

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 nomination 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 HR and Organisation Development 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.

5. Frequency of meetings

The committee shall meet at least twice a year and otherwise as the committee chair shall require.

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.

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.

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

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 committee prior to the next committee meeting, 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. Responsibilities

9.1 The role of the committee is to assist the board to fulfill its responsibility to shareholders to ensure that:

9.1.1 the remuneration policy and practices of the company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements and associated guidance; and

9.1.2 executive remuneration is aligned to company purpose and values and linked to delivery

of the company's long-term strategy.

9.2 In particular, the committee shall:

Remuneration policy and practices

- 9.2.1 subject to paragraph 9.1, in determining the remuneration policy, consider:
- 9.2.1.1 all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (**Code**) and associated guidance;
 - 9.2.1.2 the need to promote the long-term sustainable success of the company and the alignment to the company's purpose and values, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that executive directors, the company secretary and other members of the Investment Committee are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
 - 9.2.1.3 the strategy of the company and how the policy reflects and supports the long-term strategy;
 - 9.2.1.4 the company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the same; and
 - 9.2.1.5 shareholding requirements, including vesting and holding periods, and any post-employment shareholding requirements that encompass both unvested and vested shares;
 - 9.2.1.6 when determining executive director remuneration policy and practices, address the following factors set out in Provision 40 of the Code: (i) clarity; (ii) simplicity; (iii) risk; (iv) predictability; (v) proportionality; and (vi) alignment with culture;
- 9.2.2 when determining remuneration schemes and the remuneration policy, consider the use of discretion by the committee to override formulaic outcomes;
- 9.2.3 review the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- 9.2.4 within the terms of the agreed remuneration policy, determine the total remuneration package for the chair of the board and each element of the total individual remuneration package for each executive director, the company secretary and each other member of the Investment Committee including (to the extent applicable): (i) base salary; (ii) incentive remuneration schemes or arrangements; (iii) participation in share option schemes and share ownership plans; (iv) pension arrangements, including the level of contributions by the company; and (v) other bonuses and benefits in cash or in kind;
- 9.2.5 ensure, where relevant, that any payments made in respect of any remuneration package

are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval;

- 9.2.6 within the terms of the agreed remuneration policy, decide on any ex-gratia payments to be made and benefits granted to directors and senior executives;
- 9.2.7 exercise any discretion or judgement on remuneration outcomes in accordance with any incentive schemes and the remuneration policy, taking account of company and individual performance, and wider circumstances;

Share based remuneration and bonus arrangements

- 9.2.8 recommend for approval by the board the design of, and determine the targets for, the operation of all long-term incentive schemes. For any such schemes or plans, determine each year whether the awards will be made, and if so, approve the levels of participation in such schemes or plans;
- 9.2.9 monitor and assess any performance conditions applicable to any long-term incentive awards granted under any schemes or plans adopted by the company. Ensure that the performance conditions are fully explained, aligned to the company purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value;
- 9.2.10 consider whether the executive directors, the company secretary and other members of the Investment Committee should be eligible for annual bonuses;
- 9.2.11 approve the design of, and determine annual targets and key performance indicators for, any bonus scheme operated by the company for executive directors, the company secretary and other members of the Investment Committee, and assess performance against targets and key performance indicators, by the company, individual executive directors, the company secretary and other members of the Investment Committee;
- 9.2.12 exercise independent judgement and discretion when authorising outcomes under all incentive arrangements, taking account of company and individual performance, and wider circumstances;
- 9.2.13 design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements; and
- 9.2.14 ensure that all incentive arrangements are aligned to the company's risk policies and systems, its purpose and values, support the strategy and promote long-term sustainable success;

Pensions

- 9.2.15 review the pension arrangements for the executive directors, the company secretary and other members of the Investment Committee and consider: (i) the alignment of pension contribution rates, or payments in lieu, for executive directors, the company secretary and

other members of the Investment Committee with those available to the workforce; and (ii) the pension consequences and associated costs to the company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for directors close to retirement, when compared with workforce arrangements;

Service contracts and severance

- 9.2.16 approve the terms of service contracts for executive directors and the company secretary, the notice periods in which shall not normally exceed one year, and any material amendments to the same;
- 9.2.17 determine the policy for, and scope of, termination payments and compensation commitments for each executive director, the company secretary and other members of the Investment Committee and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance; and
- 9.2.18 ensure that contractual terms on termination, and any payments made, are fair to the individual and the company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Workforce remuneration and related policies

- 9.2.19 review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- 9.2.20 when setting the policy for executive director remuneration, take into account the matters in paragraph 9.2.19;
- 9.2.21 oversee any major changes in remuneration and employee benefits structures throughout the group;

Shareholder approval

- 9.2.22 produce a report to shareholders annually on matters relating to executive remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules and any other relevant statutory, regulatory or governance codes and incorporate:
 - 9.2.22.1 an annual statement by the committee chair and annual report on directors' remuneration (**annual remuneration report**); and
 - 9.2.22.2 the directors' remuneration policy when it must be submitted for approval (**remuneration policy**) and, in any other case, a summary of such policy and details of when it was approved and where it can be found on the company's website;
- 9.2.23 submit the remuneration policy for approval: (i) every three years; (ii) in any year in which there is a change to the policy; (iii) if shareholder approval was not obtained when last submitted; and (iv) if majority shareholder approval was not achieved on the last submitted annual remuneration report;

- 9.2.24 submit the annual remuneration report for (advisory only) approval by shareholders at the annual general meeting each year;
- 9.2.25 determine whether the disclosure of any information on performance conditions and performance targets would be commercially sensitive;
- 9.2.26 subject to delegation of authority by the board, engage in appropriate discussions as necessary with shareholders if 20 per cent. or more of votes have been cast by shareholders against a resolution to approve the annual remuneration report or remuneration policy or any long-term incentive scheme at any annual general meeting or general meeting, as the case may be, and agree with the board any appropriate disclosure, including in the annual report;

Other matters

- 9.2.27 keep abreast of external remuneration trends and market conditions; and
 - 9.2.28 consider such other matters as are referred to the committee by the board.
- 9.3 The committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 9.4 The remuneration of the senior independent director and non-executive directors (other than the chair) shall be a matter for the chair and the executive directors. No director shall be involved in any decision as to their own remuneration.

10. Reporting responsibilities

- 10.1 The committee chair shall report to the board after each meeting on all matters within its terms of reference and on how it has discharged its responsibilities. The minutes of all committee meetings shall be included in the board papers for a subsequent board meeting, unless it be inappropriate to do so in the opinion of the committee chair.
- 10.2 The committee shall:
- 10.2.1 report to the board on workforce reward, incentives and conditions, and support the board's monitoring of the alignment of remuneration policies and practices with culture and strategy; and
 - 10.2.2 make whatever recommendations to the board it deems appropriate on any area within its terms of reference where action or improvement is needed.
- 10.3 The committee shall ensure proper disclosure of remuneration as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013 and the Companies Act 2006 and any other relevant regulations which may come into force from time to time.
- 10.4 The committee shall prepare a report for shareholders to be incorporated in the company's annual report which shall include:

- 10.4.1 the number of meetings of the committee and individual attendance by the members;
- 10.4.2 the matters referred to in provision 41 of the UK Corporate Governance Code; and
- 10.4.3 the matters referred to in paragraph 9.2 and ensure that it is submitted for approval in accordance with paragraph 9.2.

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.

- 10.5 Through the chair, the committee shall ensure that the company maintains contact as required with its shareholders in relation to remuneration matters.
- 10.6 The committee chair should attend the annual general meeting to answer shareholder questions on the committee's activities.

11. Authority

- 11.1 The committee has delegated authority from the board in respect of the functions and powers set out in these terms of reference.
- 11.2 In discharging its responsibilities, the committee may:
 - 11.2.1 seek any information it requires from any employee of the company in order to perform its duties;
 - 11.2.2 take such internal and external advice including from any remuneration consultant and commission or purchase any reports, surveys and/or information as it considers appropriate to determine any aspect of remuneration, terms of service and incentives, at the expense of the company, but within the budgetary restraints imposed by the board;
 - 11.2.3 sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the secretary, including, without limitation, the establishment of sub-committees which are to report back to the committee; and
 - 11.2.4 call any employee to be questioned at a meeting of the committee as and when required; and
 - 11.2.5 have the right to publish in the company's annual report, details of any issues that cannot be resolved between the committee and the board.
- 11.3 The committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors and formation and operation of share schemes including relevant the provisions of the Companies Act 2006, the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, the UK Corporate Governance Code, the FCA's Listing and Disclosure and Transparency Rules and any other statutory, regulatory or governance code applicable to the company from time to time, together with guidance issued by bodies representing institutional investors.

12. Other matters

- 12.1 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.
- 12.2 The committee shall have access to sufficient resources to discharge its responsibilities, including access to the company secretary for assistance as required.
- 12.3 The Committee will work and liaise as necessary with all other board committees.
- 12.4 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.

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