



# Environment, Social and Governance (ESG) Committee Terms of Reference

Eleco plc

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Reviewed by the Board on: 27 March 2025

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## ESG Committee Terms of Reference

References in these terms of reference to ESG matters, ESG activities and ESG shall include, but not be limited to, the following:

**Environmental:** the company's impact on the natural environment and its response to climate change, including the reduction of greenhouse gas and carbon emissions, energy consumption, and the generation and use of renewable energy; biodiversity and habitat; impact on water resources and deforestation; pollution; resources efficiency, and the reduction and management of waste; the environmental impact of the company's supply chain;

**Social:** the company's interactions with employees, customers, suppliers, other stakeholders and the communities in which it operates and the role of the company in society including: charitable contribution and volunteering; workplace policies including pay and professional development, health and well-being, diversity and inclusion; ethical procurement and social aspects of the supply chain; community and stakeholder engagement or partnerships; and

**Governance:** the ethical conduct of the company's business including its corporate governance framework; business ethics policies and codes of conduct; counterparty due diligence and onboarding policies and procedures; the management of bribery, corruption and money laundering risk; the transparency of reporting and financial and tax transparency; internal governance systems including data protection and integrity.

### 1. Constitution

- 1.1 This committee of the board known as the ESG Committee (the "**Committee**") is established under Article 86 of the Articles of Association of the Company.

### 2. Membership

- 2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the ESG Committee. The Committee shall be made up of at least two members, all/the majority of whom should be independent non-executive directors of the Company.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair, Chief Executive 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 an initial period of up to three years, which may be extended, provided that the majority of the Committee members remain independent.
- 2.4 The Board shall appoint the Committee Chair who should be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

### 3. Secretary

- 3.1 The secretary of the Committee shall be such person as the Committee shall from time to time decide.

### 4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members, present in person or by audio or video conference. 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. Frequency of Meetings**

- 5.1 The Committee shall meet at least once a year and at such other times as the Committee Chair shall require.

## **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be summoned 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, 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **7. Voting Arrangements**

- 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. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 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 attendee 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 resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3 Draft minutes shall be agreed with the Committee Chair and then be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.
- 8.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **9. Annual General Meeting**

- 9.1 The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **10. Duties**

The Committee shall:

- 10.1 ensure that the company has an ESG Strategy and that it remains fit for purpose;
- 10.2 ensure that objectives for ESG activities are in place and that key metrics are monitored and reported on;
- 10.3 ensure compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to ESG matters;
- 10.4 ensure that ESG related policies are in place, are regularly reviewed for their relevance, effectiveness and compliance with relevant national and international regulations, and are updated as necessary;
- 10.5 monitor and review current and emerging ESG trends, relevant international standards and legislative requirements; identify how these are likely to impact on the strategy, operations, and reputation of the Company; and determine whether and how these are incorporated into or reflected in the company's ESG policies and objectives;
- 10.6 approve any projects developed in response to the ESG strategy;
- 10.7 identify, manage and mitigate or eliminate ESG risks in connection with the company's operations and corporate activity;
- 10.8 approve all internal and external ESG reporting including information to be included in the annual report;
- 10.9 review the results of any reviews or independent audits of the company's performance in regard to ESG matters and review any strategies and action plans developed by management in response to issues raised; and
- 10.10 make recommendations to the Board on any of the matters listed above that the Committee considers appropriate.

## **11. Reporting Responsibilities**

- 11.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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.
- 11.3 The Committee shall make a statement in the annual report concerning the ESG strategy, policies, practices and targets, which will form part of the company's Annual Report and ensure that each year it is put to shareholders at the AGM.

## **12. Other**

- 12.1 The Committee shall, at least once a year, 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.

## **13. Authority**

- 13.1. The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.

- 13.2 The Committee is authorised to obtain, at the company's expense, after notification, outside legal or other professional advice on any matters within its terms of reference.