

# DOWLAI

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**Dowlais Group plc**

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**Division of Responsibilities between the Chair & Chief Executive & Role of the Senior Independent Director**

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**DOWLAIS GROUP PLC**

**DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIR & THE CEO  
 & ROLE OF SENIOR INDEPENDENT DIRECTOR**

**1. PURPOSE & APPROVAL**

This document sets out the division of responsibilities between the roles of the Chair and the Chief Executive Officer (“**CEO**”) of Dowlais Group plc (the “**Company**”) and the responsibilities of the Senior Independent Director of the Company (“**SID**”), in accordance with the principles and provisions of the UK Corporate Governance Code. This document has been approved by the Board. Any amendments to this document are reserved to the Board for its decision.

**2. DEFINITIONS**

In this document a reference to: (a) the “**Board**” is to the board of the directors of the Company; (b) a “**Committee**” is to a committee of the Board, including (without limitation) the Remuneration Committee, Nomination Committee and Audit Committee; (c) the “**Executive Team**” means the executive management team of the Company from time to time as determined by the CEO; and (d) the “**Group**” shall mean collectively the Company and/or any of its direct and indirect subsidiaries from time to time.

**3. DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIR & THE CEO**

|           | <b>Chair</b>   | <b>CEO</b>   |
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| <b>1.</b> | <b>Authority &amp; Reporting</b>   |  |
| 1.1       | The Chair reports to the Board.  | The CEO reports to the Chair (acting on behalf of the Board) and to the Board directly.  |
| 1.2       | The Chair is not responsible for executive matters regarding the Group’s business. Other than the CEO and the Company Secretary, no executive reports to the Chair, other than through the Board or the Committees.  | The CEO is responsible for all executive management matters affecting the Group. All members of executive management report directly to him/her.   |
| <b>2</b>  | <b>Key Responsibilities</b>  |  |
| 2.1       | The Chair’s principal responsibilities are the effective running of the Board and providing effective and ethical leadership. The Chair is the guardian of the Board’s decision-making processes and is responsible for promoting a culture of openness and debate by facilitating the contribution of non-executive directors, in particular, and ensuring constructive relations between executive and non-executive directors. The Chair is responsible for fostering relationships founded on mutual respect and open communication – both inside and outside the boardroom – between the non-executive and executive directors. | The CEO’s principal responsibility is running the Group’s day-to-day business in a manner consistent with the strategy and commercial objectives agreed by the Board. The CEO is responsible for the operational and strategic management of the Group in pursuit of daily, quarterly, annual and strategic objectives, dictated by those developments to the Group’s strategy needed to respond to a fast-changing market, within the authority delegated by the Board. |

|     | <b>Chair</b>   | <b>CEO</b>   |
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| 2.2 | <p>The Chair is required to constructively challenge and contribute to the development of Group strategy, which includes ensuring:</p> <ul style="list-style-type: none"> <li>(a) that the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategy;</li> <li>(b) that there are no “no go” areas preventing directors from operating effective oversight for determining the nature and extent of significant risks that the Company is willing to embrace in implementing its strategy and commercial objectives and ensuring that management is monitoring and dealing with any such risks; and</li> <li>(c) that there is effective delegation of authority from the Board to the executive management.</li> </ul> | <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> <li>(a) proposing and developing the Group’s strategy and overall commercial objectives, which he/she does in close consultation with the Chair and the Board, delivering strategy and commercial objectives as agreed and ensuring information is presented to the Board so as to enable it to make decisions effectively;</li> <li>(b) regularly reviewing the Group’s operational performance and strategic direction;</li> <li>(c) recommending to the Board an annual budget and 5 year financial plan and ensuring their achievement following Board approval;</li> <li>(d) optimising as far as possible the use and adequacy of the Group’s resources; and</li> <li>(e) managing the Group’s risk profile, including the health and safety performance of the business, in line with the extent of risk identified as acceptable by the Board and/or the appropriate Committee, and ensuring appropriate internal risk controls are in place.</li> </ul> |
| 2.3 | <p>The Chair is required to preside at all meetings of the shareholders and of the Board and arrange for the chairs of Committees to be available to answer questions at the annual general meeting and for all directors to attend. The Chair is responsible for encouraging the chairs of the audit, remuneration and nomination Committees to make a statement on the activities and achievements of the Committees over the year in the annual report or at the annual general meeting.</p>  | <p>The CEO is responsible, with the Executive Team, for implementing the decisions of the Board and its Committees and ensuring the Board knows the executive directors’ view on business issues whilst providing a balanced explanation of any divergence of view in the Executive Team before a final decision on an issue is taken.</p>   |

|          | <b>Chair</b>  | <b>CEO</b>   |
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| 2.4      | The Chair is required to ensure there is effective communication with key stakeholders in the business, including shareholders, members of senior management and the workforce, customers, suppliers, regulatory authorities, governmental authorities and the community. The Chair, in conjunction with the CEO, should discuss governance and performance against the strategy with major shareholders and ensure that members of the Board develop an understanding of the views of the key stakeholders and, in particular, that all directors are made aware of the views of the Company's shareholders. | The CEO should, in conjunction with the Chair, ensure effective communication with key stakeholders in the business, including shareholders, members of senior management and the workforce, customers, suppliers, regulatory authorities, governmental authorities and the community, and ensure that the Board is made aware of views gathered via other forms of engagement between management and the workforce. The CEO should support the Chair to make certain that appropriate standards of governance permeate through all parts of the organisation and support the Board in establishing a method for gathering the views of the workforce. The CEO should ensure that appropriate, timely and accurate information is disclosed to the market. |
| 2.5      | The Chair is required to develop productive working relationships with all executive directors, and provide support, advice and a sounding board for the CEO while respecting executive responsibility.   | Along with the Chair, the CEO should encourage non-executive directors to test the proposals of executive directors in the light of their wider experience outside the Company. The CEO's conduct should set an example to the Group's employees and he/she is responsible for communicating to them the Board's expectation in relation to the Group's culture, values and behaviour.   |
| <b>3</b> | <b>Other Responsibilities</b>   |  |
| 3.1      | Running the Board and setting its agenda with the CEO and taking full account of the views of all Board members and ensuring that adequate time is available for discussion of all agenda items, in particular issues of strategy, performance, value creation and accountability.  | Providing input to the Board's agenda from himself/herself and other members of the Executive Team.  |
| 3.2      | Ensuring that Board agendas take full account of the important issues facing the Group and the views of all directors. There should be an emphasis on strategic, rather than routine, issues.   | Ensuring that he/she maintains a dialogue with the Chair on the important and strategic issues facing the Group, and proposing Board agendas to the Chair which reflect these.   |

|     | <b>Chair</b>   | <b>CEO</b>   |
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| 3.3 | <p>Ensuring that the Board receives accurate, timely, high quality and clear information on:</p> <ul style="list-style-type: none"> <li>(a) the Group's performance;</li> <li>(b) the issues, challenges and opportunities facing the Group; and</li> <li>(c) matters reserved to it for decision;</li> </ul> <p>so as to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company and to enable directors to fulfil their duties as directors.</p>          | <p>Ensuring that the Executive Team and management:</p> <ul style="list-style-type: none"> <li>(a) gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information, in a form and of a quality and comprehensiveness that will enable it to discharge its duties;</li> <li>(b) fulfils its obligation to provide the Board with the necessary resources for developing and updating its directors' knowledge and capabilities; and</li> <li>(c) fulfils its obligation to provide the Board with appropriate knowledge of the Company, including access to Company operations and members of the workforce.</li> </ul> |
| 3.4 | <p>Ensuring, with the advice of the Company Secretary where appropriate, compliance with the Board's approved procedures, including:</p> <ul style="list-style-type: none"> <li>(a) the schedule of matters reserved to the Board for its decision; and</li> <li>(b) the terms of reference of each Committee;</li> </ul> <p>and overseeing the Company Secretary's responsibilities for ensuring good information flow within the Board and its Committees and between senior management and non-executive directors.</p> | <p>Ensuring, in consultation with the Chair and the Company Secretary as appropriate, that he/she and the Executive Team comply with the Board's approved procedures, including:</p> <ul style="list-style-type: none"> <li>(a) the schedule of matters reserved to the Board for its decision; and</li> <li>(b) the terms of reference of each Committee,</li> </ul> <p>and ensuring that matters outside of the authority of the Executive Team are escalated to the Board.</p>  |
| 3.5 | <p>In conjunction with the CEO, arranging informal meetings of the directors, including meetings of the non-executive directors at which the executive directors are not present, as required to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.</p>   | <p>Ensuring that the Chair is alerted in a timely manner to forthcoming complex, contentious or sensitive issues affecting the Group of which he/she might not otherwise be aware.</p>   |

|     | <b>Chair</b>  | <b>CEO</b>   |
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| 3.6 | <p>Proposing to the Board and periodically reviewing, in consultation with the CEO, Company Secretary and Committee chairs (as appropriate):</p> <p>(a) the schedule of matters reserved to the Board for its decision;</p> <p>(b) the terms of reference of each Committee and ensuring that such Committees are correctly structured; and</p> <p>(c) other Board policies and procedures, including the Securities Dealing Code and Disclosure Policy.</p>  | <p>Providing input to the Chair, Company Secretary and Committee chairs (as appropriate) on appropriate changes to:</p> <p>(a) the schedule of matters reserved to the Board for its decision;</p> <p>(b) the terms of reference of each Committee; and</p> <p>(c) other Board policies and procedures, including the Securities Dealing Code and Disclosure Policy.</p> |
| 3.7 | <p>Taking the lead in providing a properly constructed, full, formal and tailored induction programme for new directors, facilitated by the Company Secretary.</p>  | <p>Commenting on induction programmes for new directors and ensuring that appropriate management time is made available for the process.</p>   |
| 3.8 | <p>Taking the lead in identifying and seeking to meet the development needs both of individual directors and of the Board as a whole, to ensure they continually update their skills, knowledge and familiarity with the Company, assisted by the Company Secretary, and being aware of, and responding to his or her own development needs, including people and other skills, particularly if it is his or her first time in the role. The Chair should encourage all Board members to engage in Board and Committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence.</p> | <p>Ensuring that the development needs of the executive directors and other senior management reporting to him/her are identified and met.</p>   |
| 3.9 | <p>Regularly consider the Board's succession planning and composition, to ensure that consideration is given to the balance of skills, experience, independence and knowledge of the Company and of the Board, its diversity, including gender, social and ethnic backgrounds, cognitive and personal strengths. This process should address any weaknesses of the Board. Individual evaluation of directors should demonstrate whether each director continues to contribute effectively.</p>  | <p>Providing information and advice on succession planning to the Chair and Nomination Committee and other members of the Board, particularly in respect of executive directors.</p>   |

|      | <b>Chair</b>  | <b>CEO</b>   |
|------|---|--|
| 3.10 | Ensuring that the performance of the Board as a whole, its Committees, and individual directors is formally and rigorously evaluated at least once a year, in accordance with their respective terms of reference (as applicable). Scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance on an ongoing basis and encouraging such bodies and persons to act on the results of such evaluations. | Ensuring that performance reviews are carried out at least once a year for each of the executive directors. Providing input to the wider Board evaluation process.   |
| 3.11 | After reviewing all internal and external options, and in consultation with the Board, to act as CEO in the temporary involuntary absence or disability of the CEO or during any period, including in the event of a crisis, in which the Board has failed to appoint a CEO or temporary CEO.   | Performing such other duties and exercising such power as from time to time may be assigned to him/her by the Board.   |
| 3.12 | Promoting the highest standards of integrity, probity and corporate governance throughout the Group, particularly at Board level, and seeking to comply with the UK Corporate Governance Code and reporting personally in the corporate governance statement in the annual report about Board leadership and effectiveness. The Chair should consult the SID on Board matters under applicable corporate governance rules and principles.                               | Promoting, and conducting the affairs of the Group with the highest standards of integrity, probity and in accordance with applicable rules and principles of corporate governance, including the Company's Articles of Association and the resolutions of the Board in effect from time to time and ensuring such governance standards spread through the Group. The CEO should ensure that management put procedures in place to ensure compliance with applicable legislation and regulation. |

**4. ROLE OF THE SENIOR INDEPENDENT DIRECTOR**

- 4.1 The SID shall be appointed by the Board from among the independent non-executive directors.
- 4.2 As part of his or her role the SID shall:
  - (a) provide a sounding board for the Chair and serve as an intermediary for the other directors and shareholders when necessary;
  - (b) be available to shareholders if they have concerns which contact through the normal channels of Chair, CEO or other executive directors has failed to resolve or for which such contact is inappropriate;
  - (c) attend sufficient meetings with and listen to the views of major shareholders to help to develop a balanced understanding of the issues and concerns of major shareholders;
  - (d) lead meetings of the non-executive directors without the Chair present at least annually to appraise the Chair's performance, taking into account the view of executive directors, and on such other occasions as are deemed appropriate;
  - (e) be responsible for an orderly succession process for the Chair; and



- (f) assist in the maintenance of the stability of the Board and Company, particularly during periods of stress. This will involve working with the Chair, directors and shareholders to resolve significant issues, for example:
  - (i) in the event of a dispute between the Chair and the CEO;
  - (ii) where the shareholders or non-executive directors have expressed concerns that are not being addressed by the Chair or the CEO;
  - (iii) where the strategy being followed by the Chair and the CEO is not supported unanimously by the Board;
  - (iv) where the relationship between the Chair and the CEO is particularly close and decisions are being made without the approval of the full Board; or
  - (v) where succession planning is being ignored.