

## **Meggitt PLC**

### **Terms of Reference for the Finance Committee**

These Terms of Reference are effective from 1 January 2018.

The Finance Committee of the Board of Directors has been established with delegated powers in accordance with Article 92 of the Articles of Association.

#### **1. Membership**

- 1.1 The Finance Committee (the “Committee”) shall comprise the Chief Executive, the Chief Financial Officer and the Executive Director, Commercial & Corporate Affairs.
- 1.2 The Chairman of the Committee shall be the Chief Executive of the Company or in his absence any other member.
- 1.3 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **2. Committee proceedings**

- 2.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.
- 2.2 Attendance at meetings by telephone or video conference by any director is permitted in accordance with Article 107 of the Articles of Association.
- 2.3 Resolutions in writing are permitted in accordance with Article 108 of the Articles of Association.
- 2.4 The Committee can approve business by electronic mail or paper circulation, provided that (a) all members of the Committee receive the electronic mail or paper circulation; (b) there is unanimous written approval (electronic or otherwise) for the matter in question. If approval is not unanimous, a meeting must be convened.

The date of approval by electronic mail or paper circulation shall be the date that the last director sent his/her approval. It shall be clear on the minutes which matters have been approved using electronic mail or paper circulation.

- 2.5 The Company Secretary or their nominee shall act as the secretary of the Committee.

- 2.6 The Committee may invite any other person to attend any meeting of the Committee.

3. Notice of Meetings

- 3.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, shall be provided to each member of the Committee and any other person required to attend, no fewer than one working day prior to the date of the meeting. Notice may be given in writing or verbally.

4. Duties

The duties of the Committee relate not only to Meggitt PLC, but also to the Group as whole and all companies and businesses within the Group. Those duties include:-

- 4.1 The approval of the Group's treasury related activities, including but not limited to:-
- (i) Opening new bank accounts with banks which are not existing relationship banks;
  - (ii) Only when required by the bank itself, opening new bank accounts with existing relationship banks;
  - (iii) Approving new/amended external credit facilities up to a maximum of £100m (including borrowing, bonds and guarantees, letters of credit and foreign exchange lines);
  - (iv) Approving internal credit facilities over £10m;
  - (v) Approving foreign exchange transactions with a maturity of between three and five years;
  - (vi) Approving foreign exchange transactions of between £20m and £100m in value;
  - (vii) Approving any financial derivatives transactions of between £20m and £100m in value; and
  - (viii) Approving any other transactions in compliance with the Group Treasury Policy as approved by the Board.
- 4.2 The approval of insurance coverage where the total annual premia for a particular type of cover (when aggregating primary and excess layers) exceeds £100k and all additions or deletions of coverage type or major changes in existing coverage.
- 4.3 The approval and monitoring of share scheme activity, including:-
- (i) Approving the invitation, offer and grant of awards under all-employee share plans operated by the Company;
  - (ii) Approving the grant of awards under executive share plans, in accordance with the authority delegated to it by the Remuneration Committee of the Board of Directors;

- (iii) Approving the exercise of any award under any share scheme which results in the allotment of a share in Meggitt PLC;
  - (iv) Approving the strategy for purchase of shares to satisfy share scheme exercises; and
  - (v) Monitoring all share scheme activity monthly.
- 4.4 The allotment of shares in Meggitt PLC and the use of treasury shares for employee or executive share plans.
- 4.5 The approval of volume and share price levels and limits, below any limit approved by shareholders or other regulatory or legal limits, in respect of share buyback programmes operated by the Company.
- 4.6 The approval of corporate activity, including:
  - (i) Approving intra-group transfers of shares, businesses or product lines and or their related assets and liabilities.
  - (ii) Approving the formation or elimination of subsidiaries, including branch and representative offices and approving setting up a new operation, whether the new operation is to be carried out through a new legal entity or an existing Group operation.
  - (iii) Approving recapitalisations of Group subsidiaries.
  - (iv) Approving reorganisations of the Group legal structure.
  - (v) Approving acquisitions and divestments up to £10m, although the Board is to be notified of all acquisitions.
- 4.7 The approval of general capital expenditure (excluding acquisitions and divestments), with a value of between £5m and £10m, or as otherwise delegated by the Board.
- 4.8 The approval of capital expenditure relating to land, buildings and property leases, with a value of between £2.5m and £10m, or as otherwise delegated by the Board.
- 4.9 Research and development projects, with a value of between £2.5m and £10m, or as otherwise delegated by the Board.
- 4.7 The approval of performance or financial guarantees or other forms of commitment including letters of comfort in respect of (a) trading obligations, and (b) financial obligations up to £100m.
- 4.8 Pension deficit funding payments not otherwise required by legislation, in respect of any defined benefit pension scheme.
- 4.9 The approval of fees paid to non-executive directors (excluding the Chairman) subject to the annual limit approved by the shareholders of the Company.

- 4.10 The approval of charitable donations made by and sponsorships given by Meggitt PLC of over £20,000 in aggregate in any one financial year, or over £10,000 for any one donation.
- 4.11 Donations made to organisations with political objectives of under £25,000.
- 4.12 The approval of the Group's Delegation of Authority Limits below the level of this Committee, contained in the Finance Policies and Procedures Manual.
- 4.13 Other matters delegated to it by the Board from time to time.

5.0 Reporting Responsibilities

- 5.1 Minutes of Committee meetings shall be circulated to all members of the Committee and be available on request to all members of the Board.

*Approved by the Board of Directors on 19 December 2017.*