

SOPHEON PLC (“THE COMPANY”)

MATTERS RESERVED FOR THE BOARD

All matters that have a material impact upon the Company or any of its subsidiaries will be referred to the Board. However, below is a schedule of matters reserved specifically for the decision of the Board or a duly authorised committee thereof. The Board has the authority to obtain outside legal or other independent advice at the expense of the Company.

Financial matters

1. Approval of full year (preliminary) and half year results announcements.
2. Approval of the Annual Report and Accounts.
3. Approval of dividend policy, determination of interim dividend and recommendation of final dividend.
4. Adoption of significant change in accounting policies or practices.
5. Approval of all circulars and prospectus to shareholders.
6. Changes relating to the capital structure.
7. Approval of any increases in share capital or equivalent financing arrangement of any group company other than (i) exercise of validly granted share options; (ii) for any group company other than Sopheon plc, issues of less than USD\$500,000 (or equivalent).
8. Approval of all guarantees given by the Company.
9. Approval of the maximum total value of the group’s borrowing facilities and any new borrowing exceeding USD\$500,000 (or equivalent).
10. Approval of any new or increase in borrowing facilities exceeding USD\$500,000 (or equivalent), or cancellation of such facilities.
11. Approval of any changes in the Company’s listing status or venue.

Corporate and equity matters

1. Convening general meetings of shareholders.
2. Recommending to shareholders the approval of alterations to the Memorandum and Articles of Association.
3. Making any take-over offer for another company or other companies within the City Code on Takeovers and Mergers and considering a response to any such approaches to the Company.
4. The granting of any share options to any director, or more than 25,000 to any other individual, or any grant which is not made under the Company’s normal policies applicable at the time
5. Monitoring compliance with the Company’s share dealing code.
6. Monitoring compliance with the Company’s corporate governance code and annual review of the information included in the corporate governance disclosures.

Appointments and structure

1. Appointment and removal of the Chairman of the group board.
2. Appointment, removal and re-election of the Directors of the Company.
3. Appointment and removal of the Secretary of the Company.

4. Reviewing succession planning for the group board and senior management.

Budgets, contracts and business development

1. Approval of strategic plans of the group.
2. Approval of the annual budget of the group and any subsequent revisions.
3. Approval of significant changes in treasury and foreign currency policy of the Group.
4. Approval of investment proposals where the one off cost exceeds USD\$500,000 (or equivalent) or the revenue cost exceeds USD\$500,000 (or equivalent).
5. Approval of material contracts whose terms could give rise to an abnormal loss or costs in excess of USD\$100,000 per annum unless covered by the approved budget.
6. Approval of all real property contracts.
7. Approval of significant changes to the group's activities to include, acquisitions or divestments or entry into a new foreign jurisdiction, or exit from an existing one.

Litigation

1. The Group plc Board must be advised of all material litigation either proposed by or commenced against the Group, including recommendations for settlement. For this purpose, material litigation is any litigation where the outcome may give rise to a receipt or payment greater than USD\$50,000 (or equivalent).

Board committees

1. Approving terms of reference for board committees.
2. Approval of the recommendations of the board committees.

Others

1. Recommendation to shareholders to appoint or remove the Company's auditors including approval of their fees.
2. Appointment or removal of the Company's principal advisors.
3. Approval of the policy for charitable and political donations.
4. Approval of major changes in employee share and incentive schemes.
5. Approval of the share dealing code.
6. Monitoring of the Directors and Officers liability insurance.
7. Agreeing fee levels for Non-Executive Directors.