



Corporate Governance

Board – Terms of Reference

Authorised by	SIG plc Board
Adopted	12 November 2024

1. ROLE, RESPONSIBILITIES AND DUTIES

- 1.1 The Board of SIG plc (the “Company”) has responsibility for:
 - 1.1.1 promoting the long-term sustainable success of the Company and its subsidiaries, generating value for shareholders and contributing to wider society;
 - 1.1.2 establishing the Company’s purpose, behaviours and strategy and satisfying itself that these and its culture are aligned;
 - 1.1.3 ensuring that all directors act with integrity, lead by example and promote the desired culture;
 - 1.1.4 ensuring that the necessary resources are in place for the Company to meet its objectives and measuring performance against them;
 - 1.1.5 establishing a framework of prudent and effective controls to enable risk to be assessed and managed and the Board to satisfy itself on the integrity of financial and narrative statements;
 - 1.1.6 establishing procedures to maintain an effective risk management and internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives;
 - 1.1.7 ensuring effective engagement with shareholders and other stakeholders, including appropriate methods for engagement with the workforce and effective mechanisms for the workforce to raise any issues of concern in confidence and, if they wish, anonymously and that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action;
 - 1.1.8 ensuring that workforce policies and practices are consistent with the Company’s values and support its long term sustainable success;
 - 1.1.9 assessing the basis on which the Company generates and preserves value over the long-term;
 - 1.1.10 assessing and monitoring culture and how the desired culture has been embedded;
 - 1.1.11 ensuring that the matters set out in section 172 of the Companies Act 2006 are considered in Board discussions and decision making;
 - 1.1.12 ensuring that the Company annually reviews and maintains a Modern Slavery Statement, to be made available on the Company’s website, pursuant to s.54 of the Modern Slavery Act 2015;

- 1.1.13 routinely reviewing the whistleblowing arrangements in place, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action; and
- 1.1.14 identifying and managing conflicts of interest, including those resulting from significant shareholdings and ensuring that the influence of third parties does not compromise or override independent judgement.
- 1.2 A formal schedule is in place detailing those matters which are reserved to the Board.
- 1.3 The Board shall, at least annually, carry out a robust assessment of the Company's emerging and principal risks and a review of the Company's risk management and internal control framework, covering all material controls, including financial, operational and compliance controls.

2. MEMBERSHIP

- 2.1 Members of the Board will be appointed on the recommendation of the Nominations Committee and subject to the terms of the Relationship Agreement entered into between CD&R Sunshine S.A.R.L and SIG plc on 29 May 2020 (the "Relationship Agreement"), following a formal, rigorous and transparent procedure. Appointments will be based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- 2.2 The Board shall include an appropriate combination of executive and independent non-executive directors, such that no one individual or small group of individuals dominates the Board's decision-making. At least half the Board, excluding the Chair, will be independent non-executive directors, determined by the Board to be independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of their judgement.
- 2.3 There will be a clear division of responsibilities between the leadership of the Board and the executive leadership.
- 2.4 All members of the Board will stand for re-election by shareholders each year.
- 2.5 The Board and its committees will comprise a mix of individuals with appropriate skills, experience and knowledge. The annual performance evaluation of the Board will consider the composition of the Board, its diversity and how effectively members work together to achieve objectives. Annual individual director performance evaluations will demonstrate whether each director continues to contribute effectively. Consideration will also be given to the length of service of the Board as a whole and membership regularly refreshed.

- 2.6 The Board will maintain plans for the succession of the Board and senior management, based on merit and objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- 2.7 Non-Executive directors will be required to devote sufficient time to meet their responsibilities and will be expected to provide constructive challenge, strategic guidance, offer specialist advice and hold management to account against agreed performance objectives. Prior to appointment, significant commitments will be disclosed with an indication of the time involved.
- 2.8 No members of the Board will take on additional external appointments without the prior approval of the Board and full time executive directors will not have more than one non-executive directorship in a FTSE 100 company or other significant appointment.

3. CHAIR

- 3.1 The Board shall appoint the Chair of the Company, upon the recommendation of the Nominations Committee.
- 3.2 Board meetings will be chaired by the Chair or, in their absence, the Senior Independent Director.
- 3.3 The Chair shall not normally remain in post beyond nine years from the date of their first appointment to the Board.

4. SENIOR INDEPENDENT DIRECTOR

- 4.1 The Board shall appoint one of the independent Non-Executive Directors to be the Senior Independent Director, who will provide a sounding board for the Chair and serve as an intermediary for the other directors and shareholders.

5. SECRETARY

- 5.1 The appointment and removal of the Secretary shall be a matter for the whole Board. The Secretary is responsible for advising the Board on all governance matters and all directors will have access to the advice of the Secretary.

6. AUDIT & RISK COMMITTEE

- 6.1 The Board shall establish the Audit & Risk Committee comprised of at least three independent non-executive directors. Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee and, in addition, 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 the director still meets the criteria for membership of the Committee, and the Board shall satisfy itself that at least one member of the Audit & Risk Committee has recent and relevant financial experience and that the Audit & Risk Committee as a whole has competence relevant to the sector in which the Company operates.

7. REMUNERATION COMMITTEE

- 7.1 The Board shall establish the Remuneration Committee comprised of a minimum of three independent non-executive directors. Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee and, in addition, 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 the director still meets the criteria for membership of the Committee, and the Board shall satisfy itself that before appointment the Chair of the Remuneration Committee will have served on a remuneration committee for at least 12 months.

8. NOMINATIONS COMMITTEE

- 8.1 The Board shall establish the Nominations Committee comprised of a minimum of three members, the majority of whom should be independent non-executive directors. Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee and, in addition, 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 the director still meets the criteria for membership of the Committee.

9. QUORUM

- 9.1 The quorum necessary for the transaction of business shall be two directors, as set out in the Company's Articles of Association.

10. FREQUENCY OF MEETINGS

- 10.1 The Board shall meet at least eight times a year and at such other times as the Chair shall require.

11. NOTICE OF MEETINGS

- 11.1 Meetings of the Board shall be summoned by the Secretary at the request of any of its members.
- 11.2 Unless otherwise agreed by all Board members, 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 Board and any other person required to attend, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees, as appropriate, at the same time.

12. MINUTES OF MEETINGS

- 12.1 The Secretary shall minute the proceedings, decisions and resolutions of all Board meetings, including the names of those present and in attendance.
- 12.2 The members of the Board shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 12.3 Draft minutes of Board meetings shall be circulated promptly to the Chair and, once agreed, to all members of the Board, unless a conflict of interest exists or it would be inappropriate to do so in the opinion of the Chair.

13. OTHER

- 13.1 The Board shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.
- 13.2 The Board 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.
- 13.3 The Board, supported by the Company Secretary, shall ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.