



Approval and Authorisation Mandate

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DOCUMENT CONTROL

Document Changes

All changes are to be agreed and authorised by the Group Financial Controller, Chief Financial Officer, Audit & Risk Committee and, to the extent that the changes apply to Matters Reserved for the Board, the Main Board. This policy is reviewed annually by the Audit & Risk Committee and Main Board as appropriate.

Please ensure that any change requests do not contravene the Matters Reserved for the Board of Directors of Hargreaves Services plc.

Document Sign-off

	Signed	Date
Group Financial Controller		
Chief Financial Officer		
Chair of the Audit & Risk Committee		
Chairman of the Board		

PURPOSE AND SCOPE

This document applies to all Hargreaves Services plc group companies, and therefore replaces the previous Divisional Approval and Authorisation mandates unless a derogation has been pre-approved by the board. The document does not apply to joint ventures and associate companies.

The purpose of this document is to provide a framework for reviewing and controlling the financial commitments that are placed on the group of companies.

This document outlines the approval and authority levels that are necessary before each type of commitment can be made.

Commitments are any arrangements that will (or may) place a financial burden on the company, either immediately or at some time in the future.

In all cases it is essential that approvals are sought and obtained BEFORE any such commitment is entered into and before any promises, verbal or written are made to the parties affected.

Managers are responsible for ensuring their teams understand and follow the requirements set out in this document.

Compliance with these rules is **mandatory for all employees and Directors**. Compliance will be subject to periodic review by the Group Internal Audit function in addition to management monitoring controls. Failure to comply with this mandate may lead to disciplinary action .

HOW TO USE THIS DOCUMENT

This document is organised into six sections:

- Human Resources;
- Banking and Treasury;
- Purchasing;
- Capital Expenditure;
- Contracting;
- Letters of Intent.

The approval process is based on the principle that an approver at a higher level may approve on behalf of anyone at a lower level.

Where approval is required from a Main Board Director, prior approval is also required from the person within the requesting Business Unit with the highest approval limit. References to Group Legal should be understood to be David Hankin.

This document is effective from 1 August 2026. Prior to this date references to Chief Executive Officer (CEO) are interchangeable with Chief Operating Officer (COO).

For the purposes of HIS Asia and South Africa, a fixed exchange rate of £1=HK\$10 and £1= 23 RAND respectively is to be used for all limits within this document unless otherwise agreed with the Group Financial Controller.

Any queries should be referred to either the Chief Financial Officer or the Group Financial Controller.

1. SCHEDULE OF MATTERS RESERVED FOR DECISION BY THE BOARD OF DIRECTORS

Approval of:

1.1. Financial Statements

- Interim and annual reports
- Preliminary announcements of interim and final results
- All resolutions and related documents to be put to shareholders at a general meeting
Final approval may be delegated to a Special Committee appointed by the Board

1.2. Dividends

- Interim and final dividend payments
- Special dividends
- Group dividend policy

1.3. Accounting Policies

- Adoption of any significant changes in accounting policies or practices

1.4. Group External Auditors

- Remuneration and recommendations for appointment or removal following recommendation by the Audit and Risk Committee

1.5. Circulars and Prospectuses

1.6. Professional Advisors

- Appointment of Brokers, NOMAD and other senior professional advisors

1.7. Regulatory News Service

- All RNS announcements other than those relating to shareholding notifications or the exercise of LTIPS

1.8. Capital Structure Changes including any Share Buy Backs/Tender offers

1.9. Any changes to the Company's listing or its status as a plc.

1.10. Appointments and Removals of Board Members and Secretary following recommendation by the Nominations Committee

1.11. Membership and Terms of Reference of Board Committees

1.12. Group Organisational Structure

- Any significant changes to the Group's management and control structure

1.13. Annual Financial Budget and 5 Year plan

1.14. Strategic Plans

- All strategic plans including the long-term objectives of the Group, business and commercial strategy

1.15. Contracting

- All contracts as referred to in Section 7 "Commercial contracting" with a value of greater than £10m

1.16. Credit limits

- All credit limits and changes to credit limits over £1,000,000
- Requests for credit limits which exceed the Experian limit by more than £250,000

1.17. Capital Approvals and Acquisitions/Disposals

- All corporate acquisitions (including investments into Joint Ventures and Associates)
- Any proposals to develop into new business sectors or geographical markets.
- All capital expenditure in excess of £500,000 whether budgeted or unbudgeted.
- All unbudgeted asset disposals in excess of £500,000.
- Any budgeted capital expenditure in excess of £100,000 specifically identified by the Board through the budget process, prior to entering into the relevant contract.
- All corporate or business disposals with a value of > £500,000.
- All decisions to cease to operate any material part of the Group's business.
- All overspends on capital expenditure items in excess of £500,000 or greater than ten percent of capital expenditure amounts previously authorised by the Board including budgeted items.
- For the avoidance of doubt, capital expenditure includes items being acquired which would be classed as "Right of Use" assets under IFRS16.

1.18. Property Transactions

- All new leases whereby Hargreaves are the tenants, in the ordinary course of business, in excess of £500,000 in total cumulative value and more than 1 year in duration without an earlier break clause.
- Disposals of land which are due to make a loss of greater than £250,000.

1.18 Granting of security

- Granting of security over any assets owned by Hargreaves. Excluding minor amendments to previously approved security.

1.19. Pension and Deferred Benefit Schemes

- All changes to investment strategy, deficit payment schedules and liability management

1.20. Employee Share and Share Option Schemes, including LTIP schemes.

- All changes and awards must be recommended by Remuneration Committee

1.21. Remuneration of Non-Executive Directors

1.22. Changes in remuneration for Executive employees*

- All changes must be recommended by Remuneration Committee

1.23. Guarantees and Bonds

- Guarantees of performance to be approved by the Board in accordance with section 4
- All bonds, bank guarantees, and bank indemnities in excess of £500,000
- All parent company guarantees provided by plc or subsidiary companies in excess of £500,000

1.24. Bank Borrowing Facilities

- All new facilities (renewal of existing facilities on similar terms may be delegated to the Chief Financial Officer, subject to reporting to next Board meeting),
- All new asset financing facilities in excess of £5m. Facilities less than £5m may be approved by a sub-committee of the Board, constituted by the Chief Financial Officer and Group Financial Controller, provided the minutes and resolutions are ratified at the next full Board Meeting.

1.25. Disputes, Litigation and Arbitration (excluding adjudication matters arising in the ordinary course of business)

- Commencement or defence of litigation or arbitration where claimed damages are in excess of £250,000;
- Settlements of disputes, litigation or arbitration in circumstances where claimed damages are in excess of £250,000.

1.26. Safety, Health and the Environment - Group Policy

1.27. Changes to the Policy on Directors' and Officers' Liability Insurance

1.28. Approval of Schedule of Matters Reserved for the Board

1.29. Contracts with a value in excess of £500,000 not in the ordinary course of business

1.30. Loans

- Any loan to any third party, including loans to Joint Ventures or Associates
- Loans to wholly owned foreign subsidiaries in excess of £2m

1.31. Political Donations

1.32. Charitable and Community Affairs

- Cumulatively in excess of £10,000 over the budget per year

1.33. Insurance and Risk Management

- All Group annual insurance policies
- The Group Risk Register following recommendation by the Audit & Risk Committee

1.34. Groupwide Policies

- All Groupwide policies, including but not restricted to:
 - Anti-Corruption and Bribery;
 - Anti-Slavery & Human Trafficking;
 - Business Continuity;
 - Code of Ethics;
 - Competition Law;
 - Conflict of Interest;
 - Whistleblowing;
 - Modern Slavery;
 - Fraud Risk Management;
 - Environmental;
 - Sustainable Supply Chain;
 - Health & Safety;
 - ESG;
 - Tax Strategy;
 - Water & Waste Management;
 - Risk Management;
 - Data Protection;
 - Share dealing

*Executive employees are defined as Board members including NED's, CEO, CFO, CPO and Business Unit MD's.

2. SCHEDULE OF MATTERS RESERVED FOR DECISION BY THE CHAIRMAN

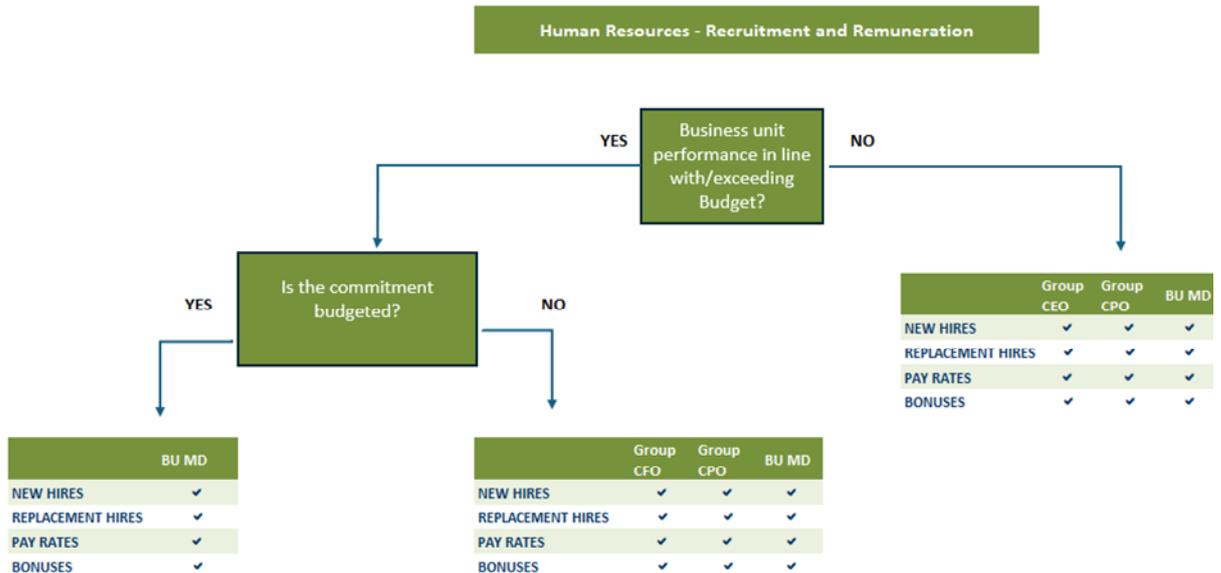
2.1. Company Share Transactions

- All transactions in company shares by any Board member.
- Transactions proposed by the Chairman himself must be approved by both the Senior Non-executive Director and the Chief Executive.

3. HUMAN RESOURCES

3.1. Approval matrix at a glance

The table below outlines the approval requirements for recruitment and remuneration related spend for all indirect staff. Approval requirements for direct staff are set out at the individual Business Unit level. Recruitment and remuneration decisions for Executive employees* require approval from the Remuneration Committee.



Human Resources – Other				
Type of Commitment	Group CEO	Group CPO	HR	BU MD
EMPLOYEE PAYMENTS				
Employee Loans (by exception)	✓	✓	✓	✓
Cash advances of up to £1,000 (by exception)			✓	✓
COMPANY CAR AND FUEL CARDS				
Award of a company car to a new or existing employee			✓	✓
Award of fuel card to new or existing employee			✓	✓

Human Resources – Disputes/settlements					
Type of Commitment	Group CEO	Group CPO	Group Legal	HR	BU MD
DISPUTES AND SETTLEMENT AGREEMENTS					
Tribunals and Settlement Agreements below £20,000		✓	✓	✓	✓
Settlement of Employee Tribunal Claims, at cost above £20,000 to Group Legal	✓	✓	✓	✓	✓
Legal fees relating to settlement of Tribunal Claims over £2,000	✓	✓	✓	✓	✓

3.2. New Hires

For all additional appointments and non-direct replacements (i.e. same role, higher cost in terms of salary and benefits), the Employment Requisition Form shall be raised by the recruiting manager and

passed to the Relevant HR Manager who will seek the approval levels as per the flowchart in 3.1 above.

Requisition forms must specify all the non-standard employment terms.

3.3. Replacements

Replacements cover the same role, at same (up to 10% higher) or lower salary and benefits. Approval is required as per the flowchart in 3.1 above.

3.4. Subcontract and Agency Labour

Any subcontract or agency labour is to be approved in line with the purchasing approval requirements in Section 5, in addition to the below.

Any temporary labour, hired for a period greater than three months, is to be approved in line with New Hires and Replacements above.

Agency or Subcontract labour must not be used as a means to circumvent the approval requirements for New Hires or Replacements as set out in New Hires and Replacements above.

The use of Agency labour is subject to checking that the appropriate conditions as set out in the IR35 policy have been met.

3.5. Employment Status Checks for Temporary and Non-Contract Personnel

The recruiting manager will consult the Human Resources Department in every case when employing temporary and non-contracted personnel.

The HR Department:

- Is responsible for applying the IR35 Policy including completing worker employment status tests and for ensuring that all other HMRC rules related to PAYE and NICs are adhered to. In relation to IR35 for companies HR should also check sole trader status.
- Is responsible for reviewing against the relevant eligibility to work criteria and making recommendations in relation to IR35 outcomes.
- Will track and report details related to agency workers with the aim of ensuring that the Companies comply with regulations in this area.

3.6. Pay Rate or Benefit Changes

ALL pay adjustments require approval in line with the flowchart in 3.1 above before any action is taken by Payroll.

3.7. Relocations and Secondments

All relocations and secondments, including their associated terms, conditions and costs, must be approved by the relevant Business Unit Managing Director and Business Unit Financial Controller before any terms are communicated and issued to the proposed secondee.

3.8. Bonus Scheme Rules, Participants and Rates

The Business Unit Managing Director will liaise with the Business Unit HR manager to determine bonus scheme rules, rates and participants.

All bonus schemes and any amendments must be approved annually by the Group Chief Executive before submission to the Remuneration Committee.

3.9. Bonus Scheme Payments

All proposed bonus payments must be submitted to the Chief Financial Officer, Chief People Officer and the Group Chief Executive Officer for final approval. Bonus payments are made at the discretion of the Group Chief Executive and approval will not be unreasonably withheld.

The Group Chief People Officer is responsible for seeking Remuneration Committee approval for all bonuses payable to Main Board Directors and for any other Executive employees*.

3.10. Employee Loans and Cash Advances

It is the policy of the Group not to provide employee loans or cash advances for travel costs. Any exceptions must be considered and approved by the Chief Executive Officer and Chief People Officer.

Cash advances of up to £1,000 can be approved within the Business Unit. These must be repaid in full or will be deducted from the employee's next salary payment.

3.11. Tribunals and Settlement Agreements

The settlement of Employment Tribunal claims below a cost to the Company of £20,000 must be approved by Group Legal and the Chief People Officer prior to agreement with Applicants or their Advisors. The payment to the employee must be reviewed and approved by the Business Unit Financial Controller. Settlements in excess of £20,000 must be reviewed and approved by the Business Unit Managing Director and in excess of £100,000 by the Chief Executive Officer.

In addition, all Settlement Agreements must be approved by Group Legal prior to agreement with Employees or their Advisors, whether or not they are linked to the settlement of Employment Tribunal claims. All such agreements must also be approved by either the Chief Financial Officer or the Group Financial Controller to ensure compliance with HMRC regulations.

3.12. External lawyers

If HR requires external legal advice, the Business Unit HR manager may instruct either Walker Morris or Gateleys. The use of other law firms in respect of employment law matters requires prior approval of Group Legal.

The Business Unit HR manager is responsible for obtaining fee estimates and subsequent Business Unit approval, issuing instructions to the appointed law firm and managing matters on a day-to-day basis. Group Legal does not need to be involved unless specific issues arise or their approval is required under the mandate (for example, approval of settlement agreements).

The Business Unit HR manager is also fully responsible for managing legal costs, including any scope changes that may cause fees to exceed the original estimate obtained.

Monthly billing by law firms will be co-ordinated by Group Legal (together with law firm billing for the remainder of the Group). Monthly billing proposals will be circulated by Group Legal for approval by the Business Unit HR manager.

*Executive employees are defined as Board members including NED's, CEO, CFO, CPO and Business Unit MD's.

4. BANKING AND TREASURY

4.1. Approval matrix at a glance

The following table sets out the approvals required for banking and treasury.

Banking and Treasury						
Type of Commitment	Group CFO	Group FC	BU MD	BU HoF	Bank Signatory	Treasury
BANK PAYMENTS						
Purchase ledger and payroll payments				✓	✓	
Individual supplier payment request (exception only)				✓	✓	
CHANGES TO BANK FACILITIES						
Creation of New Bank account		✓		✓		✓
Creation of Standing Order/Direct Debit				✓	✓	✓
Changes to Bank Mandate		✓		✓		✓
COMPANY CREDIT CARDS						
Issue of individual credit cards	✓	✓	✓			✓
PETTY CASH						
New petty cash facility				✓		✓
BONDS AND GUARANTEES						
Issuance of new performance bond/guarantee	✓	✓	✓			✓
HEDGING						
Foreign Exchange contracts	✓	✓		✓		✓
Commodity contracts/Interest rate swap	✓	✓	✓	✓		✓
ASSET FINANCE						
New finance/operating lease and Hire Purchase (approved CAPEX)	✓	✓		✓		✓

4.2. Processing payments

All purchase ledger and payroll payment proposals should be reviewed and approved by the Business Unit Financial Controller and a bank signatory before the payment will be processed by Treasury.

All supplier payments are to be made through the Purchase Ledger. Any supplier payments (excluding payments to HMRC) not made via the Purchase Ledger are to be by exception only. All such payments will require sign off from the Business Unit Financial Controller.

All payments to suppliers must be approved in accordance with the Business Unit approved purchasing matrix. The matrix will be held locally by the business unit and will also be maintained within the X3 financial system, where appropriate.

4.3. New bank accounts

New bank accounts are required to be approved by the Group Financial Controller.

4.4. New Direct Debit (DD) and Standing Order (SO) instructions

All new DD and SO instructions must be approved by the Business Unit Financial Controller and a separate relevant bank signatory.

4.5. Authorisation of Banking Transactions

In addition to the above requirements, all payments must be authorised by two individuals on the banking mandate for the account out of which the funds will be paid. No changes will be made to the banking mandates without prior approval from the Group Financial Controller.

4.6. Credit cards

As a rule, the company does not issue corporate credit cards. By exception, any issue of credit cards must be authorised by the Group CFO. Prior to the Group CFO, approval must be obtained from the Line Manager and the Business Unit Finance Director. See the travel and expenses policy for more detail.

4.7. Petty Cash

Petty cash is only to be used for small incidental items of expenditure in line with the Group petty cash policy. For any new petty cash facility, the Business Unit Financial Controller will submit the application to the Group Financial Controller for approval.

4.8. Performance Bonds and Guarantees

The requirement for performance bonds and guarantees must be notified to the Chief Financial Officer as early as possible for feasibility review by Group Finance and Group Legal.

Following review, the bond or guarantee must be approved by the Business Unit Managing Director and the Chief Financial Officer. Main Board approval is required for all bonds or guarantees in excess of £500k including plc parent company guarantees and those provided by subsidiary companies. Subsidiary parent company guarantees below £500k require approval by the Chief Financial Officer and Group Legal.

4.9. Foreign Exchange Contracts (Spot and Forward)

All purchases of foreign currency, spot or forward, are to be requested to and executed by Group Treasury.

Purchases of currency up to £100k must be authorised by the Group Financial Controller. Purchases above £100k require the authorisation of the Chief Financial Officer.

4.10. Commodity and Interest Rate Hedging

All hedging agreements and transactions (including interest rate swaps) must be authorised by the Chief Financial Officer.

4.11. Asset Finance

All asset financing arrangements, HP or operating lease agreements, are approved by the Cash manager and divisional finance director. Asset Finance between £100k and £2m requires additional approval from the Group Financial Controller and anything in excess of £2m requires approval from the Chief Financial Officer. All new asset financing facilities in excess of £5m require Board approval.

4.12. Group Treasury Policy

All Banking and Treasury activities must be carried out in compliance with the above and the Group Treasury Policy document.

5. PURCHASING

General

Each Business Unit will have their individual purchasing matrix outlining those individuals who have a sign off limit and the level of that limit. This purchasing matrix will be reflected within X3 workflows as appropriate.

The purchasing matrix is required to be approved by the Business Unit Managing Director and Financial Director, prior to submission to Group Finance, who will maintain this within the X3 workflow. The workflow within X3 is required to be reviewed annually by the BU Financial Controller to ensure it remains appropriate.

Please refer to the Procurement Standard document, which provides a clear, comprehensive framework for managing the procurement process across the Hargreaves Group, ensuring that all purchasing activities are conducted efficiently, sustainably, and in accordance with best practice. The Standard is for UK operations only. The Standard makes reference to the Group Supplier Contracts, a summary of which can be found in Appendix 1.

Procurement and Terms & Conditions

All contracts entered into for general procurement should be on the relevant Group standard approved Terms & Conditions, which can be found at:

<https://www.hsgplc.co.uk/terms-and-conditions/>

All procurement contracts on terms other than our standard terms and conditions, with a value in excess of £100,000 must be reviewed by Group Legal.

For the purpose of this section, contracts are agreements between a Group Company and a third party for the supply of goods and/or services. A non-exhaustive list of examples of contracts include:

- acceptance by a Group Company of a quotation for the supply of goods/services by a third party;
- a purchase order issued a Group Company for the supply of goods/services by a third party;
- an engagement letter with an adviser for professional services; and
- a written contract or ongoing hire/lease agreement with a supplier of goods/services.

5.1. Use of Purchase Orders

Purchase Orders are the method by which the Group commits with suppliers for the supply of goods and services. An approved purchase order represents approval to place an order, not an approval to pay an invoice (see section below for invoice approvals).

Approval limits for purchase orders are maintained within X3 where appropriate and a separate matrix is held for each business unit.

BEFORE any financial commitments are made on behalf of any Group Company, the expenditure must be approved as set out in this document. Purchase orders must not be raised retrospectively. Business units must follow a 'comply or explain' approach to retrospective purchase orders and review them on a monthly basis and explain the reasoning.

An authorised purchase order number must be given to the relevant supplier and subsequently quoted on their invoices. Any supplier invoices received that do not contain an order number will be immediately returned to the supplier.

Purchase Orders are required for all types of expenditure, with the following exceptions:

- Utility bills (Gas, Electricity, Water, etc.);

- Telephone;
- Petty cash expenses;
- Payroll;
- Employee expense reports;
- Legal and external finance fees;
- Corporate entertaining;
- Fuel
- Photocopier and printer costs (rental and copy charges);
- Intra Group costs.

The limits for approving commitments to suppliers and invoices for payment if no purchase order is required are the same as those listed within the Business Unit Approval Matrix.

5.2. Authorisation of Purchase Orders

All purchase orders are to be approved in line with the approval limits set out in the Business Unit Approval matrix.

Where commitments are being entered into that extend beyond one payment, the total financial commitment under the contract should be taken into consideration when applying the appropriate approval level.

Exceptions

Regardless of business unit approval matrix limits the following exceptions apply:

Exceptions			
Type of Commitment	CFO	Group Legal	Group IT Manager
Legal advisory (except Hargreaves Land)		✓	
IT Hardware, Software or data services			✓
Insurance	✓		
Tax compliance and advisory services	✓		

It is the responsibility of the Business Unit Financial Controller to ensure that the additional authorisation is sought in the above areas.

5.3. Amendments to Business Unit Approval Matrix

From time to time there will be a need to change the approval matrix for a particular Business Unit, following a new starter, leaver or a change in job role or contract. All amendments must be approved by the Business Unit Managing Director and the Business Unit Financial Controller.

Following this approval, the revised Business Unit Approval Matrix will be sent to the Group Financial Controller to allow the amendments to be imported into X3.

The approval matrix within X3 is required to be confirmed as appropriate by the BU Financial Controller to Group Finance on an annual basis whether there has been changes or not.

5.4. New Supplier Accounts

For new supplier accounts to be established, a P101 Form (New Supplier account) or division-specific new supplier process where applicable must be filled in and approved by the Business Unit Financial Controller. Where a new supplier is a subcontractor within the scope of the Construction Industry

Scheme (“CIS”) then in addition to the above, the CIS number of supplier is required and a CIS verification check will need to be performed.

Under no circumstances should goods or services be ordered from a supplier prior to a new account being duly authorised.

5.5. Intercompany Recharges

All intercompany recharges are to be invoiced and, should be approved by the receiving company prior to the invoices being raised.

Intercompany recharges should be kept to a minimum with the costs charged directly to the correct company from the outset to minimise the administrative burden. All approved intercompany invoices are to be settled in full by the 20th of the following month.

5.6. Invoice Approvals

Invoices are only to be approved for payment where:

- A valid PO reference is quoted on the supplier’s invoice (unless supply type is captured by exceptions in section 5 above);
- Delivery of goods or services is in line with the order and evidenced by a goods received note or by the receiver of the service within the X3 system.

5.7. ESG

All procurement should be carried out in accordance with the Sustainable Supply Chain policy.

6. CAPITAL EXPENDITURE

Definition

Capital items are those which have a useful life of greater than 12 months, are in excess of £1,000 and include vehicles, fixtures and fittings and plant. For the avoidance of doubt, capital expenditure includes items being acquired which would be classed as “Right of Use” assets under IFRS16.

The purchase of capital items, for use on a project or contract where the customer retains control at the end of the project are not considered Capital Expenditure for the purposes of this document. In circumstances where the client pays for the full cost of the capital item over the life of the contract, but Hargreaves retains control, the cost should be capitalised and written down over the life of the contract.

Costs of enhancements >£1,000 resulting in an extension to the useful life of the asset or which improve productivity above its original level when new are to be assessed by the Business Unit Financial Controller for potential treatment as Capital Expenditure. The capitalisation of staff salaries on projects will also require budgeting and then authorisation by the Group Financial Controller in addition to the mandate below.

6.1. Capital Expenditure Requests

A capital budget should be submitted to the Board of Directors and approved on an annual basis for the forthcoming year. Even though that budget will be approved annually, all proposals for capital expenditure must be submitted on the relevant Capital Expenditure request form and must be further authorised in accordance with the below tables:

GENERAL CAPITAL EXPENDITURE	AUTHORISATION REQUIRED
Up to £20,000	BU Managing Director & BU Financial Controller
£20,001 to £50,000	As above & Group Financial Controller
£50,001 to £100,000	As above & Chief Financial Officer
Over £100,000	As above & Group Chief Executive Officer
All capital expenditure over £500,000	As above & Main Board Approval

IT CAPITAL EXPENDITURE	AUTHORISATION REQUIRED
IT Spend up to £20,000 (Laptops & PCs)	BU Financial Controller and Group IT Manager
IT Spend between £20,000 to £50,000 (Laptops & PCs)	BU Financial Controller, Group IT Manager & Group IT Director
IT Spend over £50,000 (Laptops & PCs)	BU Financial Controller, Group IT Manager, Group IT Director and Chief Financial Officer

Once all signatures have been obtained, the completed Capital Expenditure form will be submitted to the Group Financial Controller and allocated a Group Capex number. This number will be communicated back to the requestor and to be used as an identifier within the X3 system.

All signed paperwork will be retained by Group Finance and held centrally for audit purposes.

In addition to the authorisations required above and as part of the Capex process a review must be carried out to assess the sustainability and environmental impact of the expenditure, considering our Net Zero Policy.

Depreciation and Residual Values

The depreciation and residual value to be applied to each new item of Yellow Plant or component capex acquired must be approved by the Business Unit Managing Director and Business Unit Financial Controller prior to acquisition. Residual values will be reviewed annually. Any changes to the approved depreciation policy on Yellow Plant and component capex must be approved by the Chief Financial Officer.

6.2. Overspends

All overspends on individual capital projects above 10% of the previously authorised amount, will require a supplementary capital expenditure form to be raised.

The supplementary capital expenditure form must detail the reason for the overspend.

This overspend must be approved by the Group Chief Executive Officer or Chief Financial Officer. It is the responsibility of the BU Financial Controller to track expenditure and ensure that approval is obtained.

6.3. Asset Disposals and Retirements (excluding Land Disposals)

All asset disposals and retirements require an Asset Disposal Form to be completed and approved in accordance with the levels set out below (values represent the net book value):

Level of disposal	AUTHORISATION REQUIRED
Up to £20,000	BU Managing Director and BU Financial Controller
Up to £100,000	BU Managing Director and Group Financial Controller
Up to £500,000	As above plus Chief Financial Officer or Group CEO
Over £500,000	As above plus Main Board approval

The disposal of any assets owned by Hargreaves which are subject to a legal charge requires the approval of the Group Financial Controller and Group Legal prior to approval by the Board.

6.4. Land Disposals

Land disposals for amounts less than the net book value require approval of the Land Managing Director and Group CEO, subject to a de minimis net book value of £100k. Any losses in excess of £250k require Board approval.

All proposals for the disposal of land must also be referred to the Group Financial Controller to ensure that banking consents are obtained where required and to Group Legal (for final review).

The disposal of any Land assets owned by Hargreaves which are subject to a legal charge requires the approval of the Group Financial Controller and Group Legal prior to approval by the Board.

6.5. Purchases of land or buildings and related spend

All purchases of land or buildings other than for development purposes require approval from the Group CEO. All unbudgeted purchases of land and buildings for development purposes require the approval of the Land Managing Director and the Group CEO. Such proposals must also be referred to the Group Financial Controller to ensure that banking consents are obtained where required.

6.6. Granting of security

The granting of security over any assets owned by Hargreaves requires the approval of the Chief Financial Officer and Group Legal prior to approval by the Board.

7. CONTRACTING

General

In the event that any or all of the nominated individuals referred to below are unavailable, all contracts may be approved by the Chief Executive Officer OR the Chief Financial Officer.

Terms & Conditions

All contracts entered into for sale, general procurement, supply contracts or leases should be on the relevant Group standard approved Terms & Conditions, which can be found at:

<https://www.hsgplc.co.uk/terms-and-conditions/>

Contracts with customers on terms other than our standard terms and conditions, with a value in excess of £10,000 must be approved by Group Legal. All procurement contracts on terms other than our standard terms and conditions, with a value in excess of £100,000 must be approved by Group Legal (refer to section 5).

Currency

All contracts in a currency other than GBP are to be notified to the Treasury Manager in advance so that appropriate hedging can be put in place.

7.1. General procurement

All purchase orders issued to suppliers should reference the appropriate approved Hargreaves Terms and Conditions and be approved in accordance with section 5 of this document.

Employment checks referred to in section 3 are to be applied in the case of contracts for labour.

7.2. Guarantees

All guarantees should be approved by Group Legal and the appropriate individuals below:

VALUE and TERM	APPROVAL REQUIRED
Value up to £500,000	Group CEO + Group CFO
Value more than £500,000 OR where the guarantee is to be provided by plc	As above & Main Board

Such proposals must also be referred to the Group Financial Controller to ensure that banking consents are obtained if required.

7.3. Credit Limits

All credit limits and changes to credit limits are to be approved as follows;

- Up to £20,000 Business Unit Financial Controller
- Up to £100,000 Business Unit Managing Director & Group Financial Controller
- Up to £250,000 Group CFO
- Over £250,000 Group CEO
- Over £1,000,000 Main Board

Any credit terms outside of the Group's standard end of month plus 30 days require the approval of the Business Unit Financial Controller. Credit terms in excess of end of month plus 90 days must be notified to the Treasury Manager and approved by the Group CFO.

All new customers must have a credit check performed prior to contracting. Where the Business Unit wishes to extend credit to any customer over and above the maximum level recommended by the credit report, approval must be sought from the Business Unit Financial Controller and the Group Financial Controller who will request further approval from the Group CFO as they determine

necessary. If the request is for more than £250,000 above the Experian credit limit, Main Board approval is required.

7.4. Credit Notes

All credit notes raised must be notified to and approved by the Business Unit Financial Controller.

7.5. Bad debt write offs and provisions

Bad debts represent outstanding invoiced amounts for which recovery is not expected, after following appropriate recovery procedures.

Bad Debt write offs and provisions are to be approved as follows:

- Up to £5,000 Business Unit Financial Controller
- £5,001 to £20,000 Business Unit Financial Controller & Group Financial Controller
- In excess of £20,000 As above & Chief Financial Officer

7.6. Property related contracts

All new leases, existing lease renewals and way leave arrangements are to be approved by the Business Unit MD, Group Legal and the Group CEO.

All new property leases must have a pre-condition report completed to include photographic evidence of the state of the facility at the commencement of the lease term.

Lease exit/break clauses are to be monitored and reviewed by the Business Unit MD for consideration before they are allowed to lapse.

7.7. Non-Disclosure Agreements and Memorandum of Understandings

All NDAs and MOUs must be approved by the Business Unit MD and Group Legal.

7.8. Consultants and Commission Agents

All engagements of consultants or commission agents must be approved by the Business Unit MD and HR representative. In engaging any consultant, the Group's IR35 policy must be followed.

In addition, Business Units must ensure that Bribery Act due diligence for consultants and commission agents is carried out and approved by the Business Unit HR Representative and Group Legal. Bribery Act due diligence is not applicable to the appointment of construction consultants/professionals.

7.9 Commercial Contracting

This section of the document has been split to show the different levels of appropriate sign off for the different Business Units within the Hargreaves Group, reflecting the differing risk profiles.

For contracts undertaken in a currency other than GBP, contract values should be compared to this document using the budgeted exchange rate.

7.9.1 Services (UK) – Commercial Contracting

Supply Contracts – applicable to tenders and contracts for the supply of services where Hargreaves are providing services to the customer:

VALUE and TERM	APPROVAL REQUIRED
Value up to £1m p.a. AND term of contract is one year or less.	Relevant BU Operations/Commercial Manager; Business Unit Financial Controller; Business Unit Managing Director; Group Legal.
Value up to £3m p.a. AND term of contract is three years or less	As above plus Chief Financial Officer.
Value over £3m p.a. OR term of contract is over three years	As above plus Group CEO.

Additionally, the Business Unit Managing Director may delegate authority for contracts with an annual value of less that £250,000 and with a term of less than 1 year subject to business unit need. The Business unit Managing Director is responsible for setting and documenting any delegations in place up to this limit.

HIS Asia – Tender sign off

Supply Contracts – applicable to tenders and contracts for the supply of services where Hargreaves are providing services to the customer:

Value Up to HK\$	Hong Kong			Malaysia	
	Within Competence, on Approved Terms	Within Competence, Not on Approved Terms	Outside Competence, Not on Approved Terms	Malaysia CAPEX Low	Malaysia CAPEX High
\$ 500,000	ASIA MD OR ASIA CD OR ASIA HoF OR CM OR PD OR PM	ASIA MD OR ASIA CD OR ASIA HoF OR CM OR PD	ASIA MD & ASIA CD	ASIA MD & ASIA CD or ASIA HoF	Same as Malaysia Capex low plus Group Capex Requirements
\$ 1,000,000	ASIA MD OR ASIA CD OR ASIA HoF OR CM or PD (2of)	ASIA MD OR ASIA CD OR ASIA HoF (2 Of) , Group Legal Review	ASIA MD & ASIA CD , Group Legal Review	ASIA MD & ASIA CD, Group Legal Review	
\$ 5,000,000	ASIA MD OR ASIA CD OR ASIA HoF (2 Of)	ASIA MD & ASIA CD, Group Legal Review		Group CEO, GROUP CFO, GROUP LEGAL	Group CEO, GROUP CFO, GROUP LEGAL
\$ 10,000,000					
\$ 50,000,000	ASIA MD & ASIA CD	Group CEO, GROUP CFO, GROUP LEGAL	Group CEO, GROUP CFO, GROUP LEGAL	Group CEO, GROUP CFO, GROUP LEGAL	
Above \$50,000,000	Group CEO, GROUP CFO, GROUP LEGAL				

The pre-approved terms and conditions referred to above are:

- CLP SS-WORKS-02-PO Version M
- CLP SS-WORKS-02-OA- Version M
- GIC General Conditions of Contract PLT/033/06/05
- GIC General Conditions of Contract PLT/033/04/18
- HKE GC-ERE Nov 2011 >\$5m
- HKE General Conditions (Minor) Supply with Erection January 2016

7.9.2 Hargreaves Land

Contract type	Value/length	Approval required
Purchase of land for development	Value < £500k	Land Managing Director Chief Financial Officer CEO (if unbudgeted)
	Value > £500k	plc Board
Granting of leases by Hargreaves to a tenant	All	Land Managing Director
Main construction contracts	Value < £500k	Land Managing Director
	Value > £500k	Chief Financial Officer & CEO
Appointment of consultants	Value < £10k	Project Leader
	Value £10k - £50k	Land Managing Director
	Value > £50k	CEO
Small capital works	Value < £10k	Project Leader
	Value £10k - £50k	Land Managing Director
	Value > £50k	CEO

The purchase of land for development and the granting of leases by Hargreaves to a tenant and the placing of main construction contracts (as above) require a final review from Group Legal. Small capital works (less than £100k in value) and the appointment of consultants are to be approved in line with procurement guidelines set out in section 5 and section 7.8.

7.10 Commercial Subcontracting – All Business Units

In relation to a contract between a Group Company and a customer for works/services, where the Group Company intends to use subcontractors, those subcontracts should fully back off the relevant portion of the Group Company's responsibility to the subcontractor. Subcontracts must be approved by the same individuals that are required to approve the contract with the Customer in accordance with 'Commercial Contracting' above.

8. Letters of Intent

All Business Units

All letters of intent must be approved by Group Legal and the Business Unit MD. Letters of Intent are subject to the Credit Limits noted in 7 above. Under no circumstances should work be committed to which would exceed the value of the related Letter of Intent without the prior approval of both Group Legal and the Group CEO.

9. Corporate Acquisitions, Disposals and Incorporations

All external advisers appointed in connection with a corporation acquisition or disposal require the prior approval of the Chief Financial Officer and Group Legal.

Heads of terms must be negotiated with input from and approved by Group Legal. Board approval must be obtained prior to progressing a potential transaction beyond heads of terms.

All newly incorporated companies must be approved by both the Group CFO and Group Legal prior to incorporation.

Please see the Acquisition and integration manual or contact the Group Financial Controller for more information.

Appendix 1

Group Supplier Contracts

For significant areas of spend, being high value and group wide, **Group Contracts** will be entered into. There should be no deviation from these Group Contracts in these spend areas.

Group Preferred Suppliers will be established for key areas of spend across the group. Where possible, these preferred suppliers should be utilised.

Group Contracts are managed by the following business areas:

Group Procurement	IT	Fleet
<ul style="list-style-type: none"> • Fuel (Diesel HVO, Kerosene & Gas Oil) • Fuel Cards/EV Charge Cards • Electricity • Oil & Lubricants • PPE • Drug & Alcohol Testing • Water Coolers • Stationery and Cleaning Products • Truck and truck tyre purchasing, maintenance and spare parts • Plant and Tractor purchase and maintenance • Small plant hire • Survey equipment • Plant safety systems • Labour agencies 	<ul style="list-style-type: none"> • Mobile Phones • Broadband Connections • Printers / Photocopiers 	<ul style="list-style-type: none"> • Company Cars • Commercial Vehicles • Short Term Car Hire

Strategic Procurement

Where spend is **more than £100,000** or commitment of over one year (including spend on capital expenditure), a full tender exercise should be performed. A minimum of 3 suppliers/consultants should be included within this process, unless there is sign off by the Divisional MD or designate.

Where spend is **between £25,000 - £100,000**, a price checking exercise with alternative suppliers should be considered.

Appendix 2 – Land Procurement

HARGREAVES LAND PROCUREMENT POLICY

Introduction

The vast majority of HL purchasing transactions fall into seven categories as follows:

- i. Purchase or lease of property (land and buildings)
- ii. Letting of main construction contracts
- iii. Appointment of consultants (architects, engineers, lawyers, etc.)
- iv. Small capital works (sign boards, fencing, property repairs, etc.)
- v. Operating supplies (admin. equipment and consumables, heat and light, vehicles, etc.)
- vi. Options to purchase land and buildings subject to conditions
- vii. Promotion Agreements to achieve planning permission over land subject to conditions

The HL procurement policy for each of these transactional types can be categorised as follows:

Land and Building Purchases for development purposes

Acquisition Process: Via negotiation with forms of contract and due diligence being produced via external appointed lawyers. Additional due diligence via appointed specialist consultants.

Approval: Terms of purchase to be approved by the plc board with any material deviation from the approved terms subject to plc board or CEO approval as appropriate.

Main Construction Contracts

Acquisition Process: all building contracts are to be competitively tendered to a minimum of 3 suitably and previously vetted building contractors. Any other route to award, such as one to one negotiation, will only be undertaken in exceptional circumstances and subject to the prior approval of the Land Managing Director (LMD). Tendering processes will be undertaken on behalf of HL by appointed Employers Agents using standard forms of contract and contract variations. Alternative forms of contract and variations to standard amendments must be supported by a rationale and approved by the HL Project Manager ahead of any tendering process being undertaken.

The presumption will be in favour of utilising fixed price JCT Design & Build forms of contract incorporating our standard contract variations together with others recommended by the appointed Employers Agent. It is recognised that other forms of building contracts, such as ICE forms of contract for infrastructure works, will be utilised in certain circumstances and this likelihood should be flagged and agreed in principle at the earliest opportunity.

Approval: All main building contracts will be subject to approval by plc Board or where a wider project plc Board approval previously given applies, incorporating the construction work values at or exceeding actual tendered cost, approval by the LMD and CEO will be required in the event time constraints mitigate against seeking approval at a future board meeting.

Appointment of Consultants

Acquisition Process: consultants will be appointed to act on individual or multiple property holdings or prospective development opportunities. Selection of all consultants will initially be based on experience, competency, and capacity. Any proposed appointments will be subject to appropriate financial and competency/insurance checks being satisfied. All fee rates agreed will be project specific, rather than generic fee rates being sought, and be in line with relevant market rates reflecting the nature of the work to be undertaken. Formal appointments will incorporate standard scope of works and appointment documents together with associated warranties prepared on behalf of HL by specialist external construction lawyers, subject to specific amendments expressly agreed with individual consultants.

Approval: all proposal to appoint consultants, or involve consultants in projects, whether existing or anticipated, will be subject to prior approval by the LMD, with the exception of minor appointments with total project fee not forecast to exceed £10,000. These appointments will be approved by the Project Leader.

Small Capital Works

Acquisition Process: regardless of value there will be a presumption on seeking competitive quotations from a minimum of 3 parties to demonstrate best value. If alternative procurement processes are proposed these must be justified, recorded accordingly and signed off by the Project Leader for costs below £5,000. All terms of awards must be approved by the Project Leader and follow standard terms where applicable.

Approval: all awards to be approved by Project Leader and those above £10,000 by the LMD. The approval of cost items exceeding £50,000 require the prior approval of both the LMD and CEO. Approvals can be given in advance by way of approved budgets (provided competitive quotations subsequently obtained) or following receipt of firm quotations.

Operating Supplies

Acquisition Process: regardless of value current Group procurement guidelines and processes will be adhered to.

Approval: Current Group procurement guidelines apply.

Options to purchase land and buildings subject to conditions

Acquisition Process: Via negotiation with forms of contract and due diligence being produced via external appointed lawyers. Additional due diligence via appointed specialist consultants.

Approval: Terms of purchase or spend to next gateway to be approved by the LMD and Project Director up to £50,000 spend, between £50,000 and £500,000 to be approved by the LMD, Project Director and CEO with any material deviation from the approved terms subject to plc board or CEO approval as appropriate.

Promotion Agreements to achieve planning permission over land subject to conditions

Acquisition Process: Via negotiation with forms of contract and due diligence being produced via external appointed lawyers. Additional due diligence via appointed specialist consultants.

Approval: Terms of spend up to next gateway to be approved by the LMD, Strategic Land Director and Project Director up to £50,000 spend, between £50,000 and £500,000 to be approved by the LMD, Strategic Land Director, Project Director and CEO with any material deviation from the approved terms subject to plc board or CEO approval as appropriate.

EXTERNAL LAWYERS

Panel firms

Where HL requires external legal support, Land will instruct one of the panel firms listed below. Any instructions to law firms outside of the panel requires the prior approval of Group Legal.

England and Wales

Walker Morris
Womble Bond Dickinson
Gateley
Freeths

Scotland

CMS
Shepperd & Wedderburn
MacRoberts

Fee estimates and instructions

The Project Leader is responsible for obtaining fee estimates from, and providing instructions to, the law firm. The Project Leader shall also be responsible for the day-to-day management of the law firm in relation to the matter on which they have been instructed. The Project Leader does not need to involve Group Legal in the matter (unless specific issues arise during the course of the transaction) unless and until Group Legal is required to provide approval of the transaction in accordance with the mandate. HL is fully responsible for the management of legal costs and specifically where scope changes are expected to result in fees in excess of the original estimate obtained from the law firm.

Billing

Monthly billing by law firms will be co-ordinated by Group Legal (together with law firm billing for the remainder of the Group). Monthly billing proposals will be circulated by Group Legal for approval by the Project Leader.

Group Legal Approval of Agreements

Where a law firm is instructed to provide advice on an agreement which requires Group Legal approval in accordance with the mandate, the Project Leader is required to send the following information to Group Legal for final review and approval before the agreement is signed:

1. a copy of the proposed agreement;
2. a copy of the report produced by the law firm summarising the proposed agreement; and
3. confirmation that the Project Leader has approved the proposed agreement.

GRANTING OF SECURITY

The granting of security over any assets owned by Hargreaves requires the approval of the Chief Financial Officer and Group Legal prior to approval by the Board.

Granting of PLC Guarantees in any legal agreement to be approved by the Board.