



## **Terms of Reference for the Remuneration Committee**

### **1. CONSTITUTION**

- 1.1. The Remuneration Committee (the "**Committee**") is constituted as a committee of the Board of Directors (the "**Board**") of Tyman plc (the "**Company**") 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 powers and functions set out in these terms of reference.
- 1.3. The role of the Committee is to assist the Board in fulfilling its responsibilities to shareholders to ensure that:
  - (a) the remuneration policies and practices of the Company are designed to promote the long-term success of the Company, having regard to all statutory and regulatory requirements and to the views of stakeholders;
  - (b) Executive Management are provided with fair and sustainable remuneration which is linked to the delivery of strong personal and corporate performance; and
  - (c) the remuneration policies and practices available to the Company's wider workforce are periodically reviewed and considered when setting the remuneration of the Company's Executive Management.

### **2. Membership**

- 2.1. The Committee shall comprise at least two members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee.
- 2.2. All members of the Committee shall be independent Non-executive Directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Chief Financial Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.4. No individual shall be involved in any decisions as to their own remuneration.
- 2.5. The Board shall appoint the Committee Chair who should be an independent Non-executive Director, and should ordinarily have served on the Committee, or another listed company Remuneration Committee, for a period of at least 12 months prior to their appointment. 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 from those who would qualify under these Terms of Reference to be appointed to that position by the Board. The Chair of the Board shall not Chair the Committee.
- 2.6. Appointments to the Committee shall be for such period as the Board may decide from time to time, it being the responsibility of the Chair of the Board to ensure that membership of the Committee is periodically refreshed.

### **3. Secretary**

The Company Secretary, or his or her nominee, shall act as the 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 issues.

### **4. Quorum**

The quorum necessary for the transaction of business shall be two members, both of whom must be independent Non-executive Directors.

### **5. Frequency of meetings**

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

### **6. Notice of meetings**

6.1. Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

6.2. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.

6.3. Unless otherwise agreed, notice of each meeting confirming the venue (or conference call details), 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 soon as reasonably practicable before each meeting.

### **7. Minutes of meetings**

7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2. 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 unless in the opinion of the Committee Chair it would be inappropriate to do so.

7.3. 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.

### **8. Annual General Meeting**

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities, including the Remuneration Policy and Annual Report on Remuneration.

### **9. Roles and responsibilities**

#### *General*

9.1. The Committee should carry out the duties below for the Company, major subsidiary undertakings of the Company and the Company's group as a whole.

9.2. In carrying out any of its duties and responsibilities as set out in these Terms of Reference, the Committee shall have regard to the following overriding principles:

(a) **Clarity** – remuneration arrangements should be transparent and promote effective engagement with shareholders;

(b) **Simplicity** – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;

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- (c) **Risk** – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based plans, are identified and mitigated;
- (d) **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 Directors' Remuneration Policy;
- (e) **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
- (f) **Alignment to culture** – incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy.

9.3. In carrying out any of its duties under these Terms of Reference, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance, the UK Listing Rules and other relevant statutory, regulatory or governance requirements.

*Determining the remuneration policy for Executive Management*

9.4. The Committee shall:

- (a) Have responsibility for setting the remuneration and benefits policy for all of the Company's senior executives which are the members of the Executive Committee and the Group General Counsel/Company Secretary (together the "**Executive Management**") and the Company's Chair, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association the shareholders, should determine the remuneration of the Non-executive directors within the limits set in the Articles of Association.
- (b) Review the on-going appropriateness and relevance of the remuneration policy for Executive Management and the Chair.
- (c) The objective of the remuneration policy shall be to support the Company's strategy and promote its long-term sustainable success. The remuneration policy should have regard to the risk appetite of the Company and be aligned to the Company's purpose and values and linked to the successful delivery of the Company's long-term strategy. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- (d) Recommend and monitor the level and structure of remuneration for other members of the Company's senior management which the Committee is designated to have responsibility for from time to time ("**Senior Management**").

*Setting the remuneration of each member of Executive Management*

9.5. The Committee shall:

- (a) Within the terms of the agreed remuneration policy for Executive Management (as required to be determined by the Committee under paragraph 9.4) and in consultation with the Chair and/or Chief Executive, as appropriate, determine the total individual remuneration package of each member of Executive Management and monitor that of Senior Management including bonuses, incentive payments and share options or other share awards.
- (b) Ensure that any payment to an Executive Director or to the Chair is in accordance with the Company's directors' remuneration policy, as approved by shareholders.
- (c) Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint

remuneration consultants (in accordance with paragraph 9.11) and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board.

- (d) Review and approve all remuneration outcomes for members of Executive Management, and exercise appropriate judgement when making any determinations in respect of their remuneration.
- (e) Review all remuneration outcomes for Senior Management, and exercise appropriate judgement when making any recommendations in respect of their remuneration.

*Performance-related pay schemes and share incentive plans*

9.6. The Committee shall:

- (a) Review the design of all share incentive plans for approval by the Board and (where required) by shareholders. For any such share incentive plans, the Committee shall determine each year:
  - i. whether awards will be made, and if so, the overall amount of such awards;
  - ii. the terms of individual awards to Executive Management and other designated Senior Management;
  - iii. the performance targets to apply to share incentive awards, and assess performance against those targets;
  - iv. for any long-term share incentive plans, determine the length of any vesting period and whether additional holding periods will apply (having regard to the requirements and recommendations of the UK Corporate Governance Code and the views of institutional investors); and
  - v. exercise all powers which are reserved to the Committee under the rules of the share incentive plans.
- (b) Ensure that it retains appropriate discretion to override formulaic vesting outcomes, and that it has powers to recover and/or withhold remuneration in appropriate circumstances.

*Share ownership guidelines*

9.7. The Committee shall have responsibility for determining and monitoring any share ownership requirements for Executive Management and other designated Senior Management (including, if applicable, on a post-employment basis).

*Pensions*

9.8. The Committee shall determine the policy for, and scope of, pension arrangements for Executive Management having regard to the pension arrangements for the wider workforce.

*Service contracts and termination payments*

9.9. The Committee shall:

- (a) Review and approve the terms of executive directors' service agreements, and any material amendments to those agreements.
- (b) Ensure that executive directors' contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- (c) Ensure that any termination payments to executive directors are in accordance with the directors' remuneration policy as approved by shareholders.

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*Employees generally*

9.10. The Committee shall:

- (a) Periodically review pay and employment conditions across the Group, including data on the Gender Pay Gap and CEO Pay Ratio, and ensure that the outcomes of such review are taken into account when determining the remuneration arrangements of Executive Management under paragraph 9.5 above.
- (b) Be prepared to explain to the workforce how decisions on the remuneration arrangements for Executive Management reflect the Company or Group's wider pay policies.
- (c) Provide regular feedback to the Board on pay and employment conditions across the Group, to support the Board's monitoring of whether the Company or Group's policies support culture and strategy.
- (d) Oversee any major changes in employee benefits structures throughout the Company or group.

*Other matters*

9.11. The Committee shall:

- (a) Agree the Policy for authorising claims for expenses from Executive Management and other designated Senior Management.
- (b) Work and liaise as necessary with all other Board Committees.
- (c) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of appointment for any remuneration consultants who advise the Committee (and any such consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors). The Committee shall at all times exercise independent judgement when considering the advice of any remuneration consultants or other third parties.

**10. Reporting responsibilities**

10.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3. The Committee shall prepare:

- (a) A directors' remuneration report (to be included in the Company's annual report and accounts) which should include, inter alia, a Statement by the Chair of the Committee and the current directors' remuneration policy (as approved by shareholders). The directors' remuneration report shall be put to an advisory vote of the shareholders at each Annual General Meeting of the Company.
- (b) A directors' remuneration policy at the Annual General Meeting of the Company for shareholder approval every three years or whenever a change is proposed in the directors' remuneration policy.

10.4. The Committee shall ensure the directors' remuneration policy report and the directors' remuneration policy are prepared in accordance with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended or supplemented by any additional regulations from time to time), UK Corporate Governance Code, Companies Act 2006 and the Listing Rules in force from time to time and with any other relevant legal or regulatory requirement for Main List companies.

10.5. The Committee shall produce a report to be included in the Company's Annual Report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the Annual Report and a statement made as to whether it has any connection with the Company.

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- 10.6. The report referred to in 10.5 above should include a statement of the Board's Policy on diversity, including gender.
- 10.7. If 20% or more of votes have been cast against any binding or advisory resolution relating to any aspect of remuneration (including any resolution referred to in paragraph 10.3 above), the Committee shall assist the Board in:
  - (a) preparing an explanation of the actions that the Company intends to take to consult shareholders to understand the reasons behind the result, to be included in the announcement of voting results on the relevant resolution;
  - (b) within six months of the date of the relevant resolution, publishing an update on the views received from shareholders following the shareholder consultation and the actions that the Company has taken in response; and
  - (c) in the next annual report prepared following the relevant resolution (and, if necessary, in the explanatory notes to the resolutions circulated in advance of the next shareholders' meeting), provide a summary of the impact of the feedback received from shareholders on the decisions of the Board and/or Committee and any actions or resolutions that are proposed.
- 10.8. Through the Chair of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

#### **11. Other matters**

The Committee shall:

- 11.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 11.2. 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.
- 11.3. Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 11.4. 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.

#### **12. Authority**

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.