

Synthomer plc

Update on shareholder consultation regarding 2023 Remuneration Report

In accordance with the UK Corporate Governance Code, Synthomer plc (the "Company") is providing this update following the outcome of the Annual General Meeting on 9 May 2024. Whilst the Board was pleased that all resolutions were carried, Resolution 2 regarding the advisory vote on the Company's 2023 Remuneration Report received votes in favour totalling 55%. In reflecting on this, the Board also notes the very high level of support for the re-election of the executive directors.

The Board and the Remuneration Committee has consulted extensively with the Company's major shareholders and shareholder advisory firms, both before and after the AGM. In all the discussions, shareholders and shareholder advisory firms recognised the challenge of striking a balance between the negative shareholder experience during 2023 and motivating, engaging and retaining the new executive directors tasked with preserving and rebuilding value for shareholders through an exceptionally challenging period of economic instability. After much discussion and debate, the Committee elected not to apply discretion to reduce the confirmed outturn of 40% of maximum annual bonus for the executive directors, believing that, overall, it struck an appropriate balance between reflecting their strong achievements in 2023, particularly around cash management and strategy delivery, and the negative in-year experience for shareholders. The Board also reflected on the minimal vesting of long-term Performance Share Plan (PSP) awards in both 2022 and 2023 and zero annual bonus in 2022. Some shareholders we engaged with felt strongly that the Board had taken an appropriate position overall in the circumstances. However, those shareholders who voted against the Resolution indicated that, whilst they recognised the challenges, on balance they felt that some discretion should have been applied in the circumstances.

We also heard from shareholders and shareholder advisory firms on the use of EBITDA in both annual bonus and PSP performance measures in 2024. Some shareholders supported this approach, and one urged the Remuneration Committee not to move away from EBITDA too quickly as it is a key measure of our progress against the strategy. Others felt it would be appropriate to return to more traditional measures such as EPS. Shareholders also took the opportunity to provide their views on potential approaches to executive remuneration in future – there was no one common theme but we heard a range of views on restricted share schemes, value creation schemes and also key performance metrics that different shareholders might want us to consider.

The Board is grateful to shareholders and their advisors for their engagement and for sharing a range of views. Everyone we engaged with understood the challenging circumstances and the complexity of decisions taken during this period. Shareholders we spoke with all expressed strong support for the performance of our executive team and their ongoing delivery of the Company's strategy. The Board values shareholders' perspectives and remains committed to an open and transparent dialogue. We have collated all the feedback received and the Board intends to reflect on these as we make decisions for 2024 and beyond.