

## TRAVIS PERKINS plc

### Terms of Reference of the Remuneration Committee

#### 1. CONSTITUTION

- 1.1 The remuneration committee (Committee) was constituted as a committee of the board of Directors (Board) of Travis Perkins plc (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 functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the Company Secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### 2. ROLE

- 2.1 The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, having regard to statutory and regulatory requirements.
- 2.2 In particular the Committee shall consider:
  - (a) Remuneration policies, including base pay, long and short term incentives.
  - (b) Remuneration practice and its cost to the Company.
  - (c) Recruitment, service contracts and severance policies.
  - (d) Pension and superannuation arrangements and other benefits.
  - (e) The engagement and independence of external remuneration advisers.

#### 3. DUTIES AND TERMS OF REFERENCE

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

##### 3.1 Remuneration policy

The Committee shall:

- (a) Determine and agree with the Board the policy for the remuneration and benefits of:
  - (i) The Chair of the Board.

- (ii) Executive Directors.
- (iii) The Group Leadership Team (including the Company Secretary).

The remuneration of the Senior Independent Director and Non-executive Directors of the Board will be a matter for the Chair of the Board and the Executive Directors to be decided at a meeting of the Board to be determined within the limits set in the Company's articles of association.

No Director or senior manager shall be involved in any decisions as to their own remuneration.

(b) In determining the remuneration policy, consider:

- (i) All relevant legal and regulatory requirements.
- (ii) The provisions and recommendations of the UK Corporate Governance Code (Code) and associated guidance, together with the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- (iii) Alignment to Company purpose and values and the link to the successful delivery of the Company's long-term strategy.
- (iv) The business strategy of the Company and the Group and how the policy supports strategy and promotes long-term sustainable success.
- (v) Workforce remuneration and related policies and the alignment of incentives and rewards with culture.
- (vi) An appropriate balance between fixed and performance related remuneration, immediate and deferred remuneration.
- (vii) The Company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Company's risk policies and systems and long term sustainable success.
- (viii) The transparency of the performance-related elements, ensuring they are stretching and rigorously applied.
- (ix) Remuneration documentation ensuring that remuneration schemes and policies enable the use of discretion to override formulaic outturns.
- (x) The malus and clawback provisions to apply to the annual bonus scheme and share based remuneration schemes.

(c) Review at least annually the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders as appropriate.

(d) Determine, within the terms of the agreed remuneration policy, the total remuneration package for the Chair of the Board and each element of the total individual remuneration package for each Executive Director and Group Leadership Team member including:

- (i) Base salary.
- (ii) Profit sharing and specific incentive remuneration schemes/arrangements.

- (iii) Participation in share option schemes and share ownership plans.
  - (iv) Pension arrangements, including the level of contributions by the Company.
  - (v) Other bonuses and benefits in cash or in kind; ensuring, where relevant, that any payments made are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval.
- (e) Engage in appropriate discussions as necessary with institutional investors on policy or any other aspects of remuneration.

### **3.2 Share based remuneration**

The Committee shall:

- (a) Establish remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests, with share awards 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.
- (b) Approve the design of, and determine the targets for, the operation of all long term incentive schemes, including all schemes involving the award of shares or the grant of options. For any such plans, determine each year whether the awards will be made, and if so, approve the overall amount of such awards and the individual awards to Senior Executives in such schemes.
- (c) Monitor and assess any performance conditions applicable to any long term incentive awards granted under any schemes adopted by the Company. Ensure that the performance conditions are fully explained and promote long-term sustainable success. The Committee shall exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances.
- (d) Design and invoke agreed safeguards, for example clawback, to protect against rewards for failure through appropriate risk management of incentive arrangements to ensure that any performance-related payments reflect actual achievements.
- (e) Ensure that all incentive arrangements are aligned to the Company's risk policies and systems and comply with the provisions set out in the Code.

### **3.3 Bonus arrangements**

- (a) The Committee shall approve the design of all performance related bonus schemes, consider whether the Directors and (collectively) the Senior Executives should be eligible for annual bonuses and approve the total annual payments under such schemes.
- (b) The Committee shall, in relation to any bonus scheme operated by the Company, determine annual targets and key performance indicators for, and assess performance against targets and key performance indicators, by the Company, individual Executive Directors and other Senior Executives. The Committee shall exercise independent judgement and discretion when

authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances.

### **3.4 Pensions**

The Committee shall review the pension arrangements for the Executive Directors and Senior Executives and in particular the pension consequences and associated costs to the Company of basic salary increases and any other changes in pension remuneration.

### **3.5 Remuneration consultants**

The Committee shall:

- (a) To help it fulfil its obligations and to enable it to judge where to position the Company relative to other companies, have full authority to appoint remuneration consultants 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.
- (b) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- (c) Exercise independent judgment when considering advice provided by remuneration consultants.

### **3.6 Service contracts and severance**

The Committee shall:

- (a) Approve the terms of the service contracts, (under which the duration of notice periods shall not normally exceed one year), for Executive Directors and any material amendments to those contracts.
- (b) Determine the policy for, and scope of, termination payments and compensation commitments for each Senior Executive. Ensure that there is a clear policy to link non-contractual payments to performance.
- (c) Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

### **3.7 Shareholder approval**

The Committee shall:

- (a) Report annually to shareholders on matters relating to executive remuneration. In preparing the report, the Committee shall include:
  - (i) An annual statement by the Committee Chair.
  - (ii) The Directors' remuneration policy for years in which approval of such policy is being sought.
  - (iii) An annual report on Directors' remuneration. The Directors' remuneration policy and the annual report on Directors' remuneration

should include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules (as published by the Financial Conduct Authority) (Listing Rules) and any other relevant statutory, regulatory or governance codes.

- (b) Submit the Directors' remuneration policy for approval on a binding basis by the Board and shareholders:
  - (i) At least every three years.
  - (ii) In any year in which there is a change to the policy.
  - (iii) If shareholder approval was not obtained when last submitted.
  - (iv) If majority shareholder approval was not achieved on the last submitted annual remuneration report.
- (c) Submit the annual report on Directors' remuneration for approval on an advisory basis by the Board and shareholders annually at the annual general meeting.

### **3.8 Other matters**

The Committee shall:

- (a) Monitor and review the level and structure of remuneration of senior management in the context of the pay policy of the Group as a whole, pay and conditions elsewhere in the Group, and the overall cost to shareholders.
- (b) Keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants.
- (c) Oversee any major changes in remuneration and employee benefits structures throughout the Company and the Group.
- (d) Agree the policy for authorising claims for expenses from the Directors.
- (e) Decide on any ex-gratia payments to be made and benefits granted to Senior Executives and their surviving spouses.
- (f) Subject to delegation of authority by the Board, determine whether the disclosure of any information on performance conditions would be commercially sensitive.
- (g) Exercise any discretion or judgment on remuneration issues in accordance with the remuneration policy.
- (h) Consider such other matters as are referred to the Committee by the Board.
- (i) Work and liaise as necessary with all other Board committees.

## **4. MEMBERSHIP**

- 4.1 The Committee shall comprise a minimum of three members. Each Committee member shall be an independent non-executive director as determined by the Board (in accordance with the principles of the Code). If any member of the

Committee other than the Chair of the Board appointed to the Committee (in accordance with 4.3 below) is deemed not to be independent, then the Board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.

- 4.2 The Board shall appoint members of the Committee, on the recommendation of the Nomination Committee, in consultation with the Committee Chair. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 4.3 The Chair of the Board may be a fourth or subsequent member of the Committee if he or she was considered to be independent on appointment as Chair of the Board. The Chair of the Board shall not chair the Committee.
- 4.4 Appointments to the Committee shall be for a period of up to nine years, so long as members continue to be independent.
- 4.5 The Board shall appoint the Chair of the Committee from among the independent non-executive director members. Before appointment as Committee Chair, the appointee will normally have served on a remuneration committee (either at the Company or another company) for at least 12 months. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting.
- 4.6 The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.7 The Company Secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee shall meet at least twice a year and otherwise as required.
- 5.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief Human Resources Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Committee Chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 5.3 No person (including Directors and the Chair of the Board) shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.
- 5.4 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.5 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conferences.

## **6. NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, 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 appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee Chair.

## **7. QUORUM**

- 7.1 The quorum necessary for the transaction of business at a Committee meeting shall be two independent members, present in person or by audio or video conference. If there is difficulty in achieving a quorum, independent Non-executive Directors, who are not members of the Committee, may be co-opted as members for individual meetings
- 7.2 A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **8. VOTING ARRANGEMENTS**

- 8.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 8.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 8.3 Except where he has a personal interest, the Committee Chair shall have a casting vote.
- 8.4 The Committee Chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **9. MINUTES OF MEETINGS**

- 9.1 The Company Secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other Board members unless in the opinion of the Committee Chair it would be inappropriate to do so.

- 9.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.
- 9.4 A resolution or decision recorded in writing and agreed by all the members in writing (including electronically by email) and signed by the Committee Chair will be as effective as a resolution passed at a Committee meeting. Any such resolution or decision shall be tabled and noted at the next meeting of the Committee.

## **10. ANNUAL GENERAL MEETING**

- 10.1 The Committee Chair shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

## **11. REPORTING RESPONSIBILITIES**

The Committee shall:

- 11.1 Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all meetings shall be included in the papers for a subsequent Board meeting.
- 11.2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 Ensure that provisions regarding the public disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled.
- 11.4 Prepare a formal report for shareholders (as referred to in paragraph 3.7(a) above) to be included in the Company's annual report, which shall include:
- (a) A statement from the Committee Chair providing a summary of the Company's remuneration policy and the annual report on remuneration.
  - (b) A report of the Company's remuneration policy and practices and the Committee shall ensure that it is put to shareholders for approval at each annual general meeting.
  - (c) If shareholder approval is being sought, the Company's remuneration policy.
- 11.5 If the Committee has appointed remuneration consultants, identify in the annual report of the Company's remuneration policy, the name of the consultants and state whether they have any connection with the Company.
- 11.6 Make available to shareholders these terms of reference by placing them on the Company's website.

## **12. Engagement with shareholders**

The Committee Chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.



### **13. GENERAL MATTERS**

The Committee shall:

- 13.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and management for assistance as required.
- 13.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 13.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Listing Rules and the UK Listing Authority's Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Lifetime Savings Association, the GC100 and any other applicable rules, as appropriate.
- 13.4 Work and liaise as necessary with all other Board committees.
- 13.5 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.

### **14. AUTHORITY**

The Board authorises the Committee to:

- 14.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference as it considers necessary.
- 14.2 Seek any information it requires from any employee of the Company or any of the Company's subsidiaries to perform its duties.
- 14.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 14.4 Call any employee to be questioned at a Committee meeting as and when required.
- 14.5 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

**Approved by the Remuneration Committee on 1 November 2021**

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