

## **Remuneration Committee terms of reference**

### **1. Constitution**

- 1.1. The committee has been established by resolution of the board of directors of the Company (the “**Board**”) and is to be known as the Remuneration Committee (the “**Committee**”).

### **2. Membership**

- 2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company, on recommendation of the Nomination Committee in consultation with the Chair of the Committee and shall consist of not less than two members. The members of the Committee shall consist of a majority of independent non-executive directors of the Company.

- 2.2 The Chair of the Committee shall be an independent non-executive director who shall be appointed by the Board.

- 2.3 The Company Secretary will be the Secretary of the Committee and in absence of the Company Secretary the Committee may at each meeting appoint one of their number to be the Secretary of the Committee in that meeting.

- 2.4 Each member of the Committee shall disclose to the Committee:

- (a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or
- (b) any potential conflict of interest arising from a cross-directorship or otherwise; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent themselves from all or part of the meeting of the Committee in question.

- 2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.

- 2.6 Membership of the Committee shall be noted in the annual directors’ report of the Company.

### **3. Attendance at Meetings**

- 3.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Financial Officer, other senior management, any other member of the Board and external advisers may be invited to attend for all or part of any meeting as and when appropriate, but such persons have no right of attendance.

3.2 No member of the Board shall participate at a meeting of the Committee (or during the relevant part) at which any part of their remuneration (including their options) is being discussed or participate in any recommendation or decision concerning their remuneration (including their options).

#### 4. **Proceedings at Meetings**

4.1 A quorum for a meeting of 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.

4.2 Meetings may be held by telephone.

4.3 Subject as provided in paragraphs 2.4 and 3.2, each member of the Committee shall have one vote. In the event of an equality of votes, the Chair of the Committee shall have a second or casting vote (again subject as provided in paragraphs 2.4 and 3.2 above). In the absence of the Chair or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

#### 5. **Frequency of Meetings**

Meetings shall be held not less than twice a year and at such other times as the Chair of the Committee shall require. The Chair of the Board may request a meeting if they reasonably consider that one is necessary.

#### 6. **Notice of Meetings**

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

6.2 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 Company 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 (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

#### 7. **Minutes of a Meetings**

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

7.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

## 8. **Annual General Meeting**

The Chair of the Committee shall attend the annual general meeting of the Company and be available to respond to any shareholder questions on the Committee's activities.

## 9. **Authority**

9.1 The Committee is authorised by the Board to investigate and undertake any matter within its terms of reference. It is authorised to seek any information it properly requires from any director, employee or professional adviser and all directors, employees and professional advisers are directed to co-operate with any requests made by the Committee.

9.2 The Committee is authorised by the Board to obtain outside legal, accounting or other professional advice and the advice of independent remuneration consultants and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the Chair of the Board. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.

## 10. **Purpose**

The purpose of the Committee is to:

- (c) ensure that the executive directors and other senior management and key employees of the Company (together, "**Executives**") are fairly rewarded for their individual contribution to the overall performance of the Company; and
- (d) demonstrate to the shareholders of the Company that the remuneration of the Executives are set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of shareholders of the Company.

## 11. **Duties**

The duties of the Committee are:

- (a) to determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, the Chief Financial Officer, the Chair of the Board (where executive), and other Executives as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy, to take into account all factors which it deems necessary. The objective of such policy shall be to ensure that Executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- (c) to provide the packages needed to attract, retain and motivate Executives of the quality required (but avoid paying more than is necessary for this purpose) and to co-

ordinate closely with the Company's nomination committee (if any) in relation to the remuneration to be offered to any new Executive;

- (d) within the terms of the agreed policy and in consultation with the Chair of the Board and/or the Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive director and other senior Executives including bonuses, incentive payments and share options or other share awards;
- (e) approve the design of, and determine targets for, basic salary and fees, any performance related pay schemes, discretionary payments including compensation payments, pension contributions, benefits in kind and all forms of long term incentive schemes operated by the Company and approve the total annual payments made under such schemes;
- (f) to consider whether the Executives should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- (g) to consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;
- (h) to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company's group, especially when determining annual salary increases;
- (i) to approve the terms of any service agreement to be entered into with any Executive, bearing in mind that the performance-related elements of remuneration should form a significant proportion of the total remuneration package of Executives and should be designed to align their interests with those of the shareholders of the Company;
- (j) review the ongoing appropriateness and relevance of the remuneration policy;
- (k) 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, timing, exercise price and conditions of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used and to consider whether the Executives should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive schemes;
- (l) to approve any amendments to be made to the rules of the share options schemes or the adoption of a new replacement scheme of the Company or its subsidiaries (except where such amendments require shareholder approval);
- (m) determine the policy for, and scope of, pension arrangements for each Executive director and other senior Executives and to consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for Executives close to retirement;
- (n) 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;

- (o) to consider and determine what compensation commitments (including pension contributions) the Executives' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;
- (p) in early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The Committee should ensure that poor performance is not rewarded, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing Executives' obligations to mitigate loss;
- (q) in determining such packages and arrangements, give due regard to any relevant legal requirements, including the provisions and recommendations in the Quoted Companies Alliance Code and associated guidance and any published guidelines regarding the remuneration of directors of companies whose shares are traded on the main market for listed securities of the London Stock Exchange plc (as applicable);
- (r) oversee any major changes in employee benefits structures throughout the Company or group;
- (s) vet, authorise and agree the policy for authorising claims for expenses from the directors;
- (t) ensure that all provisions regarding disclosure of remuneration packages, structures, policy, including pensions are fulfilled;
- (u) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (v) make available the Committee's terms of reference for inspection at the registered office of the Company which should set out the Committee's delegated responsibilities and be reviewed and, where necessary, updated annually; and
- (w) to consider other matters as referred to the Committee by the Board.

## 12. Exclusions

The remuneration of the Company's non-executive directors (including the Chair of the Board if a non-executive) shall be a matter for the Chair of the Board (if executive) and the Company's executive directors. Further, no director or manager of the Company shall be involved in any decisions as to their own remuneration.

## 13. The Committee

13.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

13.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

13.3 The Committee shall, at least once a year, review its own performance, 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.

14. **Reporting Procedures**

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

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

15. **General**

15.1 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.

15.2 Any of the terms set out in this document may be varied by a majority resolution of the Board.