

Watkin Jones plc

Board Governance and Procedures Manual

Role of the Board

The Board's primary responsibility is to promote the long-term success of the Company and deliver sustainable shareholder value. The Board has ultimate responsibility for the management, direction and performance of the Company, and leads and controls the Company's business. The Board is also responsible for ensuring appropriate resources are in place to achieve its strategy and deliver sustainable performance. Through authorities delegated to its committees, the Board directs and reviews the Company's operations with an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters. The Board is collectively accountable to the Company's shareholders for the proper conduct and success of the business.

The Board's powers are set out in the Company's articles of association and may be amended by a special resolution of its members.

The Board has established a formal schedule of matters reserved for its approval, and has delegated other specific responsibilities to its principal committees: the Audit, Remuneration and Nomination committees, which are regularly reviewed.

As part of its annual review process, the matters reserved for the Board are reviewed and where necessary amended to reflect best practice. The schedule of matters reserved for the Board is attached.

Composition of the Board

The Board currently comprises the Non-Executive Chairman, two independent Non-Executive Directors and two Executive Directors: the Chief Executive Officer and the Chief Financial Officer. The current balance of the Board's skills, experience, independence and knowledge, together with regular briefings by executives below Board level, ensures that views, perceptions and discussions are not dominated by any one specific view.

There is an established and transparent procedure for the selection and appointment of new Directors to the Board.

Induction, information and professional development

The Director's induction programme is designed to develop a Director's knowledge and understanding of the Company's operations and culture.

The induction programme includes:

- Individual one-to-one meetings with the Chairman, the independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer;
- Meetings with management of the Executive Committee and other key senior managers;
- Site visits to selected developments;
- Briefing sessions on the activities of the committees to which a Director is appointed.

Subsequent training in specific aspects of the Company's business will be provided to Directors when requested. Directors are briefed on issues at Board and committee meetings.

In accordance with best practice, the Chairman considers and addresses the development needs of the Board as a whole, if any, and ensures that each Director updates their individual skills, knowledge and expertise.

The Board will also receive reports and feedback from discussions with the Company's institutional shareholders and is informed of any issues or concerns raised by them. This process allows the Directors to develop a necessary understanding of the views of these shareholders and also enables the Board to judge whether investors have a sufficient understanding of the Company's objectives. In addition to planned development and briefings, each Director is expected to take responsibility for identifying their own individual needs and to take the necessary steps to ensure that they are adequately informed about the Company and their responsibilities as a Director. The Board is confident that all its members have the requisite knowledge, ability and experience to perform the functions required of the Directors of a listed company. There is also an agreed procedure whereby the Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

Conflicts of interest

The Company has procedures in place to identify, authorise and manage potential or actual conflicts of interest. From a regular review of the register of Directors' interests, the Board is not aware of any situations which would, or potentially could, give rise to conflicts with the interests of the Company, other than those which might arise from Directors' other appointments.

Watkin Jones plc

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Last reviewed 27 January 2021

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Schedule of Matters Reserved for the Board

*Items marked * are not considered suitable for delegation to a committee of the Board, for example because of requirements of the Companies Act 2006 or because they are the responsibility of the audit, nomination or remuneration committee, but the final decision is required by the Board as a whole.*

1. Definitions

In this schedule:

"CA 2006" refers to the Companies Act 2006;

"Company" means Watkin Jones plc

"Close Relative" means in relation to an individual, their parent, spouse, civil partner, any lineal descendant (or remoter issue) of the individual, the brothers and sisters of the individual and any lineal descendant (or remoter issue) of any such brother or sister;

"Connected Person" means a Close Relative or nominee of a Director, any Family Trusts and the trustees of any Family Trust and any entities Controlled by any of the foregoing;

"Controlled by" with respect to any person, means: (a) directly or indirectly the power to: (i) direct or cause the direction of the management and policies of such person (whether through the ownership of voting securities, by deed or otherwise); or (ii) elect more than one half of the directors, partners or other individuals exercising similar authority with respect to such person in each case where such power is directly or indirectly exercised, or (b) the possession, directly or indirectly, of a voting interest of more than 50%;

"Group" means Watkin Jones plc and its subsidiaries;

"Family Trust" means a trust (whether arising under a settlement, declaration of trust, a testamentary disposition or an intestacy) under which the persons being (or capable of being) beneficiaries include any Director and/or any Close Relative of a Director; and

references to "Audit", "Nomination" or "Remuneration" are to the relevant Board committee which will consider the item and make recommendations to the Board for its final decision.

2. Strategy and management

Committee

- 2.1 Responsibility for the overall leadership of the Group and setting its values and standards.
- 2.2 Approval of the Group's strategic aims and objectives.

- 2.3 Approval of the annual operating and capital expenditure budgets of the Group, and any material changes to them. Periodic review during the year.
- 2.4 Oversight of the Group's operations ensuring:
 - 2.4.1 competent and prudent management;
 - 2.4.2 sound planning;
 - 2.4.3 maintenance of sound management and internal control systems;
 - 2.4.4 adequate accounting and other records; and
 - 2.4.5 compliance with statutory and regulatory obligations.
- 2.5 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.
- 2.6 Extension of the Group's activities into new business or geographic areas.
- 2.7 Any decision to cease to operate all or any material part of the Group's business.

3. Structure and capital

- 3.1 Changes relating to the Group's capital structure, including any reduction of capital, share issues (except under employees' share plans), and share buy backs (including the use of treasury shares) and calls or forfeiture of shares.
- 3.2 Major changes to the Group's corporate structure including, but not limited to, acquisitions and disposals of shares and/or assets which are material relative to the size of the Group (taking into account initial and deferred consideration).
- 3.3 Changes to the Group's management and control structure.
- 3.4 Any changes to the Company's admission to AIM or its status as a public company.

4. Financial reporting and controls

- 4.1 *Approval of preliminary announcements of interim and final results. Audit
- 4.2 Approval of announcements, including trading updates, that contain any material information or have any material financial implications.
- 4.3 *Approval of the annual report and accounts, including the corporate governance statement and remuneration report. Audit
- 4.4 *Approval of the dividend policy.
- 4.5 *Declaration of the interim dividend and recommendation of the final dividend and any special dividend.

- 4.6 *Approval of any significant changes in accounting policies or practices. Audit
- 4.7 *Approval of treasury policies, including foreign currency exposure and the use of financial derivatives. Audit
- 5. Internal controls** Audit
- Ensuring maintenance of a sound system of internal control and risk management including:
- 5.1 approving the group's risk appetite and principal risks statements;
- 5.2 receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;
- 5.3 approving procedures for the detection of fraud and the prevention of bribery;
- 5.4 undertaking an annual assessment of these processes; and
- 5.5 approving an appropriate statement for inclusion in the annual report.
- 6. Contracts**
- 6.1 Approval of major capital projects and oversight over execution and delivery.
- 6.2 Contracts or arrangements which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, including:
- a) arranging bank borrowings above £20 million;
 - b) acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above £10 million;
 - c) purchase, disposal or swaps of land for development above £15 million;
 - d) development agreements entered into with a value for development works above £35 million;
 - e) sub-contract orders placed (no foreign currency exposure) with a value above £15 million;
 - f) sub-contract orders placed (with foreign currency exposure) with a value above £10 million;
 - g) contracts in excess of three year's duration;
 - h) employment contracts where the total remuneration exceeds £175,000 per annum.
- 6.3 Major investments including the acquisition or disposal of interests of more than three per cent in the voting shares of any company or the making of any takeover offer.

6.4 Approval of the take up of any new banking facilities, including but not limited to annual facility renewals, re-banking and new ancillary facilities above £50 million.

7. Communication

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

7.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

7.3 *Approval of all circulars, prospectuses and admission documents ((approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).

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

8. Board membership and other appointments

8.1 *Changes to the structure, size and composition of the Board, following recommendations from the nomination committee. Nomination

8.2 *Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Group and on the Board. Nomination

8.3 *Appointments to the Board, following recommendations by the nomination committee. Nomination

8.4 *Selection of the Chairman of the Board and the Chief Executive Officer. Nomination

8.5 *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. Nomination

8.6 *Membership and chairmanship of Board committees following recommendations from the nomination committee. Nomination

8.7 *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

8.8 *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 any relevant legal requirements and his/her service contract). Nomination

8.9 *Appointment or removal of the Company Secretary.

8.10 *Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee. Audit

8.11 Appointments to boards of subsidiaries (this matter is delegated to the Chief Executive Officer).

9. Remuneration

- 9.1 *Determining the remuneration policy for the Directors, Company Secretary and other senior executives. Remuneration
- 9.2 Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval, as appropriate. Remuneration (Chairman only)
- 9.3 *The introduction of new share incentive plans, or major changes to existing plans, to be put to shareholders for approval. Remuneration

10. Delegation of authority

- 10.1 *The division of responsibilities between the Chairman of the Board, the Chief Executive Officer and other Executive Directors, which should be clearly established, set out in writing and agreed by the Board.
- 10.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).
- 10.3 *Establishing Board committees and approving their terms of reference, and approving material changes thereto.
- 10.4 *Receiving reports from Board committees on their activities.

11. Corporate governance matters

- 11.1 *Undertaking a formal and rigorous review annually of the Board's own performance, that of its committees and individual Directors and the division of responsibilities.
- 11.2 *Determining the independence of Non-Executive Directors in the light of their character, judgment and relationships.
- 11.3 *Considering the balance of interests between shareholders, employees, customers and the community.
- 11.4 *Considering and, if appropriate, authorising Directors' conflicts of interest (other than conflicts arising in relation to a transaction or arrangement with the Company)¹.
- 11.5 Review of the Group's overall corporate governance arrangements including all corporate governance rules and related corporate governance guidance applicable to the Company or its subsidiaries.
- 11.6 *Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.

12. Policies

Approval of all Board mandated policies, including:

- 12.1 Code of Conduct;

¹ The Board may only authorise conflicts of interest under section 175 of the Companies Act 2006 if the company's articles specifically permit them to do so. Check whether this is the case before including this item.

- 12.2 Share dealing code;
- 12.3 Bribery prevention policy;
- 12.4 Whistleblowing policy;
- 12.5 Health and safety policy;
- 12.6 Environment and sustainability policy;
- 12.7 Human resources policy;
- 12.8 Communications policy, including procedures for the release of price-sensitive information;
- 12.9 Corporate social responsibility policy; and
- 12.10 Charitable donations policy.

13. Other

- 13.1 Disclosure and approval of Directors' interests or the interests of any persons connected with Directors within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010, in proposed or existing transactions or arrangements with the Company.²
- 13.2 The entry into of any contract, transaction or arrangement with a Connected Person.
- 13.3 The making of political donations.
- 13.4 Approval of the appointment of the Group's principal professional advisers.
- 13.5 Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism involving an amount of more than £1 million, or otherwise being material to the interests of the Group.
- 13.6 Approval of the overall levels of insurance for the Group, including Directors' and officers' liability insurance and indemnification of Directors.
- 13.7 Major changes to the rules of the Group's pension scheme.
- 13.8 Any remedial actions to be taken in respect of any issues arising from any due diligence reports prepared in connection with the admission of the Company's shares to trading on AIM.
- 13.9 Any decisions likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 13.10 This Schedule of Matters Reserved for Board decisions.

² Note, however, that under sections 177 and 182 of the Companies Act 2006, a Director must declare his interest in a proposed or existing transaction or arrangement with the company to "the other Directors". A declaration to a meeting of a committee of the Board does not therefore satisfy this requirement.

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.