

Windar Photonics plc
Company Number 9024532
(Company)

MATTERS RESERVED TO THE BOARD

Approved by the Board on 8 January 2015

1 Strategy and Management

- 1.1 Responsibility for the overall leadership of the Company and its subsidiaries (**Group**) and setting the Group's values and standards.
- 1.2 The approval of the Group's strategic aims and objectives.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
 - (a) Competent and prudent management;
 - (b) Sound planning;
 - (c) Maintenance of sound management and internal control systems;
 - (d) An adequate system of internal control;
 - (e) Adequate accounting and other records; and
 - (f) Compliance with statutory and regulatory obligations.
- 1.5 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.
- 1.6 Extension of the Group's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group's business.

2 Structure and capital

- 2.1 Major changes to the Group's capital structure including reduction of capital, share issues (except under employee share plans) and 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 which are material relative to the size of the Group (taking into account initial and deferred consideration).

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 public company limited by shares.

3 Financial reporting and controls

3.1 Approval of the annual report and accounts.

3.2 Approval of the dividend policy.

3.3 Declaration of any interim dividend and recommendation of the final dividend.

3.4 Approval of any significant changes in accounting policies or practices.

3.5 Approval of treasury policies.

3.6 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

4 Internal controls

4.1 Ensuring maintenance of a sound system of internal control and risk management including:

- (a) Approving the Group's risk appetite statements;
- (b) Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
- (c) Approving procedures for the detection of fraud and the prevention of bribery;
- (d) Undertaking an annual assessment of these processes; and
- (e) Approving an appropriate statement for inclusion in the annual report.

5 Contracts

5.1 Approval of major capital projects.

5.2 Contracts which are material strategically or by reason of size and which are entered into by the Company or in the case of a subsidiary, recommendations for approval in the ordinary course of business, for example bank borrowings above £50,000 (including intangible assets such as

intellectual property) and acquisitions or disposals of fixed assets including intangible assets such as intellectual property above £50,000.

5.3 Contracts of the Company or any subsidiary which are not in the ordinary course of business, for example loans and repayments above £50,000, foreign currency transactions above £50,000 and major acquisitions or disposals above £50,000.

5.4 Major investments.

6 Communication

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

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

6.3 Approval of all circulars, prospectuses and listing particulars.

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 of directors of the Company (**Board**), following recommendations from the Nomination Committee.

7.2 Appointments to the Board, following recommendations by the Nomination Committee.

7.3 Selection of the Chairman of the Board and the Chief Executive.

7.4 Appointment or removal of the Company Secretary.

7.5 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.

7.6 Authorising appointments to boards of subsidiaries of the Company.

8 Remuneration

8.1 Determining the remuneration policy for the directors, company secretary and other senior executives.

8.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.

8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval if required.

9 Delegation of Authority

9.1 The division of responsibilities between the Chairman, the Chief Executive which should be clearly established, set out in writing and agreed by the Board.

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.

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.

10.2 Determining the independence of non-executive directors, in light of their character, judgement and relationships.

10.3 Considering the balance of interest 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 to ensure that they are communicated to the Board as a whole.

10.6 Authorising conflicts of interest where permitted by the Company's articles of association.

11 Policies

11.1 Approval of policies, including:

- (a) Code of conduct;
- (b) Share dealing code;
- (c) Bribery prevention policy;
- (d) Whistleblowing policy;

- (e) Health and safety policy;
- (f) Environment and sustainability policy;
- (g) Human resources policy;
- (h) Communications policy including procedures for the release of price sensitive information;
- (i) Corporate social responsibility policy; and
- (j) Charitable donations policy.

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 involving above £50,000 or being otherwise material to the interests of the Group.
- 12.4 Approval of the overall levels of insurance for the Group including Directors' and Officers' liability insurance.
- 12.5 Major changes to the rules of the Group's pension scheme, or changes of trustees or when this is subject to approval of the Company changes in the fund management arrangements.
- 12.6 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.
- 12.7 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.