

**Remuneration Committee  
Terms of Reference**

Approved effective 2 April 2020

**1. Role**

The Committee shall carry out the duties below in relation to financial reporting, internal control and risk management for the parent company and the Group as a whole as appropriate.

**2. Duties**

- 2.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chair and the Executive Directors including pension rights and compensation payments. The remuneration of Non-Executive Directors shall be a matter for the Board (within any limits set in the Articles of Association). No Director or Senior Manager shall be involved in any decisions as to their own remuneration. The Committee shall monitor the level and structure of remuneration for Senior Management.
- 2.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the Executive management of the Company without paying more than necessary. The remuneration policy should take account of the Company's appetite for risk and be aligned 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.
- 2.3 When setting remuneration policy for Directors, the Committee shall review and have regard to the pay and employment conditions across the Group, especially when determining salary increases.
- 2.4 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 2.5 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

- 2.6 The Committee shall 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 Senior Executives and the performance targets to be used.
- 2.7 The Committee shall determine the policy for, and scope of, pension arrangements for each Executive Director and other Senior Executives.
- 2.8 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the Chair, each Executive Director.
- 2.9 The Committee shall:
- (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;
  - (b) oversee any major changes in employee benefits structures throughout the Group; and
  - (c) agree the policy for authorising claims for expenses from the Directors.
- 2.10 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 2.11 The Committee shall, where it considers these necessary, obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board; and
- 2.12 The Committee shall consider such other matters as may be requested by the Board of Directors and work and liaise as necessary with all other Board committees.

### **3. Membership**

- 3.1 The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director. In the absence of the Committee Chair 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 Chair of the Board shall not be Chair of the Committee.
- 3.2 The members of the Committee shall be appointed by the Board of Directors on the recommendation of the Nomination Committee and in consultation with the Chair of

the Remuneration Committee. All of the members of the Committee should be Non-Executive Directors.

- 3.3 The Committee shall have at least three members, all of whom shall be Non-Executive Directors. The Chair of the Board of Directors may also serve on the Committee as an additional member, but not the chair the Committee, if he or she was considered independent on appointment as Chair.

#### **4. Voting arrangements**

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

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

- (a) Any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
- (b) Any potential conflict of interest arising from a cross-directorship.

- 4.3 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

- 4.4 Save where he/she has a personal interest, the Chair of the Committee will have a casting vote.

#### **5. Attendance at meetings**

- 5.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as required.

- 5.2 Only members of the Committee have the right to attend Committee meeting but other Directors and external advisers may be invited to attend all or part of any meeting as and when appropriate.

- 5.3 The Company Secretary or his or her nominee shall be 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.

#### **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.

- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be

forwarded to each member and any other person required to attend no later than three working days before the date of the meeting (or such later time as the Chair or the Committee may agree). Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **7. Authority**

The Committee is authorised by the Board of Directors to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or Director, and all such employees or Directors will be directed to co-operate with any request made by the Committee.

## **8. Reporting**

8.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the Company Secretary.

8.2 Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board of Directors unless, in the opinion of the Committee Chair, it would be inappropriate to do so. The Committee Chair shall report to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.

## **9. General matters**

9.1 The Chair of the Committee should make him or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.

9.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, 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 of Directors for approval.

9.3 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 and 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

9.4 The Committee shall 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.

- 9.5 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.6 Through the Chair of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.