



## HILL & SMITH HOLDINGS PLC

### The Roles of the CHAIRMAN, CEO & SID

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#### **Chairman**

The Chairman is responsible for the leadership of the board of directors of the Company ('the Board') and is responsible for:

#### ***Meetings***

- Chairing Board meetings and those of the Nomination Committee;
- Running the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings;
- Setting the Board agenda, taking into account the issues and concerns of all Board members;
- Ensuring that there is appropriate delegation of authority from the Board to executive management;
- Ensuring that the Directors receive accurate, timely and clear information, including that on the Company's current performance, to enable the Board to take sound decisions and monitor them effectively;
- Ensuring that the Board devotes sufficient and attention time to:
  - testing and validating the Company's strategy;
  - overseeing and checking the appropriateness of the control environment for the Company and its subsidiaries;
  - monitoring the allocation of financial and human resources within the Group; and
  - reviewing the performance of executive management.
- Managing the Board to allow enough time for discussion of complex or contentious issues. The Chairman should ensure that Directors (particularly Non-executive Directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and that they are not faced with unrealistic deadlines for decision making;

#### ***Directors***

- Facilitating the effective contribution of Non-executive Directors and encouraging active engagement by all members of the Board;
- Ensuring constructive relations between the Executive and Non-executive Directors; and
- Holding meetings with the Non-executive Directors without the executives present;

#### ***Induction, Board Development and Performance Evaluation***

- Ensuring that new Directors participate in a full, formal and tailored induction programme;
- Ensuring that the development needs of Directors are identified and that these needs are met;
- Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team; and
- Ensuring the performance of the Board, its Committees and individual Directors is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the Board.



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#### ***Relations with Shareholders***

- Maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them; and
- Ensuring that the views of shareholders are communicated to the Board as a whole so that all Directors develop an understanding of their views.

#### ***General Meetings***

- Ensuring that the Annual General Meeting and other general meetings of the Company are properly convened;
- Chairing and ensuring the fair and orderly conduct of the Annual General Meeting and other general meetings; and
- Arranging for the Chair of Board committees to be available to answer questions at the AGM.

#### ***Corporate Governance***

- Upholding the highest standards of integrity and probity in the Board's conduct;
- Ensuring a clear structure for, and the effective running of, Board committees;
- Monitoring the effective implementation of Board decisions;
- Building an effective and complementary Board, and with the Nomination Committee, initiating change and planned succession in Board appointments (except that of a successor as Chairman) subject to Board and shareholder approval;
- With the assistance of the Company Secretary, promoting the highest standards of corporate governance, seeking compliance with the Combined Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the Board and explained to shareholders; and
- Ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).

#### **Chief Executive Officer ('CEO')**

The UK Corporate Governance Code does not specify a corporate governance role for the Chief Executive but notes that the Board should have a clear division of responsibilities and the posts of Chairman and Chief Executive should not be combined in one individual.

The CEO is responsible for the following, within the authority limits delegated by the Board:

#### ***Business Strategy and Management***

- Developing Group strategy having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders;
- The successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board;
- Recommending to the Board an annual budget and year-end financial plan and ensuring their achievement following Board approval; and
- Optimising as far as is reasonably possible the use and adequacy of the Group's resources.

#### ***Investment and Financing***

- Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the Group Board of those which, in a Group context, are material either by nature or cost;
- Identifying and executing acquisitions and disposals, approving major proposals or bids; and
- Identifying and executing new business opportunities outside the current core activities.



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#### ***Risk Management and Controls***

- Managing the Group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the Board; and
- Ensuring that appropriate internal controls are in place.

#### ***Board Committees***

- Making recommendations on remuneration policy, executive remuneration and terms of employment of the senior executive team, including the Company Secretary, to the Remuneration Committee; and
- Making recommendations to the Nominations Committee on the role and capabilities required in respect of the appointment of Executive Directors.

#### ***Communication***

- Providing a means for timely and accurate disclosure of information, including an escalation route for issues; and
- Ensuring effective communication with shareholders.

#### ***Other***

- Setting Group HR policies, including management development and succession planning for the senior executive team and approving the appointment and termination of employment of members of that team.

#### **Senior Independent Director**

The Senior Independent Director ('SID') is responsible for:

#### ***Shareholders***

- The SID will be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate; and
- The SID will attend sufficient meetings with major shareholders and financial analysts to obtain a balanced understanding of the issues and concerns of such shareholders.

#### ***Chairman***

- The SID will chair the Nomination Committee when it is considering succession to the role of Chairman of the Board; and
- The SID will meet with the Non-executive Directors at least once a year to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

C A Henderson  
Company Secretary