

DOWLAIS

Dowlais Group plc

Remuneration Committee Composition & Terms of Reference

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DOWLAIS GROUP PLC
(the “Company”)

REMUNERATION COMMITTEE
(the “Committee”)

COMPOSITION & TERMS OF REFERENCE

The Committee is established in accordance with the Articles of Association of the Company.

1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the board of directors of the Company (the “**Board**”), on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee. The Committee shall comprise a minimum of three independent non-executive Directors.
- 1.2 The Board shall appoint the Chair of the Committee from among the members of the Committee. The Chair of the Committee should have at least 12 months experience on a remuneration committee prior to appointment. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.3 The Chair of the Board may be an additional member of the Committee, if they were independent on appointment to the Board, but cannot be the Chair of the Committee.
- 1.4 Appointments shall be for a period of up to three years, subject to annual re-election as a Board member, extendable by no more than two additional three-year periods, provided the member (other than the Chair of the Board, if he or she is a member of the Committee) continues to be independent.
- 1.5 No one other than a Committee member is entitled to attend meetings of the Committee but other persons may attend by invitation of the Committee, as and when appropriate and necessary.

2. SECRETARY

The Company Secretary or their nominee shall be 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.

3. QUORUM & PROCEDURAL MATTERS

- 3.1 The quorum for meetings of the Committee shall be any two of its members from time to time.
- 3.2 It is not necessary for all members of the Committee to be present in the same physical location, provided that each member can communicate with the others.
- 3.3 Decisions of the Committee will be taken on a majority basis.
- 3.4 A resolution in writing which is signed by all members of the Committee entitled to receive notice of a Committee meeting, who would have been entitled to vote and not being less than a quorum will be as effective as a resolution passed at a Committee meeting. Any written resolution will be tabled and noted at the next meeting of the Committee.

3.5 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all authorities, powers and discretions vested in or exercisable by the Committee.

4. FREQUENCY OF MEETINGS

The Committee shall meet at least twice per year, and at such other times as the Chair of the Committee shall require.

5. NOTICE OF MEETINGS

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, generally no later than 5 working days before the date of the meeting.

5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6. MINUTES & CONFLICTS OF INTEREST

6.1 The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Each member of the Committee will disclose to the Committee:

- (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee;
- (b) any potential conflict of interest; and
- (c) any other matter which may compromise their status as an independent non-executive director.

6.4 A member will abstain from voting on resolutions of the Committee in relation to which an interest or conflict exists and from participating in the discussions concerning such resolutions and, if so requested by the Board, will resign from the Committee.

6.5 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee, and, once approved by the Chair of the Committee, the final minutes shall be circulated to all members of the Board except to the extent that a conflict of interest would make it inappropriate to do so.

7. ENGAGEMENT WITH SHAREHOLDERS

The Chair of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. DUTIES

- 8.1 The Committee should, unless otherwise required by regulation, carry out the duties below for the Company and its direct and indirect subsidiaries (the “**Group**”) as a whole, as appropriate.
- 8.2 The Committee shall:
- (a) have delegated responsibility for determining the policy for executive director Remuneration (as defined in paragraph 12 below) (the “**Remuneration Policy**”) and setting Remuneration of the Chair of the Board, the executive directors and (on the basis set out in paragraph 8.3) Senior Management. In doing so it shall take into account all factors which it deems appropriate, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the “**Code**”) and associated guidance. It should also exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. The objective of the Remuneration 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. The Remuneration Policy should align to the Company’s long-term strategic goals. The Remuneration of the non-executive directors shall be a matter for the Board. No director or member of Senior Management shall be involved in any decisions as to their own Remuneration;
 - (b) design remuneration policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to Company purpose and values and 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 specific circumstances;
 - (c) establish remuneration schemes that promote long-term shareholdings 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 encompassing both unvested and vested shares;
 - (d) review the on-going appropriateness and relevance of the Remuneration Policy;
 - (e) when determining the Remuneration Policy and practices, address the factors set out in Provision 40 of the Code (as set out in the Schedule to these Terms of Reference);
 - (f) within the terms of the Remuneration Policy and in consultation with the Chair and/or Chief Executive Officer (as appropriate) determine the Remuneration of each executive director and the Chair of the Board and the terms of any service agreement or letter of appointment to be entered into any of them;
 - (g) in doing so recognise that 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;
 - (h) review the design of any long-term incentive plans and for each such plan determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and the performance targets to be used;
 - (i) ensure that contractual terms on termination, and any payments made, are fair to the relevant executive director and the Company, in line with the Remuneration Policy, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- (j) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (k) obtain reliable up-to-date information about remuneration in other companies of comparable scale and complexity; and
- (l) in respect of the wider workforce of the Group, shall review workforce remuneration and related policies.

8.3 The Committee's role in setting the remuneration of Senior Management shall be to review the remuneration decisions taken by the Chief Executive Officer, by reviewing such information as the Committee may reasonably request, so as to satisfy themselves that the remuneration of Senior Management is consistent with the requirements of the Code and these terms of reference. The Chief Executive Officer shall have responsibility for setting the remuneration for Senior Management, provided that it satisfies these requirements.

9. REPORTING RESPONSIBILITIES

- 9.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is considered to be required.
- 9.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in applicable law, including the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the matters listed in Provision 41 of the Code (as set out in the Schedule to these Terms of Reference), are fulfilled and produce a report with a description of the work of the Remuneration Committee to be included in the Company's annual report (the "**Remuneration Report**") and ensure that the Remuneration Report is put to shareholders for approval at the AGM each year, and the Remuneration Policy is put to shareholder vote at least every third year. The Chair of the Committee is responsible for signing the Remuneration Report on behalf of the Board.
- 9.4 Through the Chair of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about executive remuneration.
- 9.5 The Committee shall state in the Remuneration Report what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy and to what extent discretion has been applied to remuneration outcomes and the reasons why.
- 9.6 If the Committee has appointed remuneration consultants, the consultant should be identified in the Company's annual report alongside a statement about any other connection it has with the Company or individual directors.

10. OTHER

- 10.1 The Committee shall:
 - (a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
 - (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
 - (c) give due consideration to all relevant laws, regulations and any published guidelines or recommendation regarding the remuneration of directors of listed/non listed companies

and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by The Investment Association and the Pensions and Lifetime Savings Association (formerly the National Association of Pension Funds) and any other applicable rules, as appropriate;

- (d) arrange for periodic reviews of its own performance and, at least annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10.2 The duties of the Committee do not include decisions to employ or dismiss any member of Senior Management.

10.3 The Committee does not have responsibility for nominations to the Board.

11. AUTHORITY

11.1 The Committee is authorised by the Board to:

- (a) investigate any activity within its terms of reference;
- (b) obtain, at the Company's expense, outside legal or other professional advice on any matter it considers appropriate to its terms of reference;
- (c) seek any information it requires from any employee of the Company or any of the Group in order to perform its duties; and
- (d) invite anyone that it considers to have relevant knowledge and experience to attend its meetings as necessary and call any employee to be questioned at a meeting as an when required.

11.2 The Committee shall have authority to appoint remuneration consultants and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

12. DEFINITIONS

12.1 "**Remuneration**" shall mean the aggregate of salary, bonuses, benefits in kind, ex-gratia payments, commissions, pension contributions, allowances, participation in share options, profit sharing and other incentive remuneration schemes and any other benefit flowing to a person or anyone connected with them by reason of their employment, office or directorship in or of the Company or any company in the Group.

12.2 "**Senior Management**" shall mean any member of the Executive Committee from time to time adopted by the Group who is not also a member of the Board.

SCHEDULE

PROVISION 40 OF THE CODE

1. PROVISION 40 OF THE CODE

When determining executive director remuneration policy and practice, the Committee should address the following:

- (a) **Clarity** – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- (b) **Simplicity** – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- (c) **Risk** – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risk that can arise from target-based incentive plans, are identified and mitigated;
- (d) **Predictability** – the range of possible values of rewards to individual directors and any other limited or discretions should be identified and explained at the time of approving the policy;
- (e) **Proportionality** – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and
- (f) **Alignment to culture** – incentive schemes should drive behaviours consistent with company purpose, values and strategy.

2. PROVISION 41 OF THE CODE

There should be a description of the work of the Committee in the annual report, including:

- (a) an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
- (b) reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
- (c) a description, with examples, of how the remuneration committee has addressed the factors in Provision 40;
- (d) whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
- (e) what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
- (f) what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and
- (g) to what extent discretion has been applied to remuneration outcomes and the reasons why.