

## **Harworth Group plc (the “Company”) Remuneration Committee Terms of Reference**

### **1. Membership**

- 1.1 The committee shall comprise not less than three members. Each member of the committee shall be an independent non-executive director. Members of the committee shall be appointed by the board on the recommendation of the nomination committee in consultation with the chair of the remuneration committee.
- 1.2 The chair of the board may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chair.
- 1.3 Appointment to the committee shall be for a period of up to three years extendable by no more than two additional three-year periods so long as all members continue to be independent.
- 1.4 The chair of the board shall review membership of the committee annually, as part of the annual performance evaluation of the board and committee.
- 1.5 The board shall appoint the committee chair who shall be an independent non-executive director and should have served on a remuneration committee for at least 12 months prior to appointment. In the absence of the committee chair and/or an appointed deputy at a meeting of the committee, the remaining members present shall elect one of their own to chair the meeting who would qualify under these terms of reference to be appointed to that position.

### **2. Secretary**

The company secretary, or his or her nominee, shall act as the secretary to 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.

### **3. Quorum**

The quorum necessary for the transaction of business shall be two members of the committee present in person or by audio or video conference.

### **4. Attendance at meetings**

- 4.1 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive, the Head of People and external advisers may be invited to attend for all or part of any meeting, as and when deemed appropriate by the committee chair.
- 4.2 The chair of the board, if he or she is not a member of the committee, and the chief executive shall have the right to address any meeting of the committee.

4.3 No individual may participate in deliberations in which their remuneration is being directly discussed or in decisions which directly affect their remuneration. The committee chair may ask any attendees of a committee meeting to leave the meeting to allow discussions of matters relating to them.

## **5. Frequency of meetings**

The committee shall meet at least twice a year and otherwise as required.

## **6. Notice of Meetings**

6.1 Meetings of the committee shall be convened by the secretary of the committee at the request of the committee chair or any of its members.

6.2 Unless otherwise agreed, notice of each meeting, confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be circulated to each member of the committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting.

## **7. Voting**

7.1 Subject to paragraph 7.2 and paragraph 7.3, each committee member shall have one vote which may be cast on matters considered at the meeting.

7.2 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.

7.3 Except where he or she has a personal interest, the committee chair shall have a casting vote.

## **8. Minutes of meetings**

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

8.2 Draft minutes of committee meetings shall be agreed with the committee chair and then circulated to all members of the board, unless it would be inappropriate to do so in the opinion of the committee chair.

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

## **9. Engagement with shareholders**

The committee chair should attend the annual general meeting to answer any shareholder questions on the committee's activities. In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

## **10. Duties**

10.1 The committee should carry out the duties detailed below for the company and the group as a whole, as appropriate.

10.2 The committee shall:

- 10.2.1 have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the senior executive (comprising the chief executive, chief financial officer, chief operating officer, chief investment officer and company secretary), in accordance with the Principles and Provisions of the UK Corporate Governance Code (**Code**). The committee will be kept informed about changes to the remuneration of the group leadership committee (excluding the senior executive);
- 10.2.2 establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements;
- 10.2.3 design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;
- 10.2.4 when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 10.2.5 in determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- 10.2.6 when determining executive director remuneration, take into account wider workforce remuneration and related policies;
- 10.2.7 review the ongoing appropriateness and relevance of the remuneration policy;
- 10.2.8 within the terms of the agreed policy and in consultation with the chair and chief executive, determine the total individual remuneration package of each member of the senior executive (as defined in 10.2.1), including bonuses, incentive payments, share options or other share awards, and pension contributions. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances;
- 10.2.9 have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company. However the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants; and
- 10.2.10 review the design of all share incentive plans for approval by the board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for the senior executive (as

defined in 10.2.1), and the performance targets to be used.

10.3 The board should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.

## **11. Reporting responsibilities**

11.1 The committee chair shall report to the board after each meeting on the nature and content of its discussions, recommendations and actions to be taken.

11.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its terms of reference where action or improvement is needed, and adequate time should be made available for board discussion about the same when necessary.

11.3 The committee shall provide a description of its work in the company's annual report in line with the requirements of the Code.

11.4 The committee shall also ensure proper disclosure of remuneration as set out in the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the annual general meeting as necessary.

11.5 If the committee has remuneration consultants, the company's annual remuneration report should identify such consultants and state whether they have any other connections with the company or individual directors.

## **12. Authority**

12.1 The committee has delegated authority from the board in respect of the functions and powers set out in these terms of reference.

12.2 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.

## **13. Other matters**

13.1 The committee shall be provided with appropriate and timely training, both in the form of an induction programme to new members and on an on-going basis for all members.

13.2 The committee shall have access to sufficient resources to discharge its responsibilities, including access to the company secretary for assistance as required.

13.3 The Committee will work and liaise as necessary with all other board committees, ensuring interaction between committees and with the board is reviewed regularly.

13.4 The committee shall review, on a regular basis, 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.

- 13.5 The committee shall give due consideration to all relevant laws and regulations, the provisions of the Code and any published guidelines or recommendations regarding the remuneration of directors and formation and operation of share schemes, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.

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