

Remuneration Committee Terms of Reference

Introduction

The Remuneration Committee will assist the Board in fulfilling its responsibilities regarding all matters related to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of GMS remuneration policy and determining the individual remuneration and benefits package of each of the Executive Directors and other members of Senior Management

The Remuneration Committee shall also be responsible for reviewing the remuneration arrangements and policies for the wider workforce of GMS, and shall be responsible for reporting to the Board on wider workforce trends and policies as they relate to remuneration.

The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration.

The Remuneration Committee is constituted as a Committee of the Board of Directors of GMS, and has the delegated authority of the Board in respect of the matters set out in these Terms of Reference. Its members are appointed by the Chairperson of the Board, on the recommendation of the Nomination Committee and subsequently are endorsed by the Board of Directors. Before appointment as Chairperson of the Remuneration Committee, the appointee should have served on the Remuneration Committee for at least 12 months.

Members of the Committee shall be appointed for a fixed term of three years, extendable by no more than two additional periods of three years each, provided always, that each member of the Committee remains independent.

The Remuneration Committee's terms of reference shall be reviewed periodically, and may be amended at any time by the Board of Directors. The Remuneration Committee will make available its terms of reference explaining clearly its role and the authority delegated to it by the Board of Directors. The Committee may from time to time investigate, discuss or review matters outside its terms of reference if so required by the Board.

Composition of the Remuneration Committee

The Remuneration Committee shall be comprised of a minimum of three members, all of them Independent Non-Executive Directors. The CEO cannot be a member of the Remuneration Committee. The Chairperson of the Board may be a member (but not chair) of the Remuneration Committee, to the extent he or she was considered independent on appointment as Chairman.

The Remuneration Committee may invite the Chairperson of the Board, the CEO, the HR Director and any others whom it deems necessary to attend its meetings.

Roles and Responsibilities of the Remuneration Committee

The Remuneration Committee should meet as requested by its Chairperson, and at least twice per year, with a quorum of at least two-thirds of the members. The Committee is to report on its meetings to the Board of Directors.

The Chairperson of the Committee shall attend the AGM and shall answer questions, through the Chairperson of the Board of Directors, about the Committee's activities and responsibilities. The Chairperson of the Committee shall also make themselves available at other times during the year to meet with investors to discuss any matters relating to the Committee's activities and responsibilities.

The Remuneration Committee's roles and responsibilities are as follows, but not limited to:

1. Determining, and agreeing with the Board, the strategic rationale and framework or broad policy for the remuneration of the CEO, the Chairperson of the Board other Executive Directors, and other members of Management of the Company and its subsidiaries as it is designated to consider.
2. Setting levels of remuneration for all Executive Directors and the Chairperson. The remuneration of Non-Executive Directors shall ultimately be determined by the Chairperson and Executive members of the Board. No Director or member of the Executive Management should be involved in any decisions as to their own remuneration. All these recommendations are to be referred to the Board for approval. Additionally, the Remuneration Committee should ensure that notice or contract periods for Directors should be set at one year or less. If it is necessary to offer longer notice or contract periods to new Directors recruited from outside, such periods should reduce to one year or less after the initial period.

3. Reviewing the policy for workforce remuneration and related matters, including the alignment of incentives and rewards with the Company's culture and strategy. Workforce remuneration policies and practices shall be taken into account when setting the remuneration policy for Executive Directors
4. Producing a report to shareholders annually on matters relating to remuneration of Executive Directors, and submitting a formal directors' remuneration policy to shareholders for approval on a binding basis at least every three years.
4. Subject to Shareholder and Board approval, reviewing the structure of any performance-related pay schemes for the CEO ,Executive Directors and Senior Management, if such schemes are operated by the Company and ensuring such schemes follow the provisions of Schedule A to the Governance Code.
5. Determining the policy for and scope of pension and retirement arrangements for Executive Directors, if relevant, including having regard to their alignment with the pension and retirement policies applicable to the wider workforce.
6. Ensuring that contractual terms and any payments made on termination are fair to the individual and GMS and are appropriate in the context of the individual's termination, such that failure is not rewarded and that the duty to mitigate loss is fully recognised.
7. Within the terms of the agreed policy and in consultation with the Chairperson of the Board or the CEO, as appropriate, determining the total individual remuneration package of each Executive Director and Senior Management including, where appropriate, bonuses, incentive payments and share options.
8. Being aware of and advising on any major changes in employee benefit structures throughout GMS.
9. Considering any other matters referred to the Committee by the Board.
10. The Remuneration Committee has the authority to seek any information it requires from any GMS employee and all employees must comply with such requests.
11. The Remuneration Committee may consult the Audit Committee on suitable performance measures and the Nomination Committee on pay gaps and pay ratios
12. The Remuneration Committee may take such independent legal, financial, remuneration or other advice as it considers necessary. Any external consultants engaged to provide such advice will be identified in the annual report and a statement will be made as to their connections with the Company. The Remuneration Committee will exercise independent judgement when considering the advice of external advisers or consultants.

Remuneration Policies for Non-Executive Directors

In assisting the Board of Directors, the Remuneration Committee will review and make recommendations to the Board on remuneration policies for Non-Executive Directors (including fees, travel and other benefits). In making its recommendations, the Remuneration Committee should take into account the following guidelines:

1. Non-Executive Directors are remunerated by way of sitting fees for attending Board meetings and their levels of remuneration should reflect the time commitment and responsibilities of their role. They may be paid additional fees for chairing Committee meetings of which they are a member. Fees for merely attending Committee meetings of which they are a member will not be payable.
2. Non-Executive Directors should not participate in share option schemes or other performance-related elements designed for remuneration of Executive Directors or Executive Management.
3. Non-Executive Directors should not receive share options or bonus payments.

Remuneration Policies for the CEO, Executive Directors and Senior Management

1. In assisting the Board of Directors, the Committee will review and make recommendations to the Board on:

- (a) Short and long-term remuneration for the CEO, Executive Directors and Senior Management (including the design and setting of performance targets).
- (b) Superannuation arrangements for the CEO, Executive Directors and Senior Management
- (c) Any termination payments to be made to the CEO, Executive Directors or the Senior Management.
- (d) The development of any equity based plan to apply to the CEO, Executive Directors and Senior Management.
- (e) Any recovery and/or withholding provisions applicable to remuneration, to protect against rewards for failure and to ensure performance-related payments reflect actual achievements.
- (f) Formal shareholding requirements for Executive Directors and Senior Management, which may include a requirement to maintain an appropriate level of shareholding post-employment.

2. In making its recommendations, the Remuneration Committee should ensure that the remuneration policies provide:

- (a) clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- (b) simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- (c) risk management – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- (d) predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- (e) proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear;
- (f) alignment to culture and wider trends of the Company's group – incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy. Remuneration arrangements for Senior Management should reflect those purposes, values and strategy, and should be set having regard to wider remuneration trends and pay and employment conditions across the Company's group;
- (g) fairness – notwithstanding (d), performance-related remuneration schemes and policies agreed by the Committee should enable the use of discretion by the Committee to override formulaic outcomes, to ensure that they are a fair measure of overall individual and corporate performance. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- (f) alignment with long-term strategy – remuneration arrangements should be designed to promote long-term shareholdings that support alignment with long-term shareholder interests, including a formal policy for post-employment shareholding requirements.

In making any determination as to the remuneration outcomes for Executive Management, the Committee shall exercise appropriate judgement. The Committee will ensure that it retains appropriate discretion in its remuneration policies and schemes to override formulaic vesting outcomes, and that it has powers to recover and/or withhold remuneration in appropriate circumstances.

Other Human Resources Policies

1. The Committee shall review human resource policies and practices, and the alignment of incentives and rewards with culture, for GMS employees who are below senior executive level, taking these into account when setting the policy for executive director remuneration.
2. The Chairperson of the Committee shall engage with the workforce each year on how decisions on executive pay reflect wider company pay policy.
3. The Committee shall report to the Board at least once each year on workforce reward, incentives and conditions, and support the Board's monitoring of whether company policies and practices support culture and strategy.

Other Matters

The Committee will prepare:

- (a) on an annual basis, a directors' remuneration report to the Board of Directors which shall be included in the Annual Report and which contains the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the UK Corporate Governance Code, the Listing Rules and any other relevant statutory, regulatory or governance codes. The directors' remuneration report should be submitted to shareholders for an advisory (non-binding) vote, and should describe the work of the Committee in discharging its responsibilities, including:
 - (i) an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
 - (ii) reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
 - (iii) a description, with examples, of how the remuneration committee has addressed the factors in Remuneration Policies for the CEO, Executive Directors and Senior Management, above
 - (iv) whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
 - (v) what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
 - (vi) what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and
 - (vii) to what extent discretion has been applied to remuneration outcomes and the reasons why; and

(b) at least every three years, a directors' remuneration policy which contains the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the UK Corporate Governance Code, the Listing Rules and any other relevant statutory, regulatory or governance codes. The directors' remuneration policy should be submitted to shareholders for a binding vote.

The Committee may engage in appropriate discussions as necessary with shareholders in advance of any vote by shareholders on the directors' remuneration policy or other remuneration arrangements of the Company. Subject to delegation of appropriate authority by the Board, the Committee may also engage in appropriate discussions as necessary with shareholders if a significant proportion of shareholder votes have been cast against any resolution to approve the directors' remuneration report, directors' remuneration policy or any other remuneration arrangements of the Company.