



## CONVATEC GROUP PLC

### REMUNERATION COMMITTEE – TERMS OF REFERENCE

Adopted by the Remuneration Committee on 6 December 2023

#### 1. PURPOSE

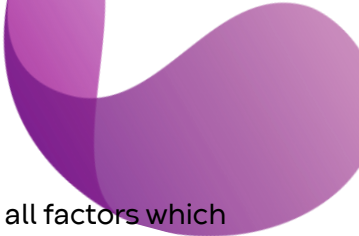
- 1.1 The remuneration committee (the *Committee*) was constituted as a committee of the Board of directors (the *Board*) of Convatec Group Plc on 12 October 2016, in accordance with the articles of association of the Company. These terms of reference replace any previous terms of reference for the Committee.
- 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:
  - (a) the remuneration policy and practices of the Company are designed to promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
  - (b) executive remuneration is aligned to the Company's purpose and values and linked to delivery of the Company's long-term strategy.
- 2.2 The remuneration of the senior independent director and non-executive directors of the Board shall be a matter for the Chair and the executive directors to be decided at a meeting of the Board, to be determined within the limits set out in the Company's articles of association. No director or senior manager shall be involved in any decisions as to their own remuneration.

#### 3. DUTIES


- 3.1 The Committee's duties shall be:
  - (a) to determine and agree the policy for the remuneration and benefits (including pension rights and any compensation payments) of the Company's Chair, the executive directors of the Company, the Company Secretary and any other senior employees of the Company as the Board may determine from time to time (the



*Executive Group*). In doing so, 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 2018 (the *Code*) and such other guidance as it considers relevant:

1. The objective of the training for the Executive Group shall be to promote the long-term sustainable success of the Company and the alignment to the Company purpose and values, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that the Executive Group are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions.
  2. The remuneration policy for the Executive Group should have regard to 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 strategic goals. When setting the remuneration policy, the Committee shall review and have regard to pay and employment conditions across the Company, especially when determining annual salary increases. 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 sustainable success of the Company;
- (b) to consider, monitor and review the ongoing appropriateness and relevance of the remuneration policy (including its level and structure) and consult with significant shareholders and other stakeholders as appropriate;
  - (c) to consider and determine all elements of the remuneration of the Executive Group and, in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria (which shall be transparent, stretching and rigorously applied), monitor their operation and approve the total payments made under such schemes including the terms of any malus or clawback arrangement, and consider the use of discretion by the Committee to override formulaic outcomes taking account of Company and individual performance, and wider performance;
  - (d) to monitor executive directors' achievement of any prescribed shareholding requirements: (i) to hold a minimum number of shares; and (ii) to hold shares for a period after the vesting or exercise of share-based awards or options;
  - (e) to consider and determine within the agreed remuneration policy and the provisions of the service agreements of any payment under each element of the total individual remuneration package for the Executive Group including (to the extent applicable):
    - i. base salary;
    - ii. participation in discretionary equity-based incentives and all-employee equity schemes;



iii. pension arrangements, including the level of contributions by the Company;  
and

iv. other bonuses and benefits in cash or in kind;

any such provisions must be fair to the individual and the Company, not reward failure, and fully recognise the duty to mitigate loss;

- (f) to review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for the Executive Group, and the performance targets to be used;
- (g) to approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Executive Group on termination of that person's employment and to ensure such payment or benefit is consistent with the most recent directors' remuneration policy that has been approved by shareholders or, is otherwise approved by the shareholders as required by the Rules (as defined in 3 (l) below) and all other relevant laws and regulations;
- (h) to have full authority to appoint remuneration consultants to assist with fulfilling the duties of the Committee 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;
- (i) to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (j) subject to delegation of authority by the Board, to determine whether the disclosure of any information on performance conditions in the Company's annual remuneration report would be commercially sensitive;
- (k) to design, seek approval by the board and shareholders for, and administer all aspects of any executive share scheme and/or all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements);
- (l) to have regard to laws, regulations and any published guidelines or recommendations regarding the remuneration and terms and conditions of directors of listed companies and the formation and operation of share schemes (in particular the principles and provisions of the Companies Act 2006, the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules (together the Rules) and guidelines published by the Investment Association and the Pensions and Lifetime Savings Association, the GC100 and Investor Group and any other applicable guidelines, which the Committee consider appropriate;
- (m) to report formally to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;



- (n) to review the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- (o) to be aware of and advise the Board on any major changes in employee benefit structures throughout the Company or Group;
- (p) to review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- (q) to work and liaise as necessary with all other Board committees; and
- (r) to consider any other matters as may be requested by the Board.

3.2 In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company and to remuneration trends across the Company more generally.

#### **4. COMPOSITION AND QUORUM**

4.1 The Committee shall be made up of at least three members appointed by the Board on the recommendation of the nomination committee and in consultation with the chair of the Committee from time to time. The Committee shall consist of independent non-executive directors as determined by the Board. Any member who is determined by the Board to no longer be independent shall cease to be a member of the Committee. The chair of the Board may be a member of, but not chair, the Committee provided he/she was considered independent on appointment.

4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer, other members of the Board, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee chair. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.

4.3 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the director remains independent.

4.4 The Board shall appoint one member of the Committee to act as its chair who shall be an independent non-executive director. The chair of the Committee shall not be the chair of the Board and will normally have at least one year's experience as a member of a Remuneration Committee. In the absence of the chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4.5 The quorum necessary for the transaction of business shall be two members.



## **5. MEETING ADMINISTRATION**

- 5.1 The Committee shall meet at least three times a year and otherwise as determined by the chair of the Committee. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the chair of the Committee.
- 5.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or by the Board.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting or such other reasonable time considered adequate by the chair of the Committee. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 5.4 Any conflicts of interest of members of the Committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes.

## **6. ANNUAL GENERAL MEETING**

- 6.1 The chair of the Committee shall attend the Annual General Meeting to answer any shareholder questions on the Committee's activities and achievements over the year (including details on engagement with shareholders on significant matters).

## **7. SECRETARY**

- 7.1 The Company Secretary acts as the secretary of the Committee or such person as agreed in advance with the Chair of the Committee should the Company Secretary not be in attendance.
- 7.2 The secretary must ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 7.3 The secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.4 The secretary must ascertain, at the beginning of each meeting, whether any conflicts of interest exist and, if so, minute them accordingly.
- 7.5 Draft minutes of Committee meetings must be sent promptly to all members of the Committee. The approved minutes will then be circulated as normal in advance of the next meeting.



- 7.6 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. SELF-EVALUATION**


- 8.1 The Committee shall 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 to the Board any changes it considers necessary or desirable.

## **9. REPORTING RESPONSIBILITIES**

- 9.1 After each Committee meeting, the chair must report formally to the Board on the Committee's proceedings on all matters within its duties and responsibilities. The minutes of all Committee meetings shall be included in the Board papers for a subsequent Board meeting.
- 9.2 The Committee may make such recommendations to the Board it deems appropriate on any area within its remit where action or improvement is desirable.
- 9.3 The Committee must compile a report to shareholders describing its work and its activities, in line with the requirements of the Code, and should be included in the Company's annual report. This includes any matters required by the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority. The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the AGM as necessary. If the Committee has appointed remuneration consultants, the annual report should identify such consultants and state whether they have any other connection with the company or individual directors.
- 9.4 Ensure, through the chair of the Board, that the Company maintains contact and the Committee chair seeks engagement, as required, with the Company's major shareholders on significant matters related to the Committee's areas of responsibility.
- 9.5 Make publicly available the Committee's terms of reference by placing them on the Company's website.

## **10. OTHER MATTERS**

- 10.1 The Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, (including access to the Company Secretariat) for assistance as required;

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- (b) be provided with appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
  - (c) work and liaise as necessary with all other Board committees, including the nomination committee in respect of any remuneration package to be offered to any new appointee of the Board; and
  - (d) oversee any investigation of activities which are within its terms of reference.

## **11. AUTHORITY**

11.1 The Board authorises the Committee to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information from any group employee, contractor, consultant or other provider of services to the Company (including legal and tax advisers) to enable it to perform its duties;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend Committee meetings;
- (d) call any group employee, contractor, consultant or other provider of services to be questioned at a Committee meeting, as and when required;
- (e) publish in the Company's annual report details of any issues that have not been resolved between the Committee and the Board; and
- (f) delegate any of its powers to one or more of its members, the secretary, a subcommittee or such other body as it deems appropriate.