

GAME DIGITAL PLC

MATTERS RESERVED FOR THE BOARD

Matters marked with an asterisk are not considered suitable for delegation to a committee of the board (although they may be the responsibility of one of the audit, nomination or remuneration committees, with the final decision to be taken by the board as a whole).

The following matters shall be reserved for consideration by the full board of the Company:

1 **Management and strategy**

- 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: competent and prudent management, sound planning, adequate systems of risk management and internal control, adequate accounting and other records and 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.

2 **Structure and capital**

- 2.1 Major changes to the group's corporate structure.
- 2.2 Changes to the group's management and control structure.
- 2.3 Any changes to the Company's listing or its status as a public company.
- 2.4 Changes relating to the group's capital structure including reductions of capital, share issues (except under employee share plans) and share buy-backs (including the use of treasury shares).

3 **Financial reporting and controls**

- 3.1 Approval of the half yearly report and any preliminary announcements of the final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 *Approval of the dividend policy.
- 3.4 Approval of the interim dividend and recommendation of the final dividend.
- 3.5 *Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of treasury policies (including foreign currency exposure and the use of financial derivatives).
- 3.7 Approval of credit limits for the placing of deposits with individual financial institutions and approval of the issue of loan stock or similar debt instruments by any member of the group.

3.8 The giving of security over any material asset of any member of the group, the entry into loan facilities, debt financing, sale and lease financing arrangements, subject to the levels of delegated authority approved by the board from time to time.

3.9 The approval of guarantees, indemnities considered to be medium or high risk in nature or the giving of letters of comfort by any member of the group where the amount of the underlying liability exceeds £1,000,000.

4 Risk management and internal controls

4.1 Responsible for the overall approach to risk management, including: the identification and assessment of principal risks; setting the risk appetite in line with strategic objectives; and establishing the design of a risk management framework able to monitor effectiveness.

4.2 Ensuring the communication and implementation of a risk management framework that incorporates the maintenance of sound systems of risk management and internal control, including: receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives on an ongoing basis; approving procedures for the detection of fraud and the prevention of bribery, undertaking an annual assessment of these processes and approving an appropriate statement for inclusion in the annual report.

5 Contracts

5.1 Transactions or arrangements entered into by any member of the group with any entity or individual listed on the register of related parties maintained by the company secretary.

5.2 Major capital projects with a value of £50,000 or more which are not part of an approved capital expenditure programme.

5.3 Contracts, other than short-term stock purchase orders and sales contracts, which are material strategically or by reason of size, entered into by any member of the group in the ordinary course of business above £2,000,000.

5.4 Contracts entered into by any member of the group which are not in the ordinary course of business, with the exclusion of foreign currency transactions used to fix the exchange rates for intra-group lending / borrowing above £50,000; major acquisitions (not part of an approved capital expenditure budget or programme) and disposals above £50,000.

5.5 The entry into finance and operating leases where the capital value of the assets concerned exceeds £1,000,000, subject to capital expenditure approval.

5.6 Acquisitions or disposals of interests in companies or businesses or material assets above £50,000, other than as part of an approved capital expenditure programme, the formation or liquidation of any subsidiary (including any joint venture vehicle), subject to the levels of delegated authority approved by the board from time to time.

5.7 The making of any takeover bid for another company governed by the City Code on Takeovers and Mergers.

5.8 Any approach by or on behalf of a party making, or with a view to making, a general offer for the Company's shares or any offer whereby a change in control of the Company may result.

6 Communication

6.1 Approval of resolutions and related documentation to be presented to shareholders at a general meeting.

6.2 *Approval of any prospectuses or circulars to holders of the Company's securities.

6.3 Receiving of press releases concerning matters decided by the board, with final approval delegated to the Chairman or other appointed board member or committee of the board, as authorised from time to time by the Board.

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

7 Board membership and other appointments

7.1 *Changes to the structure, size and composition of the board, following recommendations from the Nomination Committee.

7.2 *Ensuring adequate succession planning for the board and senior management.

7.3 *Appointments to the board, following recommendations from the Nomination Committee.

7.4 *Selection of the chairman and the chief executive.

7.5 *Appointment of the senior independent director.

7.6 *Membership and chairmanship of all board committees.

7.7 *Terms of reference of all board committees.

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 annual general meeting 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 his or her service contract.

7.10 *The division of responsibilities between the chairman and the chief executive, which should be in writing.

7.11 *Receiving reports from board committees on their activities.

7.12 *Appointment or removal of the company secretary.

7.13 *Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following recommendations from the Audit and Risk Committee.

7.14 Appointments to the boards of group companies.

8 Remuneration

8.1 *Setting the remuneration policy for the directors, company secretary and other senior executives with a basic salary of over £100,000.

8.2 Determining the remuneration of the non-executive directors, subject to the Company's 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.

9 Corporate governance matters

9.1 *Undertaking a formal and rigorous review annually of its own performance, that of the board committees and individual directors and the division of responsibilities.

9.2 *Determining the independence of directors.

9.3 *Considering the balance of interests between shareholders, employees, customers and the community.

9.4 Review of the group's overall corporate governance arrangements.

9.5 Receiving reports on the views of the Company's shareholders.

10 **Policies**

Approval of policies that control and mitigate risk in the business, including: code of business conduct and ethics, share dealing code, health and safety policy, data protection policy, communications policy (including procedures for the release of price sensitive information), relevant human resources policy, anti-bribery policy, anti-money laundering & counter-terrorist financing policy and whistleblowing policy.

11 **General**

11.1 The institution, defence or settlement of legal proceedings (or a similar process) by any member of the group where the costs appear likely to exceed £50,000 or in relation to matters having a value or effect on any member of the group in excess of £500,000 or being otherwise material to the group's interests or with significant reputational risk.

11.2 Accelerate or enforce any indebtedness owed to it pursuant to, or amend any, financing arrangements.

11.3 Approval of the engagement of the Company's principal professional advisers.

11.4 Approval of the overall levels of insurance for the group including directors' and officers' liability insurance.

11.5 Major changes in the rules of the Company's pension scheme, or change of trustees or (when this is subject to the approval of the Company) changes in the fund management arrangements.

11.6 The making of political donations.

11.7 The making of charitable donations worth a value exceeding £2,500, excluding funds raised externally and processed by the company.

11.8 This schedule of matters reserved for board decisions and any other matters not within the approved terms of reference of any committee of the board.

11.9 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 issues.

11.10 Any other matter as determined from time to time by the board.

The monetary limits specified in this list of reserved matters are subject to variation by the board on a specific or general basis (as the case may be) from time to time.

Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.

The board will receive reports and recommendations from time to time on any matters which it considers significant to the group.