

# **REMUNERATION COMMITTEE TERMS OF REFERENCE**

## **1. Membership**

- 1.1. The Committee shall be made up of two or more non-executive directors, other than the Chairman of the board of directors (the “Chairman”). The Committee shall be appointed from time to time by the board of directors (the “Board”) from amongst its own members.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3. The Board shall appoint the Committee Chairman who shall be a non-executive director. In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.

## **2. Quorum**

- 2.1. The quorum necessary for the transaction of business shall be two.

## **3. Meetings**

- 3.1. The Committee shall meet at least twice in each financial year and at such other times as the Chairman of the Committee shall require.

## **4. Notice of meetings**

- 4.1. Meetings of the Committee shall be called at the request of the Committee Chairman.
- 4.2. Unless otherwise agreed, an agenda of items to be discussed and supporting papers shall be sent to Committee members and to other attendees, as appropriate no later than three working days before the date of the meeting.

## **5. Minutes of meetings**

- 5.1. Minutes shall be taken of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## **6. Annual general meeting**

- 6.1. The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **7. Duties**

The Committee shall:

- 7.1. Have responsibility for setting the remuneration policy for all executive directors, the Chairman and the company secretary, including pension rights and any compensation payments. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board within the limits set in out the articles of association. No director or executive manager shall be involved in any decisions as to their own remuneration.
- 7.2. Monitor the level and structure of remuneration for executive management (usually members of the executive committee) or otherwise as determined by the Committee.
- 7.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Corporate Governance Code (the "Code") and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the company.
- 7.4. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 7.5. Review the on-going appropriateness and relevance of the remuneration policy.
- 7.6. Within the terms of the agreed policy and in consultation with the Chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the Chairman and the company secretary including bonuses, incentive payments and share options or other share awards.
- 7.7. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee is authorised to appoint professional advisors 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.

- 7.8. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any professional advisers who advise the committee.
- 7.9. Approve the design of, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code).
- 7.10. 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, company secretary and other management executives and the performance targets to be used.
- 7.11. Determine the policy for, and scope of, pension arrangements for each executive director and other management executives.
- 7.12. To 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.
- 7.13. Oversee any major changes in employee benefits policy and structures throughout the company or group.
- 7.14. Agree the policy for authorising claims for expenses from the directors.
- 7.15. Work and liaise as necessary with all other board committees.

## **8. Reporting responsibilities**

- 8.1. The Committee Chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3. The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and the Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.

- 8.4. Through the Chairman, ensure that the company maintains contact as required with its principal shareholders about remuneration.

## **9. Other matters**

The Committee shall:

- 9.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 9.2. Be provided with appropriate training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 9.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.
- 9.4. Arrange for periodic reviews of its own performance and, every three years review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the board for approval.

## **10. Authority**

- 10.1. The Committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.