

**Remuneration Committee – Terms of Reference**

**1 Definitions**

- 1.1 References to the "**Committee**" shall mean the Remuneration Committee
- 1.2 References to the "**Board**" shall mean the Board of Directors.
- 1.3 Reference to the "**Company**" shall mean Michelmersh Brick Holdings PLC.

**2 Membership**

- 2.1 Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 2 members, all of whom shall be non-executive Directors and, to the extent possible, independent non-executive Directors.
- 2.2 All members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive(s), the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the Director remains independent.
- 2.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present at a fully convened meeting shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee. The Board shall determine the period for which the Chairman of the Committee holds office.
- 2.5 The Board may from time to time remove members from the Committee.

**3 Secretary**

- 3.1 The Company Secretary or their nominee shall act as 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.

**4 Quorum**

- 4.1 The quorum necessary for the transaction of business shall be 2. 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.

**5 Meetings**

- 5.1 The Committee shall meet at least twice a year and at such times as the Chairman of the Committee shall require.

- 5.2 Meetings of the Committee may be held by conference telephone, video-conference or using similar communications equipment whereby all members participating in the meeting can hear each other.

## **6 Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman or any of its members.
- 6.2 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 and any other person required to attend, no later than 5 working days before the date of the meeting.
- 6.3 Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time as the relevant notice. Documents may be sent by post or electronically to members of the Committee.

## **7 Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2 Draft minutes of 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 the Committee Chair deems (in exceptional circumstances) that it would be inappropriate to do so.

## **8 Annual General Meeting and Engagement with Shareholders**

- 8.1 The Chairman of the Committee shall attend the Annual General Meeting ("AGM") prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should be available to engage with shareholders on significant matters related to the Committee's areas of responsibility.

## **9 Duties**

- 9.1 The Committee shall:
- (a) Have delegated responsibility for determining the policy for Directors' remuneration and setting remuneration for the Company's Chief Executive(s), Chairman, the executive Directors, the Company Secretary (if employed by the Company) and such other members of the senior management as it is designated to consider;
- (b) Ensure that no Director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board itself, within the limited set out in the Articles of Association of the Company, should determine the remuneration of the non-executive Directors;

- (c) Design remuneration policies and practices that support strategy and promote the long-term sustainable success of the Company and attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regards to views of shareholders and other stakeholders;
- (d) In determining remuneration policy, consider all necessary legal and regulatory requirements including the provisions and recommendations of the Quoted Companies Alliance's Corporate Governance Code ("QCA Code") and associated guidance;
- (e) Review the ongoing appropriateness and relevance of the remuneration policy;
- (f) 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;
- (g) Review the design of all share incentive plans for approval by the Board and, if deemed appropriate, by 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 executive Directors and other senior executives and the performance targets to be used;
- (h) Determine the policy for, and scope of, pension arrangements for each executive Director and other senior executives;
- (i) Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (j) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive(s) as appropriate, determine the total individual remuneration package of each executive Director and such other senior managers as it is designated to consider, including bonuses, incentive payments and share options or other share awards;
- (k) Review workforce related remuneration and related policies across the Company and oversee any major changes in employee benefits structures throughout the Company;
- (l) Agree the policy for authorising claims for expenses from the Executive Directors and Chairman;
- (m) Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help fulfil its obligations, at the expense of the Company.

## **10 Reporting Responsibilities**

- 10.1 The Committee chair shall report formally to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

- 10.2 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 made available for Board discussion when necessary.
- 10.3 The Committee shall ensure that provisions regarding the disclosure of information on director remuneration as set out in relevant legislation and the QCA Code, are fulfilled in a directors' remuneration report within the Company's annual report.
- 10.4 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any connection it has with the Company or individual Directors.

## **11 Other Matters**

The Committee shall:

- 11.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required.
- 11.2 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.
- 11.3 Give due consideration to all relevant laws and regulations, the provisions and recommendations in the QCA Code, the QCA's Remuneration Committee Guide for Smaller Quoted Companies and the requirements of the AIM Rules for Companies, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules, the provisions, recommendations and disclosure requirements contained in the UK Market Abuse Regulation, and any other Applicable Laws and any other applicable rules, as appropriate.
- 11.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 11.5 At least annually, review the Committee's 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.

## **12 Authority**

- 12.1 The Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.

Approved and adopted by the Board on 10 February 2023.