

Harworth Group plc (the “Company”) Environmental, Social and Governance Committee Terms of Reference

1. Definitions

In these terms of reference:

"Board" means the board of directors of the Company;

"Committee" means the Environmental, Social and Governance Committee of the Board;

"ESG" means Environmental, Social and Governance, which shall include, but not be limited to, the matters identified in paragraph 3.5.2; and

"Group" means the Company and its subsidiary undertakings from time to time.

2. Purpose

The general purpose of the Committee is to:

- 2.1 Provide oversight on behalf of the Board in relation to the Group’s ESG strategy and activities and ensure that they are aligned with and integrated into the broader business purpose and strategy.
- 2.2 Once the ESG strategy and activities have been defined, ensure that resources are focused on addressing the issues which matter most to stakeholders and the Company.
- 2.3 Provide oversight of the effectiveness of internal and external communications and engagement on ESG matters, including engagement with stakeholders, the development of strategic relationships with actual and potential partners and investors that will support the achievement of the Group’s ESG strategy, and the reporting of the Company’s ESG position in a manner that ensures all stakeholders receive appropriate and proportionate decision-useful information about the Group’s ESG activities.
- 2.4 Review the ESG policies, processes, supporting framework documentation and initiatives of the Group ensuring they remain effective and up to date, whilst identifying emerging trends and challenges that might impact on the Group’s ESG strategy.
- 2.5 Advise the Board on what targets to set, and which ESG ratings to adopt, in delivering the Group’s ESG strategy and how most effectively to measure progress towards these targets in a manner capable of external benchmarking.
- 2.6 Ensure compliance with legal and regulatory requirements including corporate governance principles and industry standards applicable to the Company.

3. Responsibilities

3.1 ESG is a wide-ranging, highly dynamic and complex agenda that relates to every aspect of the Company's activities and operations. This Committee is intended to have an overview as to how all the various elements fit together into a coherent set of ESG strategies, policies and processes that address all the ESG aspects that are required either by regulation, legislation, or developing corporate, market and social convention. Many of these aspects will, however, already be within the Terms of Reference of other Board committees, or of the Board itself, in which case the Committee may contribute to, but is not expected to become itself involved in, the development of strategies and policies for these areas, nor for oversight of their implementation. Examples of such areas, and where ultimate responsibility lies for them, are identified in the Policies section below.

3.2 The Committee is a committee of the Board, from which it derives its authority and to which it regularly reports. The Committee shall undertake the responsibilities below for the Group as a whole and where relevant for the individual entities forming part of the Group.

3.3 ESG Strategy

3.3.1 The Committee shall have oversight of:

- 3.3.1.1 the Company's ESG strategy;
- 3.3.1.2 the Company's ESG targets and key performance indicators;
- 3.3.1.3 third-party partnerships entered in relation to the ESG strategy;
- 3.3.1.4 the reporting conventions and ESG metrics adopted by the Company; and
- 3.3.1.5 how effectively the ESG strategy is communicated internally and externally.

3.3.2 The Committee shall have regard to how:

- 3.3.2.1 the ESG strategy is received and regarded by the Company's employees, customers, suppliers, shareholders, the wider potential investor base and analysts, the media, local and national government, and ESG rating agencies; and
- 3.3.2.2 the ESG strategy and its ongoing implementation compare to ESG strategies adopted and implemented by competitors, the expectations of regulators, and more general ESG trends.

3.4 ESG Reporting

The Committee shall have oversight of:

- 3.4.1 how all elements of the ESG strategy are reported in the Company's Annual Report and Accounts and other public reporting, in particular which measures are adopted by the Company;
- 3.4.2 the Company's reporting to ESG rating agencies, the selection of rating agencies by which the Company will proactively seek to be assessed, and will determine the extent of engagement with other such agencies; and

3.4.3 upcoming ESG reporting requirements and the Company's assessment of their implications, both strategically and operationally, for the Company's business and its reputation.

3.5 Policies

3.5.1 The Committee shall ensure:

3.5.1.1 the Company maintains appropriate policies to effectively support the Company's ESG framework, in particular its ESG impact; and

3.5.1.2 that where possible and appropriate, these policies are publicly available.

3.5.2 References in these terms of reference to ESG shall include, but shall not necessarily be limited to, direct and indirect sustainability impacts (both positive and adverse) with respect to the following:

3.5.2.1 **Environmental:**

- the Group's progress in reducing its greenhouse gas emissions, both operational and embedded, and its determination of and progress against a transition pathway towards, and potentially beyond, 'Net Zero Carbon' emissions;
- the Group's resilience and adaptation to climate change and associated climate risks;
- energy consumption;
- generation and use of renewable energy;
- biodiversity and habitat;
- landscape character, sensitivity and quality;
- impact on water resources and the status of water bodies;
- pollution (air, land, water);
- resources efficiency; and
- the reduction and management of waste and the advancement of the Circular Economy.

3.5.2.2 **Social:**

- the Group's interactions with stakeholders (*Board*), and the communities in which it operates and the role of the Group in society (*Board*);
- policies and practices in relation to workplace culture (for example, employee relations and engagement) (*Board*)
- diversity (*Nomination Committee*),
- non-discrimination and equality of treatment (*Board*),
- health and safety and well-being (*Board*),
- responsible and ethical procurement, including consideration of issues such as the real living wage, labour conditions including those pertaining to health, security and wellbeing, and anti-modern slavery (*Board*),
- any social or community projects undertaken by the Group, including community and stakeholder engagement or partnerships.

3.5.2.3 **Governance:**

- the ethical conduct of the Group's business including its corporate governance framework (*Board/Audit Committee*),
- the diversity of candidates for Group roles (*Nomination Committee*), and
- competencies available to the Group, both internally and from external

partners, in relation to ESG matters, including through the delivery of appropriate training.

4. Membership

- 4.1 The Committee shall comprise at least three members. The Committee shall have a mix of executive and non-executive directors. Members of the Committee shall be appointed by the Board. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods.
- 4.2 The chair of the Board shall review membership of the Committee annually, as part of the annual performance evaluation of the Board and Committee.
- 4.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate.
- 4.4 The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

5. Secretary

The company secretary, or his or her nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

6. Quorum

The quorum necessary for the transaction of business shall be a majority of the Committee membership present in person or by audio or video conference.

7. Frequency of meetings

The Committee shall meet at least four times a year and otherwise at such time as the Committee chair shall require.

8. Notice of meetings

- 8.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members, or by the Committee chair directly.
- 8.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and other attendees (as appropriate) at the same time.

9. Voting

- 9.1 Subject to paragraphs 9.2 and 9.3, each Committee member shall have one vote which may be cast on matters considered at the meeting.

9.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.

9.3 Except where they have a personal interest, the Committee chair shall have a casting vote.

9.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

10. Minutes of meetings

10.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

10.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then circulated to all members of the Board, unless, exceptionally, it would be inappropriate to do so in the opinion of the Committee chair.

10.3 A resolution in writing signed by all Committee members will be as effective as a resolution passed at a Committee meeting.

11. Engagement with shareholders and Annual Report

11.1 The Committee chair should attend the Annual General Meeting to answer shareholder questions. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

11.2 The existence and membership of the Committee will be disclosed in each Annual Report and Accounts of the Company. If the Committee and Board consider this appropriate, such disclosure will be accompanied by a summary of the Committee's activities during the relevant reporting year.

12. Reporting responsibilities

12.1 The Committee chair shall report to the board formally on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

12.3 The Committee shall be responsible to the Board for its work without prejudice to the Board's responsibility for such work or the duties and authority of the Committee.

13. Authority

13.1 The Committee has delegated authority from the Board in respect of the functions and powers set out in these terms of reference.

13.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

14. Other matters

The Committee shall:

- 14.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 14.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 14.3 give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- 14.4 oversee any investigation of activities which are within its term of reference;
- 14.5 monitor the progress of any relevant corporate governance or regulatory developments that may impact the Committee and recommend any action or changes it considers necessary to the Board for approval;
- 14.6 work and liaise as necessary with all other Board committees; and
- 14.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

Approved on 25 May 2021