directors and encouraging active engagement by all members of the Board.		
3.5	Ensuring, with the advice of the Company Secretary where appropriate, compliance with the Board's approved procedures, including the Schedule of Reserved Matters for the Board for its decision and each Committee's Terms of Reference.	3.5	Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, that he and the executive team comply with the Board's approved procedures, including the Schedule of Reserved Matters for the Board for its decision and each Board Committee's Terms of Reference.
3.6	Proposing to the Board, in consultation with the Chief Executive Officer, Company Secretary and Committee Chairmen as appropriate: <ul style="list-style-type: none"> • a Schedule of Reserved Matters for the Board for its decision; • Terms of Reference for each Board Committee; and • other Board policies and procedures. 	3.6	Providing input to the Chairman and Company Secretary on appropriate changes to the Schedule of Reserved Matters for the Board and Terms of Reference for each Board Committee.
3.7	Chairing the Nomination Committee, and, in that role, initiating change and succession planning in Board appointments to retain and build an effective and complementary Board, and to facilitate the appointment of effective and suitable members and Chairmen of Board Committees.	3.7	Providing information and advice on succession planning to the Chairman, the Nomination Committee, and other members of the Board, particularly in respect of any other executive directors.
3.8	Proposing, in conjunction with the Nomination Committee, the membership of Board Committees and their Chairmen.	3.8	If so appointed by the Board, and if a Environment, Health and Safety Committee is constituted, serving on such Committee.
3.9	Ensuring that there is effective communication by the Group with its shareholders, including by the Chief Executive Officer, Chief Financial Officer and other executive management, and ensuring that members of the Board develop an understanding of the views of the major investors in the Group, including	3.9	Progressing, in conjunction with the Chief Financial Officer and, where relevant, the Chairman, the communication programme with shareholders.

	arranging for the chairman of each Committee to be available to answer questions at the Annual General Meeting and for all members of the Board to attend.		
3.10	Ensuring there is a properly constructed induction programme for new directors, facilitated by the Company Secretary and Company Counsel.	3.10	Commenting on induction programmes for new directors and ensuring that appropriate management time is made available for the process.
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, assisted by the Company Secretary.	3.11	Ensuring that the development needs of the executive directors and other senior management reporting to him/her are identified and met.
3.12	Ensuring that the performance of the Board as a whole, its Committees, and individual directors is formally and rigorously evaluated at least once a year.	3.12	Ensuring that performance reviews are carried out at least once a year for each of the executive directors. Providing input to the wider Board evaluation process.
3.13	Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level.	3.13	Promoting, and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance
4	Status of this Statement		
4.1	Any amendments to this statement are a Reserved Matter for the Board.		
4.2	The principles in the right hand column shall be deemed to be incorporated into the Chief Executive Officer's job description.		

The role of the Senior Independent Director

The primary responsibilities of the Senior Independent Director are:

- To provide a sounding board for the Chairman and to serve as an intermediary for the other directors where necessary;
- To be available to shareholders if they have concerns which they have failed to resolve via the Chairman or the Chief Executive Officer (any other executive directors for the time being holding office), or in respect of which such other channels would be inappropriate; and
- To lead a meeting (at least annually) with the other non-executive directors to appraise the appointment of the Chairman.