

TI FLUID SYSTEMS PLC

ESG COMMITTEE

TERMS OF REFERENCE

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TERMS OF REFERENCE

1. DEFINITIONS AND INTERPRETATION

1.1 In these terms of reference, unless the context otherwise requires:

“**AGM**” means the annual general meeting of the shareholders of the Company;

“**Audit and Risk Committee**” means the audit and risk committee of the Company;

“**Board**” means the board of directors of the Company;

“**Chair**” means the chair of the Board;

“**Chief Executive Officer**” or “**CEO**” means the chief executive officer of the Company, from time to time;

“**Chief Financial Officer**” or “**CFO**” means the chief financial officer of the Company, from time to time;

“**Chief Human Resources Officer**” means the chief human resources officer of the Group, from time to time;

“**Chief Legal Officer**” means the chief legal officer of the Group, from time to time;

“**Committee**” means the ESG committee of the Company;

“**Committee Chair**” means the chair of the Committee;

“**Company**” means TI Fluid Systems plc;

“**CSR**” means corporate and social responsibility;

“**DTRs**” means the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority;

“**ESG**” means environment, social and governance, including sustainability and CSR matters;

“**Executive Directors**” means the Chief Executive Officer and the Chief Financial Officer;

“**Group**” means the Company and its subsidiaries;

“**EHS**” means environment, health and safety;

“**KPI**” means key performance indicator;

“**Listing Rules**” means the listing rules of the UK Financial Conduct Authority;

“**Nomination Committee**” means the nomination committee of the Company;

“**Prospectus Regulation Rules**” means the prospectus regulation rules of the UK Financial Conduct Authority, as amended from time to time;

“**Remuneration Committee**” means the remuneration committee of the Company; and

“**Secretary**” means the secretary of the Committee;

“**Senior Management**” means those persons in senior management roles in the Group who report directly to the Chief Executive Officer;

“**UK Corporate Governance Code**” means the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time; and

“**UK Market Abuse Regulation**” means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

2. CONSTITUTION

The Committee was established by a resolution passed by the Board on 9 March 2021.

3. MEMBERSHIP

3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair. The Committee shall comprise at least three members, at least three of whom shall be directors (one being a non-executive director, one being the CEO and one being the CFO). The majority of the Committee members shall at all times be directors.

3.2 Only members of the Committee have the right to attend Committee meetings. However, other non-members such as the Chair, other directors, the Chief Human Resources Officer, the Chief Legal Officer, the Company’s heads of EHS, Ethics & Compliance and other functional areas as well as external professional advisers, may be invited to attend all or part of any meeting as and when appropriate and necessary.

3.3 All appointments to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the members continue to meet the criteria for membership of the Committee.

3.4 If any member of the Committee is unable to act for any reason, the Committee Chair may appoint any other member of the Company to act as their alternate.

4. SECRETARY

The Chief Legal Officer or their nominee shall act as the Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. QUORUM

The quorum necessary for the transaction of business by the Committee shall be 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.

6. FREQUENCY OF MEETINGS

- 6.1 The Committee shall meet regularly and at least twice a year and at such other times as required by the Committee Chair.
- 6.2 Members of the Committee and other attendees may attend meetings by telephone, videoconference or any other method of communication.
- 6.3 Decisions may be taken by the Committee without a meeting if all of the members of the Committee provide their approval in writing.
- 6.4 Outside the formal meetings of the Committee, the Committee Chair and, to a lesser extent, the other Committee members, will maintain a dialogue with key individuals involved in the activities within the purview of the Committee.

7. NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be convened by the Secretary at the request of any of the Committee Chair. The Committee Chair may call a special meeting of the Committee at any time upon due notice to each other member at least 48 hours prior to the meeting.
- 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 by the Secretary 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 prior to the meeting to Committee members and to other attendees, as appropriate.
- 7.3 Notices, agendas, minutes and supporting papers can be sent in electronic form.

8. MINUTES OF MEETINGS

- 8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, minutes should be circulated to all other members of the Board, unless the Committee Chair considers it inappropriate to do so.
- 8.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

9. ANNUAL GENERAL MEETING

The Committee Chair shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES

- 10.1 The Committee shall:
 - (a) recommend the overarching ESG vision and strategy road map to the Board and promote ESG priorities as an integral part of the Group's overall corporate strategy;
 - (b) identify the relevant ESG priorities that most significantly impact the Group and its stakeholders, its reputation and public interest role;

- (c) promote ESG priorities within the Group by seeking to collaborate with the relevant stakeholders including Senior Management and other committees of the Board to ensure ESG priorities are reflected in the Group's culture through its purpose, vision, values and behaviours, as well as the Group's Code of Business Conduct;
- (d) seek to ensure that ESG is a standing agenda item for the Group's Senior Management strategy sessions;
- (e) pursuant to Provision 5 of the UK Corporate Governance Code, oversee engagement by the Board and members of Senior Management with the Company's workforce, with the aim of strengthening the 'employee voice' in the boardroom and developing a better understanding of employee views;
- (f) solicit and understand the views of stakeholder groups, including employees, investors, suppliers, customers, lenders and local communities on ESG matters to help to inform the Group's long-term strategic decisions;
- (g) advise the Board on shareholder proposals or other significant stakeholder concerns in relation to ESG matters;
- (h) review the Company's performance on community relationships, along with any proposed recommendations or actions based on such performance;
- (i) assist and advise the Board in developing, defining and implementing the Group's strategy in relation to ESG matters and, in so doing, recommend the Group's annual plan and targets for ESG matters to the Board;
- (j) monitor, develop, and provide regular updates to, a suitable transformation map and dashboard that measures progress on the annual plan and targets for ESG matters (informed by, and aligned to, the Group's annual plan and targets for ESG matters determined by the Board);
- (k) review and evaluate the Group's performance against the Group's long-term ESG goals, targets (including KPIs), initiatives and commitments, and bring any material deficiencies to the attention of the CEO and the Board in a timely manner;
- (l) review the Group's ESG communication strategy;
- (m) seek to ensure that adequate resources are made available and training provided in order to support the ESG strategy and its required behavioural needs;
- (n) review and report to the Board on the sufficiency of the financial and human resources allocated to ensuring the proper development, training, education, management and advancement of the Company's ESG strategies;
- (o) be informed of content and effectiveness of policies, programmes, practices, initiatives of the Group relating to ESG matters;
- (p) save where ESG-related matters are within the purview of the Nomination Committee, the Remuneration Committee and/or the Audit and Risk Committee, report on ESG-related matters to the Board and, where appropriate, make recommendations to the Board;
- (q) report, as required, to shareholders and other stakeholders on the Group's ESG strategy and the remit, considerations, activities, and achievements of the Committee; and

- (r) review environmental incident reports, the results of investigations into material events, findings from environmental audits and the action plans proposed pursuant to the findings.

11. REPORTING RESPONSIBILITIES

- 11.1 The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities (including the nature and content of its discussions, recommendations and actions to be taken) and shall also formally report to the Board on how it has discharged its responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board, the Remuneration Committee and/or the Audit and Risk Committee (as the case may be) it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall compile a report on its activities to be included in the Company's annual report to shareholders. The report should describe the work of the Committee.
- 11.4 The Committee shall have the authority to delegate to any subcommittees of the Committee any responsibilities of the full Committee and to officers of the Company and the Secretary such responsibilities of the full Committee, in each case to the extent permitted by applicable laws, rules or regulations.

12. SUB-COMMITTEE ALIGNMENT AND CONSULTATION

The Committee shall, on an informal basis where appropriate, consider and respond to requests for consultation on ESG-related matters received from the Nomination Committee, the Remuneration Committee and the Audit and Risk Committee.

13. OTHER MATTERS

- 13.1 The Committee shall:
 - (a) have access to sufficient resources in order to carry out its duties including access to the secretary of the Company for assistance as required;
 - (b) 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;
 - (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the UK Market Abuse Regulation, the Listing Rules, the Prospectus Regulation Rules and the DTRs, and any other applicable rules, as appropriate;
 - (d) at least once a year, review, or participate in a review of, its own performance (the results of which shall be presented to the Board) and, at least once every two years, 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; and
 - (e) work and liaise as necessary with all other Board committees.

14. AUTHORITY

The Committee is authorised to:

- (a) seek any information it requires from any employee, contractor or consultant, of, or other provider of services to, the Group in order to perform its duties; and
- (b) obtain, at the Company's expense, independent legal or other professional advice on any matter it believes is necessary to do so, and determine compensation for such advisors.

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