



Corporate Governance

Remuneration Committee – Terms of Reference

Authorised by	SIG plc Board
Adopted	22 September 2023
Version	10

Reference to “the Committee” shall mean the Remuneration Committee.

Reference to “the Board” shall mean the Board of Directors of SIG plc.

The following are the terms of reference of the Committee of SIG plc (the “Company”) and its subsidiaries (together, the “Group”). The Committee has been delegated responsibility from the Board for the determination of the policy and determination and approval of the terms and conditions of employment, remuneration/compensation and benefits of each of the Chair of the Board, Executive Directors, senior management (being those individuals who report to the Group Chief Executive Officer) and the Company Secretary, (together the “Senior Executives”). Additionally, the Committee is also responsible for reviewing workforce remuneration and incentive programmes throughout the wider Group to ensure alignment with the Group’s culture and strategy and to take this into account when determining the policy and remuneration for the Senior Executives. The Committee also has delegated responsibility from the Board for the determination of all aspects of share-based arrangements.

1. MEMBERSHIP

- 1.1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors, with an additional member to be appointed in accordance with the terms of the Relationship Agreement entered into between CD&R Sunshine S.À R.L. and SIG plc on 29 May 2020 (the “Relationship Agreement”). The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair.
- 1.2. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee, as well as appointed in accordance with the terms of the Relationship Agreement. Appointments shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided members (other than: (i) the Chair of the Board, if they are a member of the Committee; and (ii) the member nominated by CD&R Sunshine S.À R.L. in accordance with the terms of the Relationship Agreement) continue to be independent.
- 1.3. The Board shall appoint the Committee Chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. 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 who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

- 1.4. Only members of the Committee have the right to attend Committee meetings. However, individuals such as the Chief Executive Officer, Chief People Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

2. SECRETARY

The Company Secretary or their nominee shall act as 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 the issues.

3. QUORUM

- 3.1. The quorum necessary for the transaction of business shall be 2 independent members of the Committee.

4. FREQUENCY OF MEETINGS

- 4.1. The Committee shall meet at least twice a year and otherwise as required.

5. NOTICE OF MEETINGS

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chair or any of its members.
- 5.2. 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 no later than 5 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.

6. MINUTES OF MEETINGS

- 6.1. The Secretary shall minute the proceedings, decisions and resolutions of all Committee meetings, including the names of those present and in attendance and will ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 6.2. 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 and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

7. ENGAGEMENT WITH SHAREHOLDERS

- 7.1. The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. DUTIES

- 8.1. No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board or, where required by the Articles of Association, the Company's shareholders shall determine the remuneration of the non-executive directors within the limits set in the Articles of Association.
- 8.2. The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.
- 8.3. The Committee shall:
- 8.3.1 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's Chair and Executive Directors and Senior Management, including the Company Secretary, in accordance with the Principles and Provisions of the UK Corporate Governance Code (the "Code").
 - 8.3.2 Review the ongoing appropriateness and relevance of the remuneration policy.
 - 8.3.3 Establish remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests, with share awards (excluding the Bonus Plan) 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. In determining such policy, take into account all factors which it deems necessary as set out in 8.3.4 below. The objective of such policy shall be to attract, retain and motivate Executive Directors and Senior

Executives of the quality required to run the Group 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 Group and alignment to the Group's long-term strategic goals. Executive remuneration should be structured to link rewards to corporate and individual performance, performance-related elements should be transparent, stretching and rigorously applied. When setting such targets, the Committee shall seek to align those targets with the Group's strategic objectives and relevant financial and non-financial measures to ensure alignment with the delivery of value over the long term in line with the Group's purpose. The Committee shall also determine whether such targets have been met and approve the total annual pay-outs to be made.

8.3.4 In determining the remuneration policy and approving design of, and determining the targets for, any performance related remuneration schemes for Executive Directors and Senior Executives, consider all factors which it deems necessary including, but not limited to:

- 8.3.4.1** relevant legal and regulatory requirements;
- 8.3.4.2** the principles and provisions of the Code and recommendations in associated guidance, including the matters set out in Appendix A;
- 8.3.4.3** the views and long-term interests of shareholders and other stakeholders;
- 8.3.4.4** the remuneration and related policies of the wider workforce;
- 8.3.4.5** the risk appetite of the Group; and
- 8.3.4.6** the alignment of the remuneration policy to the Group's purpose, values, culture and long-term strategy, including alignment to the Group's Environmental, Social and Governance strategy and sustainability commitments.

8.3.5. Review and consider (at least annually) remuneration and related policies in place across the Company or Group to:

- 8.3.5.1** ensure the alignment of workforce remuneration including all incentive programs with the Group's culture and strategy;
- 8.3.5.2.** report how decisions on executive pay align with the wider Group remuneration policy;

- 8.3.5.3. enable the Committee to feedback to the Board on workforce reward, incentives and conditions and how they address any pay gaps and pay ratios between various quartiles within the business; and
- 8.3.5.4. work with the Nominations Committee as appropriate regarding the structure of the workforce. Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of the Senior Executives including but not limited to base salary (and the pension consequences of base salary increases) bonuses, incentive payments, discretionary payments, pension contributions, benefits in kind and share options or other share awards. The Committee should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of the Group and individual performance, and wider circumstances.
- 8.3.6. Consider and approve any payment to and/or any non-cash benefit (including pension contribution and all other elements) to be provided to, or for the benefit of an Executive Director or other member of the 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) to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group. Any payment for loss of office to any current or former Chair or Executive Director of the Board should be consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations"), the Companies Act, the Listing Rules and all other relevant laws and regulations. A robust line on reducing compensation to reflect departing director's obligations should be taken so that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 8.3.7. 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 are reasonably necessary to help it fulfil its obligations, within any budgetary restraints set by the Board.
- 8.3.8. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who

advise the Committee and consider any other connection they may have with the Board.

- 8.3.9. Approve the design and criteria of, and determine targets for, any performance related pay schemes (for the Senior Executives) operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions of the Code and guidance in relation to Executive Directors) and monitor their operation. Future share awards such as the Restricted Share Plan (RSP) (excluding the Bonus Plan) promoting long-term shareholdings are subject to a total vesting and holding period of five years.
- 8.3.10. Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the Group to recover and/or withhold the payment of any sum or share awards and specify the circumstances in which it would be appropriate to do so.
- 8.3.11. Review the design of all share incentive plans for approval by the Board and, where required, 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.
- 8.3.12. Determine the policy for, and scope of, pension arrangements for each Executive Director and Senior Executives for recommendation to the Board. Only basic salary shall be pensionable. The pension contribution rates for the Executive Directors, or payments in lieu, should be aligned to the rate applicable to the majority of the UK workforce.
- 8.3.13. Oversee any major changes in employee benefits structures throughout the Company or Group.
- 8.3.14. Recommend setting up any additional employee share scheme to the Board and monitor all employee share scheme's implementation to ensure that they are run 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.
- 8.3.15. The Committee shall be responsible for, including, but not limited to (subject always to the rules of the relevant scheme, the Articles of Association of the Company from time to time and any applicable legal and stock exchange requirements):

- 8.3.15.1 the selection of those eligible directors and employees of the Group to whom long term incentives, share options or awards should be granted;
 - 8.3.15.2 the timing of any grant;
 - 8.3.15.3 the numbers of shares over which long term incentives, share options or awards are to be granted;
 - 8.3.15.4 the exercise price at which long term incentives, share options or awards are to be granted; and
 - 8.3.15.5 the setting of any performance condition(s) which must be achieved before any option or award may be exercised.
- 8.3.16. Agree the policy for authorising claims for expenses from all directors.
- 8.3.17. Ensure that all provisions regarding disclosure of remuneration, including pensions, as set out in all applicable laws and regulations, are fulfilled.
- 8.3.18. Work and liaise as necessary with all other Board Committees, ensuring its interaction between Committees and with the Board is reviewed regularly.

9. REPORTING RESPONSIBILITIES

- 9.1 The Committee Chair shall on request report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 9.2 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 when necessary.
- 9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- 9.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the AGM as necessary.

9.5 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

10. OTHER

10.1 The Committee shall ensure that a periodic evaluation of the Committee's own performance is carried out.

10.2 The Committee shall, 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 and make its terms of reference available on the Company's website.

10.3 The Committee shall have access to sufficient resources to carry out its duties, including access to the Company Secretary and other Group functions for advice and assistance as required.

10.4 The Committee shall give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.

10.5 The Committee shall 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. AUTHORITY

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

APPENDIX A

When determining Executive Director remuneration policy and practices, the Committee should address the following:

- clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and
- alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.

Version control

Version	Date Approved	Approved By	Description
1	5 August 2015	Board	Annual Review
2	10 November 2016	Board	Annual Review
3	6 October 2017	Board	Annual Review
4	1 March 2019	Board	Review in light of revised UK Corporate Governance Code
5	12 November 2019	Board	Annual Review
6	29 July 2020	Board	Updated following CD&R agreement
7.	15 December 2020	Board	Updated following approval of the New Remuneration Policy
8	15 September 2021	Board	Annual Review
9.	9 November 2022	Board	Annual Review
10.	22 September 2023	Board	Annual Review