

Card Factory plc (the “Company”)

Matters Reserved full Board

The FRC’s Guidance on Board Effectiveness recommends that a formal schedule of matters specifically reserved for the Board’s decision is adopted to assist the Board’s planning and provide clarity to all over where responsibility for decision-making lies.

The Code also states that “A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board should establish the Company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.”

This document sets out the schedule of matters that, subject to any applicable provisions of law or of the Company’s articles of association that provide for certain matters to be determined or approved by the Company’s shareholders, are reserved for the Board. 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.

Definitions and References:

“**CA06**” means the Companies Act 2006;

“**Code**” means the UK Corporate Governance Code (2018);

“**Company**” means Card Factory plc;

“**FRC**” means the Financial Reporting Council;

“**GBE**” means the FRC Guidance on Board Effectiveness (2018);

“**Group**” means the Company and its subsidiaries and subsidiary undertakings;

“**DTR**” means the FCA’s Disclosure and Transparency Rules;

“**LR**” means the FCA’s Listing Rules; and

“**PR**” means the FCA’s Prospectus Rules.

References to Audit, Nomination or Remuneration refer to the Board committee which will consider the item and make recommendations to the Board for its final decision.

Items marked * are not considered suitable for delegation to a committee of the Board, for example, because of Companies Act requirements or because, under the recommendations of the Code, they are the responsibility of an audit, nomination or remuneration committee, with the final decision required to be taken by the Board as a whole.

1	Strategy and management	
1.1	Responsibility for the overall leadership of the Company and setting the Company's purpose, values and strategy.	Code Principle A
1.2	Approvals of the annual operating and capital expenditure budgets and any material changes to them.	
1.3	Oversight of the Group's operations ensuring: <ul style="list-style-type: none"> • competent and prudent management • sound planning • maintenance of sound risk management and internal control systems • adequate accounting and other records and • compliance with statutory and regulatory obligations. 	Code Principles C, O
1.4	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.	Code Principles B, C, D
1.5	Extension of the Group's activities into new business or geographic areas.	
1.6	Any decision to cease to operate all or any material part of the Group's business.	
2	Structure and capital	
2.1	Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buybacks including the use of treasury shares.	
2.2	Major changes to the Group's corporate structure including, but not limited to, acquisitions and disposals of shares and/or businesses or joint ventures which are material relative to the size of the Group in question (taking into account initial and deferred consideration or the amount of any investment) or which are otherwise of strategic significance to the Group.	
2.3	Changes to the Group's management and control structure.	
2.4	Any changes to the Company's listing or its status as a plc.	
3	Financial reporting and controls	
3.1	*Approval of the half-yearly report, interim management statements and any preliminary announcements of the final results.	Code Principles M, N Audit DTR 4.1-4.4

3.2	*Approval of the annual report and accounts, including the corporate governance statement and Directors' remuneration report.	CA 06 s414, s415 DTR 4 LR 9.8 Code Principles M, N Audit
3.3	*Approval of the dividend policy.	
3.4	*Declaration of the interim dividend and recommendation of the final dividend.	LR 9.7.A.2
3.5	*Approval of any significant changes in accounting policies or practices.	Code Principle N Code Provision 25 Audit
3.6	Approval of treasury policies including foreign currency exposure and the use of financial derivatives.	
3.7	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).	
4	Internal controls	
	<p>Ensuring maintenance of a sound system of internal control and risk management including:</p> <ul style="list-style-type: none"> • approving the Company's/Group's risk appetite statements (if any) • 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. 	Code Principle O Audit UK Bribery Act 2010
5	Contracts	
5.1	Approval of major capital projects which involve expenditure (whether capital or otherwise) of over £2 million.	
5.2	Contracts entered into by the Company or any member of the Group in the ordinary course of business (other than those relating to leasehold property) which are material strategically or by reason of size and which involve non-budgeted expenditure or revenue of greater than £500,000 per annum.	

5.3	Contracts relating to leasehold property which involve expenditure (including, but not limited to, rent, business rates and all other expenses associated with the occupation of the property) of greater than £2,000,000 in aggregate in the period between a definitive legal agreement being reached in relation to the occupation of the property and the earliest date on which the relevant member of the Group is able to bring to an end its obligations in relation to such property.	
5.4	Contracts of the Company or any member of the Group not in the ordinary course of business.	
5.5	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.	DTR 5
6	Communication	
6.1	Ensuring effective engagement with and encouraging participation from shareholders based on the mutual understanding of objectives	Code Principle D
6.2	Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.	LR 13
6.3	*Approval of all circulars, prospectuses and listing particulars unless the document to be approved has no unusual features and otherwise does not require approval by the FCA.	LR 13.2
6.4	*Approval of press releases concerning matters decided by the Board.	
7	Board membership and other appointments	
7.1	*Changes to the structure, size and composition of the Board, following recommendations from the nomination committee.	Code Principle K Nomination
7.2	*Ensuring effective succession planning for the Board and senior management so as to maintain an appropriate balance of skills, experience and knowledge within the Company and on the Board.	Code Principle J Nomination
7.3	*Appointments to the Board, following recommendations by the nomination committee.	Nomination
7.4	*Selection of the Chairman of the Board, the Chief Executive and the Chief Financial Officer.	GBE 61, 69-74 and 86-105 Nomination
7.5	*Appointment of the Senior Independent Director to provide a sounding Board for the Chairman and to serve as intermediary for the other Directors where necessary.	Code Provision 12 GBE 66-68 Nomination
7.6	*Membership and chairmanship of Board committees following recommendations from the nomination committee.	Nomination
7.7	*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.	Nomination

7.8	*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.	Nomination
7.9	*Appointment or removal of the Company Secretary.	CA 06 Part 12 s270-280 Code Provision 16 GBE 79-85
7.10	*Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the audit committee.	CA 06 s489 and 491 Code Provision 25 Audit
7.11	Appointments to the Boards or of senior management of subsidiaries which are material strategically or by reason of size and where the appointment is subject to an annual fee or remuneration of more than £200,000 per annum.	
8	Remuneration	
8.1	*Determining the remuneration policy for the Directors, Company Secretary and other senior Executives.	Code Principle Q
8.2	Reporting to shareholders each year on the remuneration policy.	Code Provision 41
8.3	Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.	Code Provision 34
8.4	*The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.	Remuneration
9	Delegation of authority	
9.1	*The division of responsibilities between the Chairman, the Chief Executive (and other Executive Directors) which should be clearly established, set out in writing and agreed by the Board.	Code Provision 14
9.2	Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing)	
9.3	*Establishing Board committees and approving their terms of reference, and approving material changes thereto.	Code Provisions 17, 24, 32
9.4	*Receiving reports from Board committees on their activities.	
10	Corporate governance matters	
10.1	*Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors, and the division of responsibilities.	Code Principle L
10.2	*Determining the independence of Non-Executive Directors in light of their character, judgment and relationships.	Code Provision 10
10.3	*Considering the balance of interests between shareholders, employees, customers and the community.	CA 06 s172

10.4	Review of the Group's overall corporate governance arrangements.	
10.5	*Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.	Code Provision 3 and Provision 12
10.6	Authorising conflicts of interest where permitted by the Company's articles of association.	CA 06 s177
11	Policies	
	<p>Approval of new Group policies or material changes to existing Group policies, including (as appropriate):</p> <ul style="list-style-type: none"> • Code of Conduct; • Share dealing code; • Bribery prevention policy; • Whistleblowing policy; • Environment and sustainability policy; • Shareholder communications policy including procedures for the release of price-sensitive information; • Corporate social responsibility policy; and • Charitable donations policy. 	Code Provision A
12	Other	
12.1	The making of political donations.	
12.2	Approval of the appointment of the Group's principal professional advisers.	
12.3	Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism which is material strategically or by reason of size and involves a liability or potential liability of greater than £500,000.	
12.4	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.	
12.5	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.	
12.6	This schedule of matters reserved for Board decisions.	