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Gooch & Housego PLC

(the "Company" or "G&H")

Terms of Reference for the Remuneration Committee

(as approved by the Board on 24 July 2024)

1. Constitution

1.1. The Board has established a Committee of the Board known as the Remuneration Committee (the "Committee").

2. Purpose

2.1. The main purposes of the Committee are: -

2.1.1. To determine the appropriate remuneration packages for the Chairman of the Board, Executive Directors, and Company Secretary. The remuneration packages are to be designed to promote the long-term success of the Company, and take into consideration current corporate governance practice;

2.1.2. To monitor and take into consideration the level and structure of remuneration for other Senior Management; and

2.1.3. To provide assurance to shareholders that Executive Directors' remuneration is set by a Committee of Board members who have no personal interest in the outcome of their decisions and who will give due regard to the interests of shareholders, the financial and commercial health of the Company.

3. Membership

3.1. The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

3.2. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 3 members, all of whom are independent non-executive Directors. The Chairman may also be a member of the Committee.

3.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief People Officer, the Chief Financial Officer, and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

4. Secretary

4.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

5. Quorum

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

6. Meetings

6.1. The Committee shall meet at least twice a year and at such times as the Chairman of the Committee shall require.

7. Notice of Meetings

7.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

7.2. 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, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. Minutes of Meetings

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

8.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless, in the opinion of the Committee Chairman, it would be inappropriate to do so.

9. Annual General Meeting

9.1. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

10. Duties

10.1. The Committee shall:

10.1.1. Determine and agree with the Board a policy for the remuneration, including pension rights and any compensation payments, of the Group's Chief Executive, Chairman, the executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive Directors shall be a matter for the Chairman and the executive members of the Board within the limits set out in the Articles of Association. No Director or manager shall be involved in any decisions as to their own remuneration;

10.1.2. In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to appropriately incentivise and retain members of the executive management of the Company and to ensure that they are rewarded for their individual contributions to the success of the Company in a fair and responsible manner;

10.1.3. Review the on-going appropriateness and relevance of the remuneration policy;

10.1.4. Approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;

10.1.5. Review the design of all share incentive plans for approval by the Board and 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 to executive Directors and other senior executives and the performance targets to be used;

10.1.6. Determine the policy for, and scope of, pension arrangements for each executive Director;

10.1.7. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company; that failure is not rewarded and that the duty to mitigate loss is fully recognised;

10.1.8. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each executive Director, the Chairman, the Company Secretary and the other members of the Executive Leadership Team, including bonuses, incentive payments and share options or other share awards;

10.1.9. In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations of the UK Corporate Governance Code, the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and associated guidance;

10.1.10. When setting remuneration policy for Directors, review and note annually the pay and employment conditions across the Company, especially when determining annual salary increases. The Committee shall also review the alignment of incentives and rewards with culture;

10.1.11. Oversee any major changes in employee benefits structures throughout the Company;

10.1.12. Agree the policy for authorising claims for expenses from the Directors;

10.1.13. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and

10.1.14. Obtain up-to-date information on remuneration in other companies. The Committee shall have authority to commission (in accordance with internal guidelines) any reports or surveys which it deems necessary to help it fulfil its obligations.

10.1.15. Ensure remuneration schemes and policies enable the use of discretion to override formulaic outcomes and 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.

11. Reporting Responsibilities

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

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

11.3. The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report (the Remuneration Committee Report). The Remuneration Committee Report must contain an annual statement, an Annual Report on Remuneration and the Company's policy on Directors' remuneration (Remuneration Policy Table). The Annual Report on Remuneration shall be put to an advisory vote of the shareholders at each AGM. If the Committee has appointed remuneration consultants, the Remuneration Committee Report should identify such consultants and state whether they have any other connection with the Company.

11.4. Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders on remuneration matters.

12. Other

12.1. The Committee shall:

12.1.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

12.1.2. 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; and

12.1.3. at least once a year, review its own performance (or arrange for an external evaluation of its performance) and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

13. Authority

13.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

13.2. In connection with its duties the Committee is authorised by the Board at the Company's expense (in accordance with internal guidelines): -

13.2.1. To obtain any outside legal or other professional advice; and

13.2.2. To appoint remuneration consultants, subject to any budgetary restraints imposed by the Board, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.