



IMI plc

Corporate Governance Framework

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1. Chair's introduction

This Governance Framework has been endorsed by the Board and is published on the IMI plc website for our shareholders and other key stakeholders to see.

IMI has a well-established organisational structure and robust governance processes. This Framework describes the key element in the Board level governance arrangements and forms the basis for the work of the Board and its committees.

Lord Smith of Kelvin
Chair
2nd September 2024

2. Board Profiles

2.1 The Board

The Board provides strategic and entrepreneurial leadership for the Group. It is responsible for:

- Promoting the long-term success of the Company for the benefit of its shareholders;
- Generating value for shareholders and contributing to wider society;
- Demonstrating ethical leadership, high standards of behaviour and overseeing good governance;
- Ensuring effective engagement with and encourage participation from shareholders and key stakeholders;
- Setting and monitoring the Group's values, purpose and strategy and ensuring that these and its culture are aligned;
- Ensuring that the necessary resources are in place for the Group to meet its objectives and measure performance against them;
- Setting a framework of prudent and effective controls, which enable risk to be assessed and managed;
- Ensuring the Group is appropriately managed, operates responsibly, with effective controls in place;
- Ensuring that workforce policies and practices are consistent with the Group's values and support its long-term sustainable success; and
- Reviewing management performance and the operating and financial performance of the Group.

The Company's Articles of Association set out the Board's powers. They can be accessed on our website – www.imiplc.com.

The Board has reserved certain decisions solely for its decision. These are contained in a Schedule of Matters Reserved for Board Decision, which is set out in this IMI Governance Framework document. This Schedule of Matters Reserved for Board Decision also refer to certain decision-making and monitoring activities delegated to Board Committees or the Chief Executive Officer.

2.2 The Chair

The responsibilities of the Chair include:

- Creating the conditions for overall Board and individual director effectiveness;
- Promoting a culture of openness and debate;
- Setting a board agenda primarily focused on strategy, performance, value creation, culture, stakeholders and accountability;
- Ensuring the Board has effective decision-making processes and applies sufficient challenge to major proposals;
- Ensuring all directors are aware of their responsibilities;
- Fostering constructive relations between executive and non-executive directors based on trust, mutual respect and open communications;
- Encouraging all Board members to engage in Board and Committee meetings by drawing on their skills, experience and knowledge;
- Holding meetings with the non-executive directors, without the executive directors present;
- Developing a productive working relationship with the Chief Executive, providing support and advice, while respecting executive responsibility;
- Providing guidance and mentoring to new directors as appropriate;
- Leading the annual Board evaluation, with support from the Senior Independent Director as appropriate, and acting on the results;
- Considering having regular externally facilitated board evaluations;

- Ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues, and that debate is not truncated;
- Ensuring there is a timely flow of accurate, high-quality and clear information;
- Ensuring the Board determines the nature, and extent, of the significant risks the company is willing to embrace in the implementation of its strategy;
- Ensuring the Board listens to the views of shareholders, the workforce, customers and other key stakeholders;
- Ensuring all directors receive a full, formal and tailored induction on joining the Board; and
- Ensuring all directors continually update their skills, knowledge, and familiarity with the Company to fulfil their role both on the Board and Committees.

2.3 The Chief Executive

The responsibilities of the Chief Executive include:

- Running of the business and corporate affairs of the Group under the authority delegated by the Board;
- Proposing Company strategy and annual budgets;
- Delivering the strategy as agreed by the Board;
- Leading the Executive team;
- Developing a productive working relationship with the Chair;
- Implementing Board decisions;
- Communicating to those working for the Group expectations in respect of the Group's culture, values and behaviours, and leading by example;
- Ensuring that operational policies and practices drive appropriate behaviour;
- Ensuring that effective business and financial controls and risk management processes are in place; and
- Ensuring management provides the Board with accurate, timely and clear information.

2.4 The senior independent non-executive director

The responsibilities of the Senior Independent Director include:

- Acting as a sounding board for the Chair;
- Supporting the Chair in the delivery of their objectives;
- Leading the evaluation of the Chair;
- Ensuring an orderly succession planning process for the Chair, working with the Nominations Committee;
- Leading the process for searching and nominating a new Chair;
- Serving on Board Committees to understand Company governance processes;
- Ensuring appropriate intervention to maintain board and company stability. Examples include:
 - A dispute between the Chair and Chief Executive;
 - Shareholders or non-executive directors have expressed concerns that are not being addressed by the Chair or Chief Executive;
 - The strategy is not supported by the entire Board;
 - The relationship between the Chair and Chief Executive is particularly close;
 - Decisions are being made without the approval of the full Board;
 - Succession planning is being ignored; and
- Meeting with major shareholders at AGMs, EGMs and as and when requested.

2.5 The non-executive director with designated responsibility for employee engagement

Board Responsibility for Employee Engagement includes the following matters to support the directors' collective responsibility to consider a wide range of stakeholder perspectives when arriving at Board decisions:

- Developing a balanced view of the issues and concerns of employees through various feedback channels such as Board sites visits, employee forum groups (e.g., ECF, I&D, Mindset & Culture and Global Wellbeing for example), IMI Way Day focus groups and reverse mentoring for example, ensuring feedback is obtained from all divisions, all levels and all geographies;
- Sharing employee views learned in Board meetings on an ongoing basis and in written format at least once per year;
- Ensuring that the Board take appropriate steps to evaluate the impact of proposals and developments on employees;
- Where relevant and appropriate, providing feedback to employees on board decisions and direction during the engagement process; and
- Soliciting the views of employees about executive remuneration and sharing feedback obtained with the Remuneration Committee.

This role does not take on the responsibilities of an executive director, the Executive Committee, the HR team or act as a proxy.

2.6 The non-executive directors and committee chairs

The responsibilities of the non-executive directors include:

- Bringing independent judgement;
- Contributing external experience and knowledge;
- Scrutinising the performance of executive management;
- Providing constructive challenge and strategic guidance to the executive directors;
- Holding executive management to account;
- Completing a full, formal, and tailored induction on joining the Board;
- Devoting sufficient time to discharge their responsibilities effectively;
- Developing a good understanding of the business and its relationships with significant stakeholders;
- Monitoring and reporting of performance; and
- Ensuring that the Company is operating within the governance and risk framework approved by the Board.

The responsibilities of the Chairs of the Audit, Remuneration and Nominations Committees include:

- Setting the agenda and running meetings of the Committee in line with Committee Terms of Reference;
- Liaising as appropriate with management and advisors on the scope and content of papers for the Committee and ensuring the timely delivery of papers;
- Encouraging engagement and participation in Committee meetings and where a member is unable to attend a meeting, to capture their input beforehand;
- Ensuring that Committee members understand the issues and are kept up to date on relevant requirements and best practice; and
- Reporting Committee activities and recommendations to the Board.

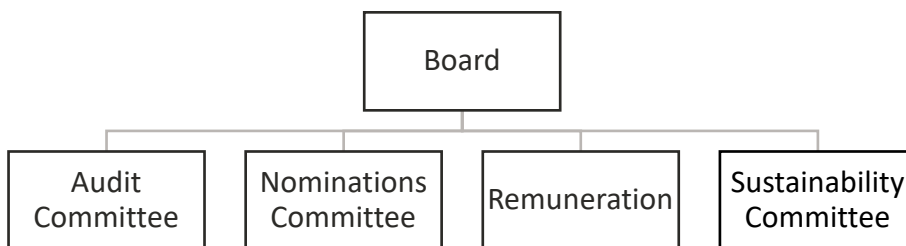
2.7 Role of the Company Secretary

The responsibilities of the Company Secretary include:

- Supporting the Chair in matters of governance, ensuring proper procedures;
- Developing the Board agenda;
- Ensuring the timely flow of good quality information to facilitate effective Board debate and decision-making;
- Acting as secretary to the Board and committees of the Board (Nominations, Audit and Remuneration Committees);
- Acting as a confidential sounding board to the Chair and individual directors;
- Alerting directors to matters which warrant the attention of the Board to ensure that the Company acts responsibly having due regard to its reputation;
- Providing a central source of guidance and advice on corporate governance best practice as set out in the UK Corporate Governance Code;
- Providing practical support and guidance on the duty to promote the success of the Company;
- Ensuring that the procedure for the appointment of directors is properly carried out, supporting their induction and assisting in their ongoing professional development;
- Maintaining up-to-date company records including the register of shareholders, minutes of Board, committee and general meetings;
- Ensuring compliance with continuing obligations as a company listed on the London Stock Exchange and Companies House filing requirements;
- Providing a high-quality service for shareholders with the support of the registrar;
- Supporting the Chair in relation to board succession planning; and
- Ensuring stakeholder engagements mechanisms are effective.

3. Board and committee structure

The Board has established three principal Committees:



Each Board Committee reviews and monitors key areas on behalf of the Board and make recommendations for its approval. Each Board Committee operates under written terms of reference which are approved by the Board and are contained in this IMI Governance Framework or on our website - www.imiplc.com. The Chair of each Committee reports to the Board on their activities after each meeting and minutes are circulated to all Board members once they have been approved by the Committee. Further information on the activities and composition of each Committee is detailed in each of the Committee reports contained in the Company's Annual Report.

4. Schedule of matters reserved for the Board

Standing authority is delegated to committees of the Board and the Chief Executive. The following reflects what is reserved for the Board for its decision in addition to decisions which exceed the limits of such standing authorities.

Strategy and management

1. Establish the Group's purpose, values and strategy and satisfy itself that these and its culture are aligned.
2. Approval of the strategic plans of the Group including its Environmental, Social and Governance ('ESG') ambitions and targets.
3. Approval of the annual budget.
4. Oversight of operations.
5. Approval of strategy and management matters beyond the authority level from time to time delegated to the Chief Executive, including IP strategy.

Structure and capital

6. Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
7. Major changes to the Company's corporate structure or its status as a plc whose shares are publicly traded on The London Stock Exchange.
8. Major changes to the Group's management and organisational structure.
9. Any changes to the Company's Articles of Association or its registered office.
10. Major changes to the tax status of the Group, following recommendation from the Audit Committee.

Financial reporting and controls

11. Approval of announcements of the half year, interim and full year results.
12. Approval of the Annual Report.
13. Approval of the dividend policy and declaration of the interim dividend and recommendation of the final dividend.
14. Approval of any significant changes in accounting policies or practices.
15. Approval of treasury matters beyond the authority level from time to time delegated to the Chief Executive.

Risk assessment and hotline

16. Ensuring maintenance of a sound system of internal control and risk management including:
 - 16.1. Approving the company's / group's risk appetite statements;
 - 16.2. Receiving reports on and reviewing the effectiveness of the group's risk and control processes to support its strategy and objectives;
 - 16.3. Approving procedures for the direction of fraud and the prevention of bribery;
 - 16.4. Undertaking an annual assessment of these processes; and
 - 16.5. Approving an appropriate statement for inclusion in the annual report.
17. Carrying out a robust assessment of the Company's emerging and principal risks.
18. Ensuring that the workforce has a mechanism to raise concerns in confidence and monitoring this mechanism and ensuring that arrangements are in place for proportionate and independent investigation and for follow-up action.

Major corporate transactions and expenditure proposals and other matters beyond the delegation of authority of the Chief Executive

19. Any bid or any approach regarding a possible bid to acquire a significant interest in the Company including any proposal for active participation by any director of the Company in any such possible transaction.
20. Approval of any corporate transaction, expenditure proposal or other operational matter beyond the level of authority from time to time delegated to the Chief Executive.

Communication

21. Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
22. Approval of resolutions and corresponding documentation to be put to shareholders at a general meeting.
23. Approval of all circulars, prospectuses and listing particulars.
24. Approval of regulatory announcements concerning matters decided by the Board including dividends, results, interim management statements and trading updates.

Board membership and other appointments

25. Changes to the structure, size and composition of the Board, following recommendations by the Nominations Committee.
26. Ensuring adequate succession planning for the board and senior management.
27. Appointments to the Board, following recommendations by the Nominations Committee.
28. Selection of the Company Chair and the Chief Executive, following recommendations by the Nominations Committee (or any ad hoc committee formed to recommend a new Chair).
29. Appointment of the senior independent director.
30. Appointment of any non-executive director designated to undertake Board level employee engagement or delegated responsibility for ESG matters, following recommendations by the Nominations Committee.
31. Approval of the membership and chairs of Board committees, following recommendations by the Nominations Committee.
32. Approval of Directors' external appointments.
33. Continuation in office of directors at the end of their term of office, when they are due to be elected or re-elected by shareholders at the AGM and otherwise as appropriate, following recommendations by the Nominations Committee.
34. Removal of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, following recommendations by the Nominations Committee.
35. Review, determinations and approvals of any conflicts of interest of directors.
36. Appointment and removal of the Company Secretary, following recommendations by the Nominations Committee.

Remuneration

37. Approval of the Remuneration report.
38. Approval of the remuneration policy to be put to shareholders, assisted by the Remuneration Committee.
39. Determining the remuneration of the non-executive directors (the remuneration of the non-executives is outside the remit of the Remuneration Committee) including fees for additional services as a committee chair, senior independent director, employee engagement director or otherwise, subject to limits in the articles of association.
40. Approval of any new pension arrangements which are material to the Group and any change to existing arrangements which is material to the Group (for the avoidance of doubt, new or amended pension arrangements for persons whose remuneration is determined by the Remuneration Committee must be approved by it and, if material to the Group, by the Board).

41. Approval of new share incentive plans or major changes to existing plans which are to be put to shareholders, assisted by the Remuneration Committee.

Corporate governance matters

42. Material changes to the Corporate Governance Framework including board roles, Board committee remits and other elements of this document.
43. Approval of the delegated authority vested in the Chief Executive.
44. To organise, receive and review the results of the Board and committee evaluation process
45. Determining the independence of non-executive directors.
46. Any decision to deviate from the UK Corporate Governance Code.
47. Considering the balance of interests between stakeholders.
48. Receiving reports on the views of shareholders to ensure that they are communicated to the board as a whole.
49. Setting key group policies and any material changes to them, including:
 - 49.1. Code of Conduct;
 - 49.2. Diversity Policy for Board and Senior Management; and
 - 49.3. Group Tax Policy.
50. Approval of the Group's modern slavery statement.
51. Making of political donations.

Advisors and auditor

52. Approval of the appointment or removal of the Company's principal standing advisers, who are its brokers, actuaries and registrar.
53. Decisions, or where appropriate recommendations to shareholders, regarding the appointment, reappointment or removal of the external auditor, assisted by the Audit Committee.

Litigation and regulatory proceedings

54. Prosecution, defence or settlement of litigation or regulatory proceedings:
 - 54.1. potentially involving above £30 million; or
 - 54.2. to which any current or former director or officer of the Company is a party; or
 - 54.3. which is otherwise material to the interests of the Group.

Insurance

55. Approval of overall levels of insurance.
56. Approval of directors and officers' insurance to be purchased by the Company, any express indemnities to be given to directors or members of the Executive Committee and any other decision regarding indemnification of directors or members of the Executive Committee.

Other

57. Oversight of matters which would have a significant impact on the Group's reputation.
58. Any matter exceeding the authority delegated to the Chief Executive Officer via the Delegated Authorities Framework.

5. Audit Committee Terms of Reference

1. Membership

- 1.1. The committee is a sub-committee of the Board, which has set these terms of reference. It shall comprise a chair and at least two other members. All members of the committee (including its chair) shall be independent non-executive directors of the Company appointed to the committee by the Board, taking into account the recommendations of the Nominations Committee. The audit committee as a whole shall have competence relevant to the sector in which the Company operates and at least one committee member shall have recent and relevant experience working with financial and accounting matters.
- 1.2. The Board shall, taking into account the recommendations of the Nominations Committee, appoint the committee chair. In the absence of the committee chair, the remaining members present shall elect one of their number in attendance to chair the meeting.
- 1.3. The committee may ask the auditor, the Chair, Chief Executive, Chief Financial Officer, Director of Group Assurance, Group Financial Controller and any director, employee or adviser to attend for part of any meeting by invitation. The committee shall conduct at least two meetings each year (or part thereof) alone with the external auditor.

2. Secretary

The Company Secretary or, in their absence, a person agreed by those present at the meeting shall act as the secretary of the committee.

3. Quorum and conflicts of interest

- 3.1. The quorum necessary for the transaction of business shall be two. 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.
- 3.2. Members of the committee shall disclose to and seek approval from the Board in respect of potential conflicts of interest and will comply with relevant requirements, including provisions of the Company's Articles of Association, at meetings of the committee as well as at meetings of the Board.

4. Frequency of meetings

- 4.1. The committee shall meet not less than four times a year and at such other times as may be requested by the committee chair or any other member of the committee or the external auditor.
- 4.2. A meeting will be arranged to take place prior to any Board meeting where financial statements are to be approved.

5. Notice of meetings

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 normally at least five days prior to the date of the meeting.

6. Minutes of meetings

- 6.1. The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.

- 6.2 The secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of committee meetings shall be prepared promptly and approved by the chair. The approved minutes shall be made available to all members of the committee and on request to any director save that the chair may direct that committee minutes be withheld or redacted as appropriate before being made available to any director who may have a conflict of interest in relation to the business of the relevant meeting.

7. Annual General Meeting

The chair of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the committee's activities.

8. Authorities

- 8.1 The committee shall be provided with sufficient resources to undertake its duties.
- 8.2 The committee is authorised by the Board to obtain internal and external legal or other professional advice, including the advice of independent consultants.
- 8.3 The committee shall have access to the services of the Company Secretary on all committee matters.
- 8.4 The committee is authorised to investigate any activity within the scope of its duties and to intervene if the committee considers it appropriate and/or if the Board instructs it accordingly.
- 8.5 The committee is authorised to seek any information it requires from any employee, consultant or contractor of the Group in order to perform its duties.
- 8.6 The committee shall have authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 8.7 The committee may delegate such of its duties and responsibilities to any one or more members of the committee as it may deem appropriate having regard to the purpose of the committee.

9. Duties

- 9.1 The committee shall have regard to the FRC's Audit Committees and the External Audit: Minimum Standard, dated May 2023 (as revised from time to time), when performing its duties as set out in these terms of reference.

9.2 Financial reporting

The committee shall act in an oversight role and in that capacity shall:

- 9.2.1 Monitor the integrity of the financial statements of the Company and its Group, including annual financial statements and preliminary results' announcements, half yearly management reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;
- 9.2.2 Review and challenge where necessary:

- 9.2.3 The consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its Group. This will include consideration of the potential impact of changes in accounting principles and making recommendations to the Board as to the time and manner of their adoption by the Company and its Group;
- 9.2.4 The methods used to account for significant or unusual transactions where different approaches are possible;
- 9.2.5 Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 9.2.6 The clarity of disclosure in Company and Group's financial reports and the context in which statements are made; and
- 9.2.7 All material information presented with the financial statements, such as the business review, financial review and the corporate governance statement (insofar as it relates to the audit and financial risk management);
- 9.2.8 Consider the Annual Report and half year results statement and advise the Board on whether taken as a whole the relevant draft is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- 9.2.9 Consider the appropriateness of the going concern statement and the viability statement in the Annual Report; and
- 9.2.10 If and to the extent the committee thinks material, review the periodic actuarial valuations of the principal pension funds of the Group where not reviewed by the Board as a whole.

9.3 Internal financial control and risk assessment

The committee shall:

- 9.3.1 Keep under review the effectiveness of internal financial controls and risk management systems and report to the Board its views and any recommendations for improvement;
- 9.3.2 Review and assess the action taken by management to monitor the effectiveness of internal financial controls; and
- 9.3.3 Review statements on internal financial control in the draft Annual Report prior to endorsement by the Board.

9.4 Internal audit

The committee shall:

- 9.4.1 Monitor and review the effectiveness of the internal audit function;
- 9.4.2 Approve the appointment and removal of the Director of Group Assurance with a view to ensuring that the Director of Group Assurance has adequate standing and is free from management or other restrictions;

- 9.4.3 Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively;
- 9.4.4 Review and assess the annual plan for internal audit;
- 9.4.5 Review reports on the Company and the Group from the internal audit function;
- 9.4.6 Review and monitor management's responsiveness to the findings and recommendations of the internal audit function;
- 9.4.7 Meet the Director of Group Assurance at least once a year, without executive directors being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Director of Group Assurance shall be given the right of direct access to the chair of the committee and to the Board; and
- 9.4.8 Review the relationship and co-ordination of the internal audit process with the external auditor.

9.5 External audit

The committee shall:

- 9.5.1 Consider and make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor and the terms of any appointment including auditor remuneration and liability;
- 9.5.2 Conduct the tender and selection process for the appointment of a new auditor and if the auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;
- 9.5.3 Assess periodically the risks associated with the possible withdrawal of the external auditor from the market and consider whether any mitigating action is appropriate;
- 9.5.4 Ensure that key partners within the appointed firm are rotated from time to time in accordance with best practice;
- 9.5.5 Approve the annual audit plan and the scope of the audit engagement. The committee shall approve the interim review plan and the scope of the auditor's engagement in relation to the auditor's review of the interim financial statements. The committee shall meet with the external auditor at the planning stage, where the scope of the audit (or, in the case of the interim financial statements, the review by the auditor) will be considered, and again effectively post audit (or in the case of the interim financial statements, after the review by the auditor) at the reporting stage;
- 9.5.6 Seek to ensure that there is an appropriate assurance process in place on the disclosure of relevant audit information to the auditor by directors and officers of the Company;
- 9.5.7 Review the findings and effectiveness of the external audit including (but not limited to):
 - 9.5.7.1 Consideration of any major issue which arose during the audit;
 - 9.5.7.2 Any material accounting and audit judgements;
 - 9.5.7.3 Errors and levels of errors identified during the audit;

- 9.5.7.4. Any requirement for a representation letter; and
- 9.5.7.5. The auditor's report to the committee and any management letter to the Company and management's response to the auditor's findings and recommendations.
- 9.5.8 The committee shall oversee the relationship with the external auditor including (but not limited to):
 - 9.5.8.1 Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and considering whether that relationship appears to impair the auditor's independence and objectivity having regard to the views of the external auditor, management and internal audit;
 - 9.5.8.2 Approval of their terms of engagement, including any engagement letter issued at the start of each audit (or interim review) and the scope of the audit (or interim review);
 - 9.5.8.3 Approval of the auditor's remuneration and assessment of whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 9.5.8.4 Satisfying itself that there are no relationships (such as, financial, business, employment or family and other personal relationship) with the Company which could affect the auditor's independence and objectivity taking account of audit or ethical standards;
 - 9.5.8.5 Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm and other related requirements;
 - 9.5.8.6 Assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures and consideration of the auditor's annual transparency report where available;
 - 9.5.8.7 Monitoring development and implementation of the policy on the engagement of the audit firm in relation to non-audit services, taking into account all relevant circumstances and ethical guidance and best practice in this connection; and
 - 9.5.8.8 Seeking to ensure co-ordination with the activities of the internal audit function.

9.6 Reporting responsibilities

- 9.6.1 The chair of the committee or their nominee shall report formally to the Board on its meetings and all matters within its duties or responsibilities.
- 9.6.2 The committee shall make whatever recommendations to the Board it deems appropriate on any matters within its remit or arising in the course of its work.
- 9.6.3 The committee shall prepare a report, which satisfies the reporting requirements of the UK Corporate Governance Code, on its work for approval by the Board and inclusion in the Annual Report.
- 9.6.4 If the Board does not accept a recommendation of the committee, and the matter is not resolved to the satisfaction of the committee, it shall be included in the report on the committee's work in the Annual Report.

9.7 Other matters

- 9.7.1 The committee shall review annually the tax strategy of the Group and make recommendations to the Board on any proposed major changes in tax strategy.
- 9.7.2 The committee acts in an oversight role and does not have managerial responsibility for the preparation of the financial statements or otherwise in respect of its supervisory activities or the recommendations it makes and it is the responsibility of management to take appropriate actions.
- 9.7.3 The committee shall give due consideration to laws and regulations, relevant requirements of the UK Listing Authority and the provisions of the UK Corporate Governance Code, in each case, as may be amended from time to time.
- 9.7.4 The committee shall give due consideration to any reports received from regulators.
- 9.7.5 The committee shall oversee any investigation of material financial irregularity or breach of internal financial controls which are within its terms of reference and ensure there is proportionate and independent investigation of any suspected financial improprieties and an appropriate response including where appropriate improvements in the financial control environment.
- 9.7.6 At least once a year, the committee shall review its own performance, constitution and terms of reference to ensure it is operating effectively and make or recommend any changes it considers necessary or desirable to the Board for approval, as and when appropriate.

6. Nominations Committee Terms of Reference

1. Membership

- 1.1 The committee is a sub-committee of the Board, which has set these terms of reference. Its members shall be appointed by the Board and shall comprise the Company Chair and at least two other directors. A majority of the members of the committee shall be independent non-executive directors.
- 1.2 The Company Chair shall be the committee chair. In the absence of the Company Chair, the remaining members present shall elect one of their number to chair the meeting. The chair of the board shall not chair the committee when it is dealing with the matter of succession of the chair of the board.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other 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, in their absence, a person appointed by those present, shall act as the secretary of the committee.

3. Quorum and conflicts of interest

- 3.1 The quorum necessary for the transaction of business shall be at least two members. 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.
- 3.2 Members of the committee shall disclose to and seek approval from the Board in respect of potential conflicts of interest and will comply with relevant requirements including provisions of the Company's Articles of Association at meetings of the committee as well as at meetings of the Board.

4. Frequency of meetings

The committee shall meet not less than twice a year and at such other times may be requested by the committee chair or any other member of the committee.

5. Notice of meetings

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, normally at least five days prior to the date of the meeting.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 The secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 6.3 Draft minutes of committee meetings shall be prepared promptly and approved by the chair. The approved minutes shall be made available to all members of the committee and on request to any director save that the chair may direct that minutes be withheld or redacted as appropriate before being made available to any director who may have a conflict of interest in relation to the business of the relevant meeting.

7. Annual General Meeting

The chair of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the committee's activities.

8. Authorities

- 8.1 The committee shall be provided with sufficient resources to undertake its duties.
- 8.2 The committee is authorised by the Board to obtain internal and external legal or other professional advice, including the advice of independent consultants and to engage external search consultants.
- 8.3 The committee shall have access to the services of the secretary on all committee matters.
- 8.4 The committee is authorised to investigate any activity within the scope of its duties and to intervene if the committee considers it appropriate and/or if the Board instructs to so do.
- 8.5 The committee is authorised to seek any information it requires from any employee, consultant or contractor of the Group in order to perform its duties.
- 8.6 The committee shall have authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 8.7 The committee may delegate such of its duties and responsibilities to any one or more members of the committee as it may deem appropriate having regard to the purpose of the committee.

9. Duties

The committee shall:

- 9.1 Lead the process for Board appointments and make recommendations to the Board as appropriate;
- 9.2 Regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary or desirable;
- 9.3 Review the succession pipeline and satisfy itself that appointments and succession planning for the Board and the Executive Committee are based on merit taking into account objective criteria and, within that context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 9.4 Set measurable objectives for diversity and inclusion in relation to the Board and the Executive Committee and prepare a policy on the promotion of diversity and inclusion on the Board and the Executive Committee;
- 9.5 Evaluate the balance of skills, knowledge and experience on the Board and, in the light of this, prepare a description of the role and capabilities required for each proposed non-executive director appointment;

- 9.6 Ensure before appointment of any non-executive director that the candidate will have sufficient time to undertake the role and review their other commitments;
- 9.7 Keep under review the other significant commitments of each director;
- 9.8 Review on an annual basis the time required from the non-executive directors in fulfilling their duties (annual performance evaluation will assess whether the non-executive directors are spending adequate time on their duties);
- 9.9 In conjunction with human resources, set diversity objectives and strategies for the Group as a whole and monitor the impact and outcome of diversity initiatives;
- 9.10 Respect the roles of the Remuneration Committee and the Board and liaise with them as appropriate with regard to issues of remuneration and terms of appointment and/or employment for prospective directors; and
- 9.11 At least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and make or recommend any changes it considers necessary or desirable to the Board, as and when appropriate.

The committee shall also make recommendations to the Board concerning:

- 9.12 New appointments of any person as a director (save that the process of search, selection and recommendation of a new Company Chair shall be led by the senior independent non-executive director, who may chair a special purpose committee for this purpose to be established by the Board);
- 9.13 The appointment and re-appointment of the senior independent non-executive director;
- 9.14 The re-appointment of any non-executive director at the conclusion of his or her specified term of office;
- 9.15 Each director standing for election or re-election under the provisions in the Company's Articles of Association;
- 9.16 The composition and selection of the chairs and other members of the Audit Committee, the committee and the Remuneration Committee;
- 9.17 The designation of a non-executive director to undertake Board level workforce engagement;
- 9.18 The designation of a non-executive director to undertake Board level engagement with the Better World Team and the Group's ESG agenda;
- 9.19 Removal of any director and any concerns it may have relating to the continuation in office of any director and any suspension or termination of service of any executive director as an employee; and
- 9.20 Appointment or removal of the company secretary.

10. Reporting responsibilities

- 10.1 The chair of the committee or their nominee shall report formally to the Board on its meetings and all matters within its duties and responsibilities.
- 10.2 The committee shall make whatever recommendations to the Board it deems appropriate in relation to any matters within its remit or arising in the course of its work.
- 10.3 The committee shall prepare a report on its work for approval by the Board and inclusion in the Annual Report.

7. Remuneration Committee Terms of Reference

1. Membership

- 1.1 The committee is a sub-committee of the Board, which has set these terms of reference, and shall be comprised of at least three independent non-executive directors appointed by the Board, taking into account the recommendations of the Nominations Committee.
- 1.2 The Board shall, taking into account the recommendations of the Nominations Committee, appoint the committee chair. Before such appointment, the committee chair must have served on a remuneration committee for at least 12 months. In the absence of the committee chair, the remaining members present shall elect one of their number in attendance to chair the meeting.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chief Executive, the 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, in their absence, a person appointed by those present, shall act as the secretary of the committee.

3. Quorum and conflicts of interest

- 3.1 The quorum necessary for the transaction of business shall be at least two members. 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.
- 3.2 Members of the committee shall disclose to and seek approval from the Board in respect of potential conflicts of interest and will comply with relevant requirements including provisions of the Company's Articles of Association at meetings of the committee as well as at meetings of the Board.

4. Frequency of meetings

The committee shall meet not less than twice a year and at such other times may be requested by the committee chair or any other member of the committee.

5. Notice of meetings

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, normally at least five days prior to the date of the meeting.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 The secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 6.3. Draft minutes of committee meetings shall be prepared promptly and approved by the chair. The approved minutes shall be made available to all members of the committee and on request to any director save that the chair may direct that minutes be withheld or redacted as appropriate before being made available to any director who may have a conflict of interest in relation to the business of the relevant meeting.

7. Authorities

- 7.1. The committee shall be provided with sufficient resources to undertake its duties.
- 7.2. The committee is authorised by the Board to obtain internal and external legal or other professional advice, including the advice of independent remuneration consultants engaged by the committee.
- 7.3. The committee shall have access to the services of the secretary on all committee matters.
- 7.4. The committee is authorised to investigate any activity within the scope of its duties and to intervene if the committee considers it appropriate and/or if the Board instructs to so do.
- 7.5. The committee is authorised to seek any information it requires from any employee, consultant or contractor of the Group in order to perform its duties.
- 7.6. The committee shall have authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 7.7. The committee may delegate such of its duties and responsibilities to any one or more members of the committee as it may deem appropriate having regard to the purpose of the committee.
- 7.8. When determining remuneration schemes, policy and outcomes, the committee should exercise independent judgement and consider exercising discretion to override formulaic outcomes, taking account of company and individual performance, and wider circumstances.

8. Duties

The committee shall:

- 8.1. Determine the policy for the remuneration of the Company Chair and members of the Executive Committee;
- 8.2. Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for the remuneration of members of the Executive Committee;
- 8.3. Determine the structure and targets for any performance related elements of remuneration for the members of the Executive Committee and approve computations and payments to be made in connection therewith and ask the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements or significant changes to existing arrangements;
- 8.4. Determine all elements of the remuneration of the Company Chair and the individual remuneration package of each member of the Executive Committee, including, but not limited to, basic salary, benefits in kind, bonuses, long term incentive arrangements and pension arrangements being sensitive to appropriate factors including pay and conditions across the wider workforce;

- 8.5. Ensure that all elements of directors' remuneration are in line with the latest shareholder approved remuneration policy or changes to that policy approved by shareholders;
- 8.6. Where not delegated to the non-executive director with designated responsibility for employee engagement, engage with the workforce to explain how decisions on executive pay reflect wider company pay policy;
- 8.7. Determine the policy for and structure of pension arrangements for members of the Executive Committee;
- 8.8. Determining the policy for authorising claims for expenses from the directors;
- 8.9. Determine any shareholding requirements for the Company Chair and the members of the Executive Committee and review dealings in the Company's shares planned by members of the Executive Committee;
- 8.10. Determine the policy on termination payments and compensation commitments and approve individual proposals for termination packages in relation to the members of the Executive Committee;
- 8.11. Determine the terms of the service agreements for executive directors;
- 8.12. Review the design and development of all share incentive plans requiring specific approval by the Board and/or shareholders, including the design and development of long-term incentive plans applicable to members of the Executive Committee and all-employee share plans (the "Share Plans") and make recommendations to the Board as to the adoption of Share Plans;
- 8.13. For all Share Plans, determine each year, whether awards will be made, and, if so, the overall amount of such awards and the individual awards to members of the Executive Committee and delegate authority for the Chief Executive to make awards to employees at other levels;
- 8.14. Exercise all powers under the rules of the Share Plans, including the power to delegate to any committee or individual appointed to administer or implement the Share Plans subject to reasonable supervision of the same;
- 8.15. Consult with the Company Chair and the Chief Executive regarding the remuneration of members of the Executive Committee;
- 8.16. Liaise with the Nominations Committee and the Board as appropriate with regard to the remuneration aspects of any appointment or termination of members of the Executive Committee;
- 8.17. In setting and structuring remuneration packages and arrangements, give due regard to the UK Corporate Governance Code as well as the UK Listing Authority's Listing Rules and to relevant guidance and best practice, in each case, as may be amended from time to time;
- 8.18. Consider and review the risk implications with respect to the design, implementation and operation (including payout) of remuneration arrangements for members of the Executive Committee and undertake an annual review to confirm that the Group's remuneration policies and practices remain compatible with the Company purpose, values and strategy;
- 8.19. Be responsible for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and

- 8.20. At least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and make or recommend any changes it considers necessary or desirable, as and when appropriate.

9. Reporting responsibilities

- 9.1. The committee chair or their nominee shall report formally to the Board on its meetings and all matters within its duties and responsibilities.
- 9.2. The committee shall submit for approval by the Board and shareholders a Directors' Remuneration Policy (to be included in the Annual Report as appropriate) at least every three years and otherwise as thought necessary or desirable.
- 9.3. The committee shall submit for approval by the Board and shareholders an annual report on remuneration to be included in the Annual Report which should include, inter alia, the information on directors' remuneration required to be disclosed by the Companies Act (including regulations made thereunder), the UK Corporate Governance Code, the UK Listing Authority's Listing Rules and any other relevant statutory and regulatory provisions.
- 9.4. The committee shall include in its report a statement with regard to stakeholder engagement including in particular engagement with shareholders and the workforce with regard to executive remuneration.

10. Annual General Meeting

The chair of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the committee's activities.

8. Sustainability Committee Terms of Reference

1. Membership

- 1.1 The committee is a sub-committee of the Board, which has set these terms of reference. It shall comprise a chair and at least two other members. All members of the committee (including its chair) shall be independent non-executive directors of the Company appointed to the committee by the Board, taking into account the recommendations of the Nominations Committee. The designated non-executive director responsible for workforce engagement shall be a member. The chair of the board may also serve on the committee as an additional member.
- 1.2 Members should have the appropriate knowledge, skills and expertise to understand ESG-related strategy, targets and implementation, and shall undertake appropriate development of their skills as necessary.
- 1.3 The board shall appoint the committee chair who shall be an independent non-executive director. The chair of the board shall not be chair of the committee. 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.
- 1.4 Only members of the committee have the right to attend committee meetings. However, other individuals including the chair of the board (where not a member of the committee), chief executive, chief financial officer, head of sustainability, chief people officer, senior managers, employees, contractors, external advisers and other stakeholders may be invited to attend for all or part of any meeting, as and when appropriate.

2. Secretary

The Company Secretary or, in their absence, a person agreed by those present at the meeting shall act as the secretary of the committee.

3. Quorum and conflicts of interest

- 3.1 The quorum necessary for the transaction of business shall be two, present in person or by electronic communication.
- 3.2 Members of the committee shall disclose to and seek approval from the Board in respect of potential conflicts of interest and will comply with relevant requirements, including provisions of the Company's Articles of Association, at meetings of the committee as well as at meetings of the Board.

4. Frequency of meetings

The committee shall meet not less than three times a year and at such other times as may be requested by the committee chair or any other member of the committee.

5. Notice of meetings

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 normally at least five days prior to the date of the meeting.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 The secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of committee meetings shall be prepared promptly and approved by the chair. The approved minutes shall be made available to all members of the committee and on request to any director save that the chair may direct that committee minutes be withheld or redacted as appropriate before being made available to any director who may have a conflict of interest in relation to the business of the relevant meeting.

7. Engagement with shareholders and stakeholders

The committee chair shall attend the annual general meeting to answer any shareholder questions on the committee's activities and responsibilities. In addition, the committee chair should seek engagement with shareholders, and other stakeholders where relevant, on significant matters related to the committee's areas of responsibility.

8. Duties

In these terms, ESG shall mean in the context of the Company's ESG strategy:

- a) all of climate action: reducing Scope 1, 2 and 3 emissions, water usage and non-recyclable hazardous waste;
- b) all of sustainable solutions: optimising product quality and performance and developing new products to help customer reduce their emissions, improving operational efficiency and reducing waste, engaging our suppliers to ensure we maintain a sustainable, ethical and reliable supply chain; and
- c) responsible business: as this relates to climate action and sustainable solutions only.

The committee shall:

ESG strategy or framework

- 8.1 Oversee the development of, advise the board regarding, and recommend for approval by the board, the company's ESG strategy. Ensure that this strategy is effective, aligned with prevailing regulations and good practice, and integrated with the company's business plan, values and objectives, in order to support the company's long-term sustainable success.
- 8.2 Oversee the execution of the ESG strategy and approve implementation projects developed in response to the strategy. Review the effectiveness of the teams, external advisers, governance and processes in place to ensure the outcomes of the ESG strategy are delivered. Advise on the risks and opportunities for the company's operations and reputation in relation to the execution of its ESG strategy.

Goals and metrics

- 8.3 Advise on, and recommend for approval by the board, appropriate ESG strategic goals, short- and long-term targets, and key ESG metrics. Support the remuneration committee on the use of ESG metrics in executive remuneration. Monitor annual and long-term progress against previously set ESG objectives, including compliance with public commitments on ESG issues. Oversee the ongoing measurement and reporting of performance against key ESG metrics.

Reporting

8.4 Review the content, integrity and completeness of external statements and disclosures about ESG activity, targets and progress. Review ESG-related reporting prior to board approval, including the information to be included in the annual report, and mandatory or voluntary disclosures in line with recommended practice and regulatory requirements. Evaluate the extent and effectiveness of external reporting on ESG performance and participation in external benchmarking indices.

Horizon scanning

8.5 Identify current and emerging ESG-related issues, standards, good practice, and regulatory or legislative developments, at the sectoral, national and international level. This includes sourcing or undertaking relevant training and development opportunities, both for the committee members and for company employees as appropriate. Evaluate which issues and developments are likely to impact the company's strategy, operations and reputation. Determine, therefore, whether and how these should be reflected in the company's ESG objectives, policies and reporting.

Governance, policies and procedures

8.6 Monitor the establishment of appropriate ESG-related policies, procedures for incident reporting, codes of practice, and standards of business conduct. Where these exist, review their adequacy and ongoing relevance and effectiveness. Where necessary, ensure they are updated to remain in compliance with relevant national and international standards. Review any serious incidents which breach the company's ESG-related policies, codes, standards and procedures.

Supply chain risks and controls

8.7 Support the board in monitoring supply chain risk and support the audit committee in assessing the adequacy and effectiveness of supply chain controls.

Climate-related risks and controls

8.8 Advise the board on the company's appetite and tolerance with respect to climate-related risks. Identify material risks and ensure that these are appropriately captured in the company's risk profile and risk management framework.

Support the audit committee in assessing the adequacy and effectiveness of climate related controls.

Resourcing ESG projects

8.9 Make recommendations to the board in relation to the required resourcing and funding of ESG-related activities, and on behalf of the board, oversee the deployment and control of any resources and funds.

9. Reporting responsibilities

9.1 The committee shall report to the board 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 oversee the production of an annual summary of the company's ESG strategy, policies and practices, which will form part of the company's annual report.
- 9.4 The committee shall compile a report of its activities to be included in the company's annual report, including identification of any external advisers.

10. Other matters

The committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 10.2 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.
- 10.3 Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations as appropriate.
- 10.4 At least once a year, the committee shall review its own performance, constitution and terms of reference to ensure it is operating effectively and make or recommend any changes it considers necessary or desirable to the Board for approval, as and when appropriate.

11. Authority

The committee is authorised by the board to:

- 11.1 Seek any information, including reports, that it requires from any employee of the company in order to perform its duties.
- 11.2 Obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 11.3 Delegate such of its duties and responsibilities to any one or more members of the committee as it may deem appropriate having regard to the purpose of the committee.