

## RICARDO PLC

### TERMS OF REFERENCE FOR THE RESPONSIBLE BUSINESS COMMITTEE

#### 1. CONSTITUTION

The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.

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 company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### 2. PURPOSE

The purpose of the Responsible Business Committee is to assist the Board in promoting the long-term sustainable success of the Company with regard to ESG matters. In these terms of reference “ESG matters” or “ESG” refers to the following areas:

- 2.1 **Environmental:** the Company’s climate transition strategy and impact on the environment including greenhouse gas emissions, efficient use of resources, use of renewable energy, land use and biodiversity, and the environmental impact of the Company’s supply chain.
- 2.2 **Social:** the Company’s responsibilities towards:
  - a) Employees, including workplace policies concerning safety and wellbeing, engagement, diversity and inclusion and other standards set out in the Company’s Code of Conduct;
  - b) Engagement with local communities in which the Company operates;
  - c) Customers, suppliers and other stakeholders, and application of human rights to such stakeholder groups and the Company’s operations.
- 2.3 **Governance:** the conduct of the Company’s business including business ethics, product governance, security, and the Company’s Health and Safety programme including its performance.

### **3. DUTIES AND TERMS OF REFERENCE**

The Committee shall carry out the following duties for the Company and its subsidiaries (the **Group**) as appropriate:

- 3.1 Assist the Board in overseeing the development of the Company's ESG strategy and monitoring its performance in relation to ESG matters.
- 3.2 Review the effectiveness of risk management and internal control policies where relevant to ESG matters including an annual meeting between the Chairs of the Responsible Business and Audit Committees to do the same.
- 3.3 Oversee and support stakeholder engagement on ESG matters including maintaining a dialogue with investors.
- 3.4 Review, prior to approval by the Board, the ESG matters to be presented in the Company's annual report and support the Board and its Committees in relation to other disclosure of ESG matters.
- 3.5 Oversee and monitor the Company's progress against its net zero and decarbonisation strategy; and advise the Board and its Committees on the performance against ESG metrics and on the setting and outcomes of ESG related performance objectives for Executive Directors and senior management.
- 3.6 Oversee Board and senior management engagement with the Company's workforce, with the aim of strengthening the "employee voice" in the boardroom and developing a better understanding of employee views. Agreeing a programme of workforce engagement to be undertaken by individual members of the Committee or collectively, ensuring that the agreed approach to such engagement delivers meaningful and regular dialogue with employees.
- 3.7 Review the operation and efficacy of the mechanisms in place for employees to obtain advice or raise and report concerns in confidence where there may be potential inappropriate behaviour, including the operation of the Company's Speak Up helpline.
- 3.8 Review Internal Audit reports on ESG matters and assess the management and response to findings. Monitor the role and effectiveness of the Internal Audit function regarding ESG matters.
- 3.9 Review regularly the requirement for external assurance of ESG matters and, as may be deemed necessary, appoint external third parties to carry out assurance of the effectiveness of ESG related policies, processes and initiatives and the accuracy of the reporting of ESG matters.

### **4. MEMBERSHIP**

- 4.1 At all times the Committee shall comprise a chairman and a minimum of two members. Each Committee member shall be an independent non-executive director as determined by the board (in accordance with the principles of the UK Corporate Governance Code). If any member of the Committee is deemed

not to be independent, then the board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.

- 4.2 The board shall appoint members of the Committee, on the recommendation of the Nomination Committee, in consultation with the Committee chairman. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 4.3 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, without the prior consent of the Board, so long as members continue to be independent.
- 4.4 The board shall appoint the chairman of the Committee from among the independent non-executive directors and shall determine the period for which the chairman of the Committee will hold office. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting.
- 4.5 The Committee chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.6 The company secretary, or his or her nominee, shall act as the secretary of the Committee and 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.

## **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee shall meet at least three times a year at appropriate times in the Company's financial reporting and audit cycle.
- 5.2 Outside of the formal meeting programme, the Committee chairman shall maintain a dialogue with key individuals involved in the Company's governance, including the board chairman, the chief executive, the finance director, the external audit lead partner, the head of internal audit, and the Group General Counsel.
- 5.3 Only Committee members have the right to attend and vote at Committee meetings. However, non-members may be invited to attend all or part of any meetings as and when appropriate and necessary and with the Committee chairman's agreement. The Committee chairman shall have the discretion to decide who, other than the Committee members, shall attend and address Committee meetings.
- 5.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.5 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conferences.

## **6. NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of 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, any other person required to attend and all other non-executive directors, no later than three 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairman.

## **7. QUORUM**

- 7.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference. If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.
- 7.2 A duly convened Committee meeting 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.

## **8. VOTING ARRANGEMENTS**

- 8.1 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).
- 8.2 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.
- 8.3 Except where he or she has a personal interest, the Committee chairman shall have a casting vote.
- 8.4 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **9. MINUTES OF MEETINGS**

- 9.1 The company secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 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 chairman it would be inappropriate to do so.

- 9.3 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. ANNUAL GENERAL MEETING**

The Chair of the Committee shall attend the annual general meeting and the Committee chair (or other appropriate member) shall be available to respond to any shareholder questions on the Committee's activities.

## **11. REPORTING RESPONSIBILITIES**

The Committee shall:

- 11.1 Report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be included in the board papers for a subsequent board meeting.
- 11.2 Prepare a formal report to shareholders on its activities to be included in the Company's annual report, which shall include all information required by the UK Corporate Governance Code and any other issue required by the Board.
- 11.3 Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.4 Make available to shareholders these terms of reference by placing them on the Company's website.

## **12. GENERAL MATTERS**

The Committee shall:

- 12.1 Consider other duties determined by the board from time to time.
- 12.2 Have access to sufficient resources in order to carry out its duties, including access to the company secretary as required.
- 12.3 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. Any individual training shall be discussed and agreed with the company secretary.
- 12.4 Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules as appropriate.
- 12.5 Work and liaise as necessary with all other board committees.

- 12.6 Arrange for periodic reviews of its own performance and, at least annually review its 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**

The board authorises the Committee to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference as it considers necessary.
- 13.2 Seek any information it requires from any employee of the Company, or any of the Company's subsidiaries, to perform its duties.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.4 Call any employee to be questioned at a Committee meeting as and when required and all employees are directed to co-operate with any request made by the Committee.
- 13.5 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the board.
- 13.6 Commission, at the Company's expense, any reports or surveys which it deems necessary to help it fulfil its obligations.
- 13.7 Collectively and individually have direct access to the Chief Executive, Director, Sustainability, Quality and Risk, the head of internal audit and the Company's external auditors.

Adopted at the board meeting of the Company on 19 April 2023