

## XPS PENSIONS GROUP PLC

### TERMS OF REFERENCE FOR THE SUSTAINABILITY COMMITTEE

#### 1. CONSTITUTION

- 1.1 The Sustainability Committee (the “**Committee**”) was constituted as a committee of the board of directors (the “**Board**”) of XPS Pensions Group plc (the “**Company**”) at a full meeting of the Board held on 28 January 2021 in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the appointed secretary of the Committee, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### 2. ROLE

The role of the Committee is to support the Board with considering, reviewing and driving initiatives for matters related to environmental, social and governance (ESG) that have a material impact on business strategy and business performance, also known as “sustainability”. The Committee has oversight of the views and interests of the internal and external stakeholders of the Company including employees, customers and community relating to sustainability.

#### 3. DUTIES AND TERMS OF REFERENCE

The Committee shall carry out the duties set out below for the Company and its subsidiaries (the “**Group**”), as appropriate.

- 3.1 During their tenure, each of the Committee members shall consider their duties and responsibilities under section 172 of the Companies Act 2006 in performing their role, and in doing so the Committee shall have oversight of the views and interests of internal and external stakeholders.
- 3.2 The duties of the Committee shall be:
  - (a) To have oversight of XPS’s policies and procedures relating to sustainability, including monitoring progress reports on agreed sustainability initiatives.
  - (b) Act as a sounding board and providing guidance to the business, Board and other committees of the Board as required.
  - (c) Input into the formation of the Company’s Code of Business Principles / Conduct (the ‘Code’), review this annually and recommend any amends as required.
  - (d) Review any instances of reported non-compliance with the Code, and consider a remediation plan as required.
  - (e) Review the management of current and emerging sustainability, corporate responsibility and corporate governance matters including in particular those that could have an adverse impact on the Company’s reputation.
  - (f) To understand and take account of the views and interests of the internal and external stakeholders of the Company relating to sustainability.
  - (g) To have oversight and approve the Company’s responsible reporting.

- (h) To consider other relevant matters, as requested by the Board.

#### **4. REPORTING**

- 4.1 The Committee will prepare a report on its activities for incorporation in the Company's Annual Report and/or on the Company's website. This will include details about its activities, the membership of the Committee, number of meetings and attendance over the course of the year.
- 4.2 Reporting by the Committee will cover progress on any relevant commitments, goals and targets agreed by the Committee or the Board, and if appropriate how these will be pursued or modified going forward.
- 4.3 The Committee Chairperson, or a delegate, will report to the Board following each meeting of the Committee.
- 4.4 The report to the Board will be a comprehensive report in order to:
  - (a) Ensure the Board as a whole has insight into the key issues discussed by, and the decisions of, the Committee;
  - (b) Facilitate Board awareness; and
  - (c) Assist in the periodic review of the Committee's performance.
  - (d) The report will include recommendations on any specific decisions or actions the Board should consider.
- 4.5 The Committee shall make available its terms of reference by placing them on the Company's website.
- 4.1 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.

#### **5. MEMBERSHIP**

- 5.1 The Committee shall comprise a minimum of three members, two of whom shall be independent non-executive directors, as determined by the Board. As far as practical, one Committee member will also be a member of the Company's Audit & Risk Committee.
- 5.2 Appointments to the Committee are made by the Board on the recommendation of the Committee, in consultation with the Committee chairperson.
- 5.3 The Board shall appoint the Committee chairperson. In the absence of the Committee chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 5.4 The Committee chairperson shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 5.5 The company secretary or such other officer, employer or adviser of the Company as may be nominated from time to time by the Committee, shall act as the secretary of the Committee and will provide all necessary support to the Committee including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **6. ATTENDANCE AT MEETINGS**

- 6.1 The Committee shall meet at least twice a year and such other times as the chairperson

of the Committee shall determine or as may be requested by any member of the Committee.

- 6.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer(s), the chief financial officer, the chief operating officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee chairperson.
- 6.3 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be called by the Committee chairperson or any member of the Committee or the secretary of the Committee at the request of any of its members.
- 7.2 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, where practicable, be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairperson.
- 7.3 Supporting papers may be circulated electronically.

## **8. QUORUM**

The quorum necessary for the transaction of business at a Committee meeting shall be two members.

## **9. VOTING ARRANGEMENTS**

- 9.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee (whether in person or by audio or video conference).
- 9.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 9.3 Except where he has a personal interest, the Committee chairperson shall have a casting vote.

## **10. MINUTES OF MEETINGS**

- 10.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 10.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other Board members unless in the opinion of the Committee chairperson it would be inappropriate to do so.
- 10.3 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.

- 10.4 Final signed copies of the minutes of the meeting of the Committee should be maintained for the Company's records.

## **11. ANNUAL GENERAL MEETING**

At least one member of the Committee should attend the Company's annual general meeting to answer any shareholder questions on the Committee's activities.

## **12 GENERAL MATTERS**

- 12.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the company secretary for assistance as required.
- 12.2 The Committee shall be provided with appropriate and timely training on an ongoing basis for all members as required.
- 12.3 In carrying out its duties, the Committee shall give due consideration to all relevant laws and regulations.
- 12.4 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its 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 Board authorises the Committee to carry out the duties set out in these terms of reference, to have access to the Company's documents and information as required to discharge their duties and to obtain appropriate professional advice on any matter within its terms of reference, as it considers necessary.
- 13.2 The Board authorises the Committee to seek any information it requires from any employee or director of the Group, as required to discharge its duties to the Committee.
- 13.3 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.

Adopted at the Board meeting of the Company on 28 January 2021.