

**BANK OF GEORGIA GROUP PLC**

**SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

In the interests of efficiency, it is often necessary for the Board of Directors (the **Board**) of Bank of Georgia Group PLC (the **Company**) to delegate certain of its responsibilities to a duly authorised committee of the Board, on such terms as the Board sees fit. It is however important for the Board to be clear about those matters which are required to be, or in the interests of the Company, should be decided by the Board as a whole.

This Schedule of Matters Reserved for the Board identifies and formalises those matters reserved for the Board. Those items marked \* require approval of the full Board and cannot be delegated to a committee or an individual director (either because of the requirements of the Companies Act 2006 or because, under the recommendations of the FRC Corporate Governance Code, it is the responsibility of an audit, nomination or remuneration committee to make a recommendation to the Board).

The term **Group** in this Schedule means the Company and its subsidiary undertakings.

**1 STRATEGY AND MANAGEMENT**

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval of the Group's long term objectives and commercial and investment strategy in a manner which promotes its long-term sustainable success, generating value for shareholders and contributing to wider society.
- 1.3 Approval of the company's purpose, values and strategy.
- 1.4 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.5 Oversight of the Group's operations ensuring:
  - (a) competent and prudent management;
  - (b) sound planning;
  - (c) an adequate system of internal control;
  - (d) adequate accounting and other records;
  - (e) alignment of culture, policy, practices and behaviour throughout the business with the company's purpose, values and strategy; and
  - (f) compliance with statutory and regulatory obligations.
- 1.6 Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.7 Extension of the Group's activities into new business or geographic areas.
- 1.8 Any decision to cease to operate all or any material part of the Group's business (see also 5 below).

## **2 STRUCTURE AND CAPITAL**

- 2.1 Changes relating to the Group's capital structure including reductions of capital, share issues (except under employee share plans) and share buy-backs (including the use of treasury shares).
- 2.2 Basis for allocation of capital through the annual capital plan.
- 2.3 Major changes to the Group's corporate structure (see also 5 below).
- 2.4 Changes to the Group's management and control structure.
- 2.5 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 announcement of interim or final results.
- 3.2 \*Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 \*Approval of the dividend policy.
- 3.4 \*Declaration of any interim dividend and recommendation of any final dividend.
- 3.5 \*Approval of any significant changes in accounting policies or practices (following recommendations by the audit committee).
- 3.6 Approval of treasury policies (including foreign currency exposure and the use of financial derivatives).
- 3.7 Approval of taxation policy.
- 3.8 At least once a year, review and approval of the following policies to ensure the Company is operating at maximum effectiveness: Nomination Committee Terms of Reference, Remuneration Committee Terms of Reference, Audit Committee Terms of Reference, Internal Audit Policy, Policy for the Provision of Non-Audit Services by the External Auditor, Risk Committee Terms of Reference, Inside Information Disclosure Policy, Securities Dealing Policy and Code, Market Soundings Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct and Ethics, Related Party Transaction Policy, Diversity Policy, Environmental and Social Policy, \*Whistleblowing Policy and any other policies the Board deem appropriate.

## **4 INTERNAL CONTROLS**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - (a) receiving reports on, and maintaining oversight of the effectiveness of the Group's risk and control processes to support its strategy and objectives;
  - (b) undertaking an annual assessment of these processes; and
  - (c) procuring the approval of an appropriate statement from the audit committee for inclusion in the annual report.
- 4.2 Ensuring there is a system for the workforce to raise concerns in confidence and, if they wish, anonymously, including:

- (a) \*ensuring arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action
- (b) \*undertaking an annual assessment of the system; and
- (c) reviewing reports arising from its operation.

## **5 CONTRACTS AND M&A**

- 5.1 Approval of major capital projects of the Group.
- 5.2 Other than transactions covered by 5.4, 5.5 or 5.6 below, contracts outside of the ordinary course of the Group's business which are material:
  - (a) strategically;
  - (b) because the annual value exceeds £2.5 million or the lifetime value exceeds £2.5 million; or
  - (c) because they require the Company's shareholders approval.
- 5.3 Other than transactions covered by 5.4 or 5.6 below, acquisitions or disposals of the Group that:
  - (a) have a value which exceeds £2.5 million;
  - (b) involve the acquisition of 3% or more of the voting rights of a quoted company;
  - (c) involve the issue of the Group's securities; or
  - (d) require the Company's shareholder approval.
- 5.4 The making of a takeover offer (however so effected) for another company, and the consideration of and response to any offer for the Company or any of its subsidiaries, which is subject to the City Code on Takeovers and Mergers or requires the consent of the National Bank of Georgia.
- 5.5 Grant or receipt of loans or other credit by the Company or any subsidiary not in the ordinary course of business where the value exceeds £2.5 million.
- 5.6 Approval of related party transactions in accordance with the Related Party Transactions Policy.

## **6 COMMUNICATION**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2 \*Approval of all circulars, prospectuses and listing particulars (save that approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee).
- 6.3 \*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.

- 7.2 \*Ensuring adequate succession planning for the Board and senior management.
- 7.3 \*Appointments to or removals from the Board, following recommendations by the Nomination Committee.
- 7.4 \*Selection of the chairman of the Board, the Group Chief Executive Officer and the Group Chief Financial Officer.
- 7.5 \*Appointment of the senior independent director.
- 7.6 \*Membership and chairmanship of Board committees.
- 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.
- 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 the terms of any service contract.
- 7.9 \*Appointment or removal of the Group Company Secretary.
- 7.10 \*Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.
- 7.11 Appointments to boards of subsidiaries.

## **8 REMUNERATION**

- 8.1 \*Determining the remuneration policy for the directors, Group Company Secretary and other senior executives, following recommendations from the Remuneration Committee.
- 8.2 Determining, following recommendations from the Remuneration Committee, the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 8.3 \*Approval of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **9 DELEGATION OF AUTHORITY**

- 9.1 \*The division of responsibilities between the chairman, the Group Chief Executive Officer and other executive directors, which should be in writing.
- 9.2 \*Approval of terms of reference of Board committees.
- 9.3 \*Receiving reports from Board committees on their activities.

## **10 CORPORATE GOVERNANCE MATTERS**

- 10.1 \*Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 10.2 \*Determining the independence of directors.
- 10.3 \*Considering the balance of interests between shareholders, employees, customers and the community.

- 10.4 Review of the Group's overall corporate governance arrangements.
- 10.5 \*Receiving reports on the views of the Company's shareholders.
- 10.6 Considering whether to authorise (and, if so decided, authorising) directors' conflicts of interest for the purposes of section 175 Companies Act 2006 (having regard to any recommendations which may be made for this purpose by the appropriate committee of the Board, including with respect to the terms and conditions upon which any such authorisation should be given).

## **11 OTHER**

- 11.1 The making of political donations.
- 11.2 Approval of the appointment of the Group's principal professional advisers.
- 11.3 Prosecution, defence or settlement of litigation involving more than £2.5 million or being otherwise material to the interests of the Group.
- 11.4 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
- 11.5 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.
- 11.6 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.

**Dated 20 September 2019**