

MICRO FOCUS INTERNATIONAL PLC

Roles of Chairman, Chief Executive Officer and Senior Independent Director

Role of Chairman

A. The Chairman is responsible for:

1. Leadership

- 1.1 Leadership of the board, ensuring the board's effectiveness in all aspects of its role and setting of its agenda.

2. Meetings

- 2.1 Chairing board and general meetings and those of the nomination committee.
- 2.2 Running the board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
- 2.3 Setting the board agenda, taking into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategy, performance, value creation, culture, stakeholders and accountability.
- 2.4 Ensuring that there is appropriate delegation of authority from the board to executive directors.
- 2.5 Ensuring there is a timely flow of accurate, high-quality and clear information.
- 2.6 Ensuring there is a culture of openness and debate, in particular by facilitating the effective contribution of non-executive directors, and ensuring constructive relations between executive and non-executive directors.
- 2.7 Managing the board to allow enough time for discussion of complex or contentious issues. The Chairman should ensure that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.

3. Directors

- 3.1 Facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the board by drawing on their skills, experience and knowledge.
- 3.2 Ensuring constructive relations between the executive and non-executive directors.
- 3.3 Holding meetings with the non-executive directors without the executives present.

4. Induction, development and performance evaluation

- 4.1 Providing guidance and mentoring to new directors as appropriate and ensuring that new directors participate in an appropriate full, formal and tailored induction programme, facilitated by the company secretary.
- 4.2 Ensuring that the development needs of directors are identified and, with the company secretary having a key role, that these needs are met. The directors should be able to

continually update their skills and the knowledge and familiarity with the company required to fulfil their role on the board and its committees.

- 4.3 Identifying the development needs of the board as a whole to enhance its overall effectiveness as a team.
- 4.4 Ensuring the performance of the board, its committees and individual directors are evaluated at least once a year – considering the board’s composition, diversity and how effectively members work together to achieve objectives. Acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the board. Where appropriate, through the Nomination Committee, proposing that new members be appointed to the board or seeking the resignation of others. Consider having regular externally facilitated board evaluations (including every three years as recommended under the UK Corporate Governance Code).

5. Relations with stakeholders and regulators

- 5.1 Ensuring effective communication with shareholders.
- 5.2 Maintaining sufficient contact with major shareholders, including attending meetings with such shareholders at their request, to listen to their views in order to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- 5.3 Ensuring that the views of shareholders are communicated to the board as a whole so that all directors develop an understanding of their views.
- 5.4 Listening to the views of the workforce, customers and other stakeholders and ensuring that their views are conveyed to the board as a whole.
- 5.5 Acting as a conduit for regulators into the Board as and when required.

6. Annual General Meeting (AGM)

- 6.1 Arranging for the Chairs of board committees to be available to answer questions at the AGM and for all directors to attend.

B. In addition, the Chairman should:

- 1.1 Uphold the highest standards of integrity and probity.
- 1.2 Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate and shape the culture of the boardroom.
- 1.3 Ensure clear structure for, and the effective running of, board committees, that the membership of such committees is periodically refreshed and that independent non-executive directors are not over-burdened when deciding the chairs and membership of the committees.
- 1.4 Overseeing effective implementation of board decisions.
- 1.5 Promote effective relationships and open communication between executive and non-executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- 1.6 Ensure the board determines the nature, and extent, of the significant risks the company is willing to embrace in the implementation of its strategy.

- 1.7 Ensure all directors are aware of and able to discharge their statutory duties.
- 1.8 Build and maintain an effective and complementary board, and with the Nomination Committee, initiate change and plan succession in board appointments (except that of a successor as Chairman) subject to board and shareholder approval.
- 1.9 With the assistance of the company secretary, promote the highest standards of corporate governance, seeking compliance with the UK Corporate Governance Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.
- 1.10 Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
- 1.11 Focus on the long-term sustainability of the business.
- 1.12 Ensure the continual improvement in quality and calibre of the executives.
- 1.13 Establish a close and productive working relationship with the CEO and CFO, providing support and advice while respecting executive responsibility.
- 1.14 Foster relationships based on trust, mutual respect and open communication - both in and outside the boardroom - between non-executive directors and the executive team.

Role of Chief Executive Officer (CEO)

- A. The CEO is accountable and reports to the board and is responsible for running the group's business and profitability.**
- B. The CEO is also responsible for the following, within the authority limits delegated by the board:**
- 1. Business Strategy and Management**
 - 1.1 Developing group objectives and strategy having regard to the group's responsibilities to its shareholders, customers, employees and other stakeholders ensuring the long-term stability of the business.
 - 1.2 The successful achievement of objectives and execution of strategy following presentation to, and approval by, the board.
 - 1.3 Recommending to the board an annual budget and 3-year financial plan and ensuring their achievement following board approval.
 - 1.4 Optimising as far as is reasonably possible the use and adequacy of the group's resources.
 - 1.5 Networking with current and prospective major customers and providing contacts or introductions as appropriate.
 - 1.6 Ensuring that there is appropriate delegation of authority from the board to the Executive Management Team (EMT).
 - 1.7 Ensuring board decisions are implemented and the EMT complies with the terms in which matters are delegated.
 - 2. Investment and Financing**
 - 2.1 Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the group board of those which, in a group context, are material either by nature or cost.
 - 2.2 Identifying and executing acquisitions and disposals, approving major proposals or bids.
 - 2.3 Leading geographic diversification initiatives.
 - 2.4 Identifying and executing new business and strategic opportunities outside the current core activities of the group.
 - 3. Risk Management and Controls**
 - 3.1 Managing the group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the board.
 - 3.2 Ensuring appropriate internal controls are in place.
 - 4. Board Committees**
 - 4.1 Making recommendations to the Remuneration Committee on remuneration policy, executive remuneration and terms of employment of the other executive directors and members of the EMT, including the company secretary.

- 4.2 Making recommendations to the Nomination Committee on the role and capabilities required in respect of the appointment of other executive directors.

5. Communication

- 5.1 Providing a means for timely and accurate disclosure of information, including an escalation route for issues.
- 5.2 Ensuring effective communication with shareholders.
- 5.3 Maintaining a dialogue with the Chairman and the board on important and strategic issues facing the group.
- 5.4 Communicating to the Company's workforce the expectations in respect of the Company's culture and to ensure that operational policies drive appropriate behaviour.
- 5.5 Ensuring the board is made aware of views gathered via engagement between management and the workforce.
- 5.6 Ensure that the board is fully informed about all issues on which it will have to make a decision, through briefings by the company secretary and members of the EMT, as appropriate.

6. Other

- 6.1 Setting group HR policies, including management development and succession planning for the other executive directors and members of the EMT and approving the appointment and termination of employment of members of that team.
- 6.2 Ensuring that the performance of the other executive directors and members of the EMT is monitored by the board.
- 6.3 Providing counsel, advice and support to the other executive directors and members of the EMT (acting as a mentor/coach where necessary).
- 6.4 Ensuring that management fulfils its obligation to provide the board with:
 - 6.4.1 accurate, timely and clear information in a form and of a quality and comprehensiveness that will enable it to discharge its duties, take sound decisions, monitor effectively and provide advice to promote the success of the company;
 - 6.4.2 the necessary resources for developing and updating their knowledge and capabilities; and
 - 6.4.3 appropriate knowledge of the Company, including access to Company operations and members of the workforce.

7. The duties which derive from these responsibilities include:

- 7.1 Leading the CEO's direct reports (namely the other executive directors and members of the EMT) in the day to day running of the group's business, including chairing the Executive Committee and communicating its decisions/recommendations to the board.
- 7.2 Ensuring effective implementation of board decisions.
- 7.3 Regularly reviewing the operational performance and strategic direction of the group's business.
- 7.4 Regularly reviewing the group's organisational structure and recommending changes as appropriate.
- 7.5 Formalising the roles and responsibilities of the other executive directors and members of the EMT, including clear delegation of authorities.

- 7.6 Developing policies for board approval and then implementing them, including:
 - 7.6.1 Codes of conduct
 - 7.6.2 Share dealing code
 - 7.6.3 Health and safety policy
 - 7.6.4 Environmental policy
 - 7.6.5 Disclosure policy including procedures for the release of price-sensitive information
 - 7.6.6 Corporate social responsibility policy
 - 7.6.7 Charitable donations policy
- 7.7 Ensuring that all group policies and procedures are followed and conform to the highest standards.
- 7.8 Providing coherent leadership of the company, including, representing the group to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the public.
- 7.9 Keeping the Chairman informed on all important matters.

Role of Senior Independent Director

The role of the Senior Independent Director is to:

1. Relations with stakeholders and regulators

- 1.1 Be available to shareholders if they have concerns in circumstances which contact through the normal channels of Chairman, CEO or CFO has failed to resolve or for which contact is inappropriate.
- 1.2 Attend sufficient meetings with major shareholders and financial analysts to obtain a balanced understanding of the issues and concerns of such shareholders.

2. Governance

- 2.1 Assist in the maintenance of the stability of the Board and Company, particularly during periods of stress. This will involve working with the Chairman, directors and shareholders to resolve significant issues, for example:
 - 2.1.1 in the event of a dispute between the Chairman and the CEO;
 - 2.1.2 where the shareholders or non-executive directors have expressed concerns that are not being addressed by the Chairman or the CEO;
 - 2.1.3 where the strategy being followed by the Chairman and the CEO is not supported unanimously by the board;
 - 2.1.4 where the relationship between the Chairman and the CEO is particularly close;
 - 2.1.5 where decisions are being made without the approval of the full board; or
 - 2.1.6 where succession planning is being ignored.
- 2.2 Monitor the performance of the Chairman and meet with the independent non-executive directors once a year to formally appraise his performance; and on any other occasions as is deemed appropriate.
- 2.3 Lead the performance evaluation of the Chairman on behalf of the other directors.
- 2.4 Act as an intermediary for other non-executive directors when necessary.

3. Meetings

- 3.1 Deputise for the Chairman at meetings of the Board or shareholders and to support the Chairman in his role.

4. Support for Chairman and other directors

- 4.1 Meet or speak with the Chairman regularly and act as a sounding board for him.
- 4.2 Work with the Chairman and other directors to resolve any significant issues. For example, if there is a dispute between the Chairman and the CEO, if the strategy is not supported by the entire board, if there is concern that decisions are being made without the approval of the full board, or if succession planning is being ignored.

5. Succession

- 5.1 Chair the nomination committee when it is considering the orderly succession process for the appointment of a Chairman, working closely with the Nomination Committee.