

# VOLEX PLC (THE "COMPANY") REMUNERATION COMMITTEE TERMS OF REFERENCE

## 1. OVERVIEW

- 1.1 The Remuneration Committee (the "Committee") has been established by resolution of the Board of Directors of the Company (the "Board"). The Committee has delegated responsibility from the Board for the determination of the terms and conditions of employment, remuneration and benefits of each of the Chair of the Board, the executive directors, the Company Secretary and senior executives who report directly to the Executive Chair or Chief Financial Officer (together, the "Senior Executives").
- 1.2 The Company is not listed on the main market and consequently is not required to comply with the UK Corporate Governance Code. The Board, which is committed to maintaining high standards of corporate governance, has chosen, so far as is practicable given the Company's size and constitution of the Board, to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

## 2. MEMBERSHIP

- 2.1 The members of the Committee for the time being shall be:
- Chair, Amelia Murillo
  - Dean Moore, Senior Independent Non Executive Director
  - Jeffrey Jackson, Independent Non Executive Director
- 2.2 Members of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee, in consultation with the Chair of the Committee.
- 2.3 The Committee shall consist of at least two members, all of whom shall be independent non-executive directors. The Chair of the Board may be appointed as an additional member if he or she was considered independent on appointment as Chair of the Board.
- 2.4 The Chair of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee, which shall determine the period for which they shall hold office, and in consultation with the Committee. The Chair of the Board shall not be eligible to be appointed as Chair of the Committee. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent and still meets the criteria for membership of the Committee.

## 3. QUORUM

- 3.1 The quorum for decisions of the Committee shall be any two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.2 Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
- 3.3 All of the members of the Committee may participate in a meeting of the Committee by means of a conference telephone, video call or any communication equipment which allows all persons participating in a meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to participate fully and be counted in the quorum accordingly.

## 4. ATTENDANCE AT MEETINGS

- 4.1 Only members of the Committee have the right to attend Committee meetings.
- 4.2 The Committee may invite other individuals, such as the Chief Financial Officer, other directors or external professional advisers, to attend and speak at meetings of the Committee as and when appropriate.

## 5. SECRETARY

- 5.1 The Company Secretary or his or her deputy shall act as the secretary of the Committee and shall keep a record of the membership of and the dates of any changes to the membership of the Committee.
- 5.2 The Company Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

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### 6. FREQUENCY OF MEETINGS

- 6.1 The Committee shall normally meet at least twice each year and on a more regular basis if considered appropriate.
- 6.2 Meetings of the Committee shall be called by the Chair of the Committee or by the Company Secretary at the request of any member of the Committee.
- 6.3 Unless otherwise agreed, 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, any other person required to attend and all other non-executive directors, where possible no later than five working days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

### 7. MINUTES OF MEETINGS

- 7.1 The Company Secretary or his or her deputy shall minute the proceedings and discussions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, exceptionally, in the opinion of the Chair of the Committee it would be inappropriate to do so.

### 8. SHAREHOLDER ENGAGEMENT

- 8.1 The Chair of the Committee (or in his or her absence at least one Committee member) shall attend the Annual General Meeting prepared to respond to any shareholder questions arising from the Committee's remuneration report in the Company's annual report to shareholders, and generally on the Committee's activities and achievements.
- 8.2 In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

### 9. AUTHORITY

- 9.1 The Committee is authorised to:
- 9.1.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 9.1.2 obtain, at the expense of the Company, external professional advice and to secure the attendance of third parties with relevant experience at meetings of the Committee if it considers this necessary; and
- 9.1.3 call any employee to be questioned at a meeting of the Committee as and when required.

### 10. DUTIES

- 10.1 The Committee shall:
- 10.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Senior Executives. No director or manager shall be involved in any decisions as to their own remuneration. The Board itself should determine the remuneration of the non-executive directors, within the limits set in the articles of association;
- 10.1.2 recommend and monitor the level and structure of remuneration for the Senior Executives;
- 10.1.3 in determining such policy, take into account all factors which it deems necessary, including remuneration trends across the Company and the Group as a whole. The objective of such policy shall be to attract, retain and motivate Senior Executives 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 have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Company;
- 10.1.4 when setting remuneration policy for directors, review and have regard to (i) the pay and employment conditions across the Company or the Group as a whole, especially when determining annual salary increases and (ii) the alignment of workforce incentives and rewards with culture;
- 10.1.5 review the ongoing appropriateness of workforce remuneration and related policies;
- 10.1.6 review the on-going appropriateness and relevance of the remuneration policy;
- 10.1.7 within the terms of the agreed policy and in consultation with Executive Chair and Chief Financial Officer, determine the total individual remuneration package of each of the Senior Executives including but not limited to base salary, bonuses, incentive payments, discretionary payments, pension contributions, benefits in kind and share options or other share awards;

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- 10.1.8 in determining such packages and arrangements, give due regard to any relevant legal requirements and the provisions and recommendations in the QCA Code, the QCA Remuneration Committee Guide, the AIM Rules for Companies and the UK Corporate Governance Code, as well as guidance published by the Investment Association and the Pensions and Lifetime Savings Association, and any other relevant rules, as appropriate;
- 10.1.9 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to appoint, at the Company's expense, remuneration consultants and to commission any reports, surveys or other information which it deems necessary to help it fulfil its obligations, within any budgetary restraints set by the Board. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- 10.1.10 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 10.1.11 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with Quoted Companies Alliance guidance and having given due regard to the UK Corporate Governance Code) and monitor their operation;
- 10.1.12 review the design of all share incentive plans for approval by the Board and 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 to Senior Executives and the performance targets to be used;
- 10.1.13 approve the participation in any profit-sharing plan or executive share option scheme or long-term incentive plan operated by the Company;
- 10.1.14 ensure that remuneration schemes 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;
- 10.1.15 design remuneration schemes and policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to the Company's 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, include provisions that would enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- 10.1.16 determine the policy for, and scope of, pension arrangements for each of the Senior Executives including ensuring that only basic salary is pensionable and that the pension contribution rates for executive directors, or payments in lieu, are aligned with those available to the workforce;
- 10.1.17 consider and determine the remuneration related provisions of the service agreements of the Senior Executives (in particular the term, any notice period (which shall not normally exceed one year) and compensation commitment on early termination) to ensure that any payments that may be made under such provisions do not reward poor performance and that the duty to mitigate loss is fully recognised;
- 10.1.18 ensure that remuneration schemes and policies for executive directors contain, where appropriate, malus and clawback provisions in prescribed circumstances, such as payments based on erroneous or misleading data, misconduct, misstatement of accounts, serious reputational damage and corporate failure;
- 10.1.19 approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of an executive director or other Senior Executive and any other terms and conditions to apply on termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the Board);
- 10.1.20 approve the design of, and determine targets for, any performance related pay schemes operated by the Company for the Senior Executives and consider setting a limit in monetary terms for what it considers is a reasonable reward for individual executives;
- 10.1.21 establish and review, as the Committee considers necessary, key performance indicators, gender and other pay reporting metrics;
- 10.1.22 in relation to any incentive plan for the Senior Executives, including cash bonus plans and any share-based plans:
- (a) determine policy for the grant of awards/options to Senior Executives of the Company and the Group, to ensure that they are provided with appropriate incentives consistent with the Company's policy;
  - (b) approve all and any awards/options to Senior Executives, including consideration of the quantum of grants and vesting schedules;
  - (c) set appropriate performance targets in connection with the awards and options;
  - (d) determine, in conjunction with the Company's advisers, whether such performance targets have been satisfied;
  - (e) approve any amendments to the plans prior to obtaining any necessary shareholder approval;
  - (f) exercise any discretion specified in the rules of the plans and generally oversee the administration of plans offered to Senior Executives;

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- (g) ensure the plans include provisions that would enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so; and
- (h) determine each year whether any awards will be made under the plans and, if so, the overall amount of such awards, the Senior Executives and the performance targets to be used;

10.1.23 consider and review the terms of any new equity plans for the Senior Executives;

10.1.24 administer all aspects of any all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs;

10.1.25 oversee any major changes in employee benefits structures throughout the Company or Group; and

10.1.26 agree the policy for authorising claims for expenses from the directors.

### **11. REPORTING RESPONSIBILITIES**

11.1 All decisions of the Committee shall be reported formally to the Board by the Chair of the Committee.

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be available for Board discussion where necessary. All decisions on recommendations referred to the Board shall take effect only upon approval thereof by resolution of the Board, at a meeting which is properly convened and constituted and in accordance with the Company's articles of association.

11.3 The Committee shall ensure that provisions regarding disclosure of information relating to the Senior Executives' remuneration, including where required by law, the directors' remuneration policy and its implementation, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the "Regulations"), the Companies Act 2006, and all other relevant laws and regulations (each as amended from time to time), are fulfilled. The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting of the Company. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

### **12. OTHER MATTERS**

12.1 The Committee shall:

12.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

12.1.2 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;

12.1.3 give due consideration to applicable laws and regulations, as well as published guidelines including but not limited to the QCA Code, the QCA Remuneration Committee Guide, the AIM Rules for Companies and the UK Corporate Governance Code; and;

12.1.4 work and liaise as necessary with all other Board committees;

12.1.5 oversee any investigation of activities which are within its terms of reference; and

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

**Approved by the Volex Board of Directors on 18 March 2021.**