

**FORTERRA PLC**  
**BOARD OF DIRECTORS**  
**TERMS OF REFERENCE**

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Members:	Chairman  Executive Directors: Chief Executive Officer Chief Financial Officer  Non-Executive Directors: Senior Independent Non-Executive Director All Independent Non-Executive Directors
Attendees:	Company Secretary
Frequency of meetings:	6-8 times per annum

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**1. MEMBERSHIP**

- 1.1 Members of the board of directors (the “**Board**”) of Forterra plc (the “**Company**”) shall be appointed by the Board, on the recommendation of the nomination committee of the Company.
- 1.2 In accordance with the articles of association of the Company from time to time (the “**Articles**”), directors of the Company (each a “**Director**”, and together the “**Directors**”) appointed during a year will retire at the next annual general meeting of the Company (an “**AGM**”) and may put themselves forward for re-election.
- 1.3 It is intended that all Directors will retire and put themselves forward for re-election annually at the AGM but in any event not less often than every three years. At each AGM **at least one third** of the Directors will retire by rotation and each retiring Director may put himself or herself forward for re-election.
- 1.4 Subject to retirement by rotation and removal in accordance with the Articles, applicable law and regulation, and the terms of their appointment, Non-Executive Directors shall be appointed for a fixed term (which may be subject to renewal).
- 1.5 The minimum number of Directors under the Articles is two. There is no maximum number of Directors under the Articles.
- 1.6 Directors may not be required to hold shares in the capital of the Company.

- 1.7 The Board comprises all formally appointed statutory Directors.
- 1.8 Only members of the Board and the Company Secretary have the right to attend meeting of the Board. However, other individuals may be invited by the Chairman to attend all or part of any meeting as and when appropriate.
- 1.9 The Board will comprise a mix of Executive Directors and Non-Executive Directors as appropriate having regard to the applicable corporate governance codes and guidelines.
- 1.10 It is intended that at least half of the Board will be Non-Executive Directors.
- 1.11 The Chairman of the Board is appointed by the Board.

## **2. CHAIRMAN**

- 2.1 The Chairman will act as Chairman of all meetings of the Board. In the absence of the Chairman and/or an appointed deputy, the remaining members of the Board present shall elect one of themselves to chair the meeting.
- 2.2 The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda.
- 2.3 The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information.
- 2.4 The Chairman will be responsible for ensuring effective communication with shareholders.
- 2.5 The Chairman will also be responsible for facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive Directors and Non-Executive Directors.

## **3. SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board shall appoint a Senior Independent Non-Executive Director in order to fulfil the roles and duties set out in the Governance Code.

## **4. COMPANY SECRETARY**

The Company Secretary or their nominee shall act as the Secretary of the Board.

## **5. QUORUM**

The Directors may determine the quorum necessary for the transaction of business. Until otherwise determined two Directors shall constitute a quorum.

## **6. FREQUENCY OF MEETINGS**

- 6.1 The Board aims to meet between 6 to 8 times per annum (including prior to the announcement of the preliminary and interim results of the Company).
- 6.2 The Chairman will meet with the Non-Executive Directors not less than once each year without the presence of the Executive Directors.
- 6.3 The Senior Independent Non-Executive Director will meet with the other Non-Executive Directors not less than once each year to discuss the performance of the Chairman, taking into account the views of the Executive Directors.
- 6.4 The Board will conduct a formal evaluation of its performance and that of its Committees not less than once each year.

## **7. TELEPHONE MEETINGS**

Meetings of the Board may be held by telephonic or other electronic communication.

## **8. NOTICE OF MEETINGS**

- 8.1 Meetings of the Board shall be summoned by the Company Secretary at the request of any Director.
- 8.2 Unless otherwise agreed, and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Director no later than 5 working days before the date of the meeting. Supporting papers shall, wherever practicable, be provided to Committee members and to other attendees as appropriate, at the same time.
- 8.3 Where circumstances require, meetings of the Board may be convened on shorter notice and papers may be circulated closer to or at the relevant meeting.
- 8.4 Board papers may be circulated electronically or in hard copy as circumstances permit.

## **9. MINUTES OF MEETINGS**

- 9.1 The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.
- 9.2 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9.3 Minutes of meetings of the Board shall be circulated with the papers for the succeeding meetings of the Board to all members of the Board.

## **10. BOARD COMMITTEES**

10.1 The Board will establish the following Committees and set their terms of reference:

- (a) the Audit Committee;
- (b) the Remuneration Committee; and
- (c) the Nomination Committee

## **11. MATTERS RESERVED TO THE BOARD**

The matters set out in the Appendix to these terms of reference shall be reserved to the Board.

Adopted at the board meeting of the Company held on 30 January 2018.

**FORTERRA PLC**  
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**Appendix**

**Matters Reserved to the Board**

The Board shall have the full power and authority to take any and all actions and decisions that may lawfully be taken and to delegate any such power and authority to any Committee or person. Without prejudice to the foregoing, the various matters set out below shall be reserved to the Board. These include certain matters that will be delegated by the Board to committees of the Board.

In this Appendix, the following abbreviations have been used to indicate the Committees to which certain matters have been delegated:

“**AC**” means delegated to the Audit Committee;

“**RC**” means delegated to the Remuneration Committee; and

“**NC**” means delegated to the Nomination Committee

**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 strategy.
- 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) an adequate system of internal control;
  - (d) adequate accounting and other records; and
  - (e) compliance with statutory and regulatory obligations.
- 1.5 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.

- 1.6 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.
- 1.8 Approval of the business operating model and any material changes to it.

## **2. STRUCTURE AND CAPITAL**

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except where previously committed under any employee share plans) and share buy backs (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 Approval of any proposed alteration to the articles of association of the Company.
- 2.4 Material changes to the Group's management and control structure.
- 2.5 Any changes to the Company's listing, the markets on which its securities are traded or its status as a plc.
- 2.6 Borrowings under a new facility of, and refinancings of borrowings by, the Company or any other member of the Group in the ordinary course of business above £5 million.
- 2.7 Borrowings of the Company or any subsidiary not in the ordinary course of business above £1 million.

## **3. FINANCIAL REPORTING AND CONTROLS**

- 3.1 Approval of the half-yearly reports, interim management statements and any preliminary announcements of final results (AC).
- 3.2 Approval of the annual report and accounts (including statements as to corporate governance and the remuneration report) (AC).
- 3.3 Approval of the corporate responsibility report.
- 3.4 Approval of the dividend policy and any changes thereof.
- 3.5 Declaration of the interim dividend and recommendation of the final dividend (AC).
- 3.6 Approval of any significant changes in accounting policies or practices (AC).
- 3.7 Approval of treasury policies (including foreign currency exposure and the use of financial derivatives) (AC).

#### **4. INTERNAL CONTROLS (AC)**

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

- (a) approving the Company/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. CAPITAL EXPENDITURE AND CONTRACTS**

- 5.1 Approval of the annual capital expenditure budget.
- 5.2 Approval of any budgeted capital expenditure above £1 million per project or decision.
- 5.3 Approval of an unbudgeted operating expenditure or capital expenditure above £0.5 million.
- 5.4 Approval of any significant transaction, reverse takeover or related party transaction as defined by the Listing Rules of the Financial Conduct Authority.
- 5.5 Entry into commercial contracts in the ordinary course of business does not normally require Board approval (unless the contract includes a commitment to capex requiring approval).
- 5.6 Approval of contracts which are material strategically or by reason of size, entered into by the Company (or any subsidiary) other than in the ordinary course of business.
- 5.7 Approval of major investments (including the acquisition or disposal of interests of more than five percent in the voting shares of any listed company or the making of any takeover offer).

#### **6. COMMUNICATION**

- 6.1 Convening general meetings of the Company.
- 6.2 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- 6.3 Approval of resolutions and corresponding documentation to be put forward to shareholders at any general meeting of the Company.

6.4 Approval of all circulars, prospectuses and listing particulars.

6.5 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 (including Chairman, Non-Executive Directors and Executive Directors), following recommendations by the Nomination Committee.

7.2 Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board, following recommendations by the Nomination Committee.

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

7.4 Selection of the Chairman of the Board and the Chief Executive Officer, following recommendations by the Nomination Committee.

7.5 Appointment of the Senior Independent Non-Executive Director to provide a sounding board for the Chairman and to serve as intermediary for the other Directors when necessary, following recommendations by the Nomination Committee.

7.6 Membership and chairmanship of committees of the Board, following recommendations by the Nomination Committee.

7.7 Appointment or removal of the Company Secretary.

7.8 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.

7.9 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.

7.10 Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following recommendations by the Audit Committee

7.11 The approval of the appointment and removal of Directors of subsidiary companies in the Group shall be delegated to the Chief Executive Officer.

7.12 Determining the independence of each Non-Executive Director, taking into account the following guidelines in the Governance Code that a Director is assumed not to be independent if the Director:

- (a) has been an employee of the Company or Group within the last five years;



- (b) has, or has had within the last three years, a material business relationship with the Company either directly, or as a partner, director or senior employee of a body that has such a relationship with the Company;
- (c) has received or receives additional remuneration from the Company apart from a Director's fee, participates in the Company's share scheme or performance-related pay scheme, or is a member of the Company's pension scheme;
- (d) has close family ties with any of the Company's advisers, Directors or senior employees;
- (e) holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- (f) represents a significant shareholder; or
- (g) has served on the Board for more than nine years from the date of first election.

## **8. REMUNERATION**

- 8.1 Approving the remuneration policy and remuneration arrangements for the Directors, Company Secretary and other senior management, following recommendations by the Remuneration Committee.
- 8.2 Determining the remuneration of the Non-Executive Directors, subject to the Articles and shareholder approval as appropriate, following recommendations by the Remuneration Committee.
- 8.3 Approving the introduction of new share incentive plans or major changes to existing plans, following recommendations by the Remuneration Committee.

## **9. DELEGATION OF AUTHORITY**

- 9.1 Approving the division of responsibilities between the Chairman, the Chief Executive Officer and other Executive Directors (which shall be in writing).
- 9.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits (which shall be in writing).
- 9.3 Approval of the terms of reference of Board Committees 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 the Board's own performance, that of its Committees and of individual Directors, and the division of responsibilities.

- 10.2 Determining the independence of Directors in light of their character, judgment and relationships.
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.4 Reviewing the Group's overall corporate governance policies and procedures.
- 10.5 Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board.
- 10.6 Authorising conflicts of interest where permitted by the Company's articles of association.
- 10.7 Determining the Group's investor relations policies and procedures.

## **11. POLICIES**

Approval of the major policies of the Group, including the share dealing code.

## **12. OTHER**

- 12.1 The making of political donations by the Company, the Directors and the senior management team.
- 12.2 Approval of the appointment of the Group's principal financial and professional advisers.
- 12.3 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance.
- 12.4 Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism which is likely to be material to the interests of the Group.
- 12.5 Approval of the overall levels and classes of insurance for the Group (including Directors' and Officers' liability insurance and indemnification of Directors).
- 12.6 Approval of major changes to the Group's pension scheme and related arrangements.
- 12.7 Any decision likely to have a material impact on the Company or the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.8 Prosecution, commencement, defence or settlement of taxation disputes which are material to the interests of the Group.
- 12.9 Any changes to the list of matters reserved to the Board.
- 12.10 Approval of any other matters which are reserved for decision by the Board in accordance with the requirements of applicable law, regulation or pursuant to accepted best practice or under the articles of association of the Company.