

# Terms of reference for the Remuneration Committee

## 1 Membership

- 1.1 The Remuneration Committee (the 'Committee') shall comprise at least three members, all of whom shall be independent Non-Executive directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination committee and in consultation with the Chairman of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Group Human Resources director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the Chairman of the Board, if they are a member of the Committee) continue to be independent.
- 1.4 The Board, on recommendation of the Nomination Committee 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 who would qualify under these Terms of Reference to be appointed to that position by the Board. The Chairman of the Board shall not be Chairman of the Committee.

## 2 Secretary

The Company Secretary (the 'Secretary') or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## 3 Quorum

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

#### **4 Meetings**

The Committee Chairman, in consultation with the Secretary, shall decide the frequency and timing of the Committee's meetings. In any event meeting should be held at least three times a year.

#### **5 Notice of meetings**

5.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chairman.

5.2 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, or made available, to Committee members and to other attendees, as appropriate, at the same time.

#### **6 Minutes of meetings**

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

6.2 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

#### **7 Annual general meeting**

The Committee Chairman should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

#### **8 Duties**

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

8.1 Have responsibility for setting the Remuneration policy (the 'Policy') for all Executive Directors and the Company's Chairman, including pension rights and any compensation payments. The Policy will then be presented to the Board.

The Board should determine the remuneration of the Non-Executive Directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.

- 8.2 Review monitor and approve the level and structure of remuneration for other nominated senior management as determined by the Board.
- 8.3 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.
  - having regard to the risk appetite of the Company and alignment to the Company's long strategic term goals.
  - ensure a significant proportion of remuneration is structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- 8.4 When setting the Policy for Directors, the Committee should receive an update from the Executive Directors on the current policies being implemented for the wider Group. The Committee should review and have regard to the reported pay and employment conditions across the Company or Group, especially when determining Executive annual salary increases and any material changes in the employee benefits structure across the whole Group.
- 8.5 The review referred to in 8.4 will determine the policy for, and scope of, pension arrangements for each Executive Director and other nominated senior management.
- 8.6 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 Company Chairman, the Company Secretary and other nominated senior executives including, where appropriate, bonuses, incentive payments and share options or other share awards, the provisions and recommendations in the Code and other relevant guidance.
- 8.7 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants 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.
- 8.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 8.9 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company for Executive directors and other nominated senior management and approve the total annual payments made under such schemes.

- 8.10 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 nominated senior management, and the performance targets to be used. Ensure that the annual grants are consistent with the Company's policy as stated in the Remuneration Report of the Company's last audited financial year
- 8.11 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
- 8.12 Agree the policy for authorising claims for expenses from the Directors.
- 8.13 Work and liaise as necessary with all other board committees.

## **9 Reporting responsibilities**

- 9.1 The Committee Chairman shall formally report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 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 and the Code, are fulfilled and produce a Remuneration Report which details the Company's remuneration policy and practices to be included in the Company's Annual Report.
  - 9.3.1 The Committee should ensure that each year the reporting of the annual remuneration practices are put to shareholders for approval at the AGM and that the Remuneration Policy is put to shareholders for approval every three years, as a minimum, or any new Policy is put to shareholders.
  - 9.3.2 If the Committee has appointed remuneration consultants, the Remuneration Report of the Company's Annual Report should identify such consultants and state whether they have any other connection with the Company.
- 9.4 Through the Chairman of the Committee, the Committee should maintain contact as required with its principal shareholders about remuneration.

## **10 Other matters**

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required, including the commission of reports or surveys which it deems necessary to help fulfil its obligations
- 10.2 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.
- 10.3 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.
- 10.4 Arrange for periodic reviews of its own performance and, at least annually, 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.

## **11 Authority**

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.

## **12 Terms of Reference**

- 12.1 The Committee shall make its terms of reference publicly available and review these terms of reference on a regular basis and, if necessary, make recommendations to the Board for their amendment
- 12.2 The Committee was established on 12 May 2005 when terms of reference were formally approved. The terms of reference for the Committee were revised and approved by the Board on 15 December 2017