

## **Terms of Reference - Remuneration Committee**

### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 2 members, all of whom are independent non-executive Directors. In addition, the Chairman of the Board may also be an additional member of the Committee if he or she was considered independent on appointment as Chairman.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Group HR Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further three-year periods, provided the Director remains independent.
- 1.4 The Board 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 from those 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**

- 2.1 The Company Secretary or his/her nominee shall act as Secretary of the Committee.

### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions vested in or exercisable by the Committee.

### **4. Frequency of Meetings**

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

### **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee 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 5 working days before the date of the meeting. Supporting papers shall be sent 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 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

## **7 Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8 Duties**

The Committee should carry out the duties below as appropriate:

- 8.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the executive Directors, the Company Secretary and other such members of the executive management as it is designated to consider. The remuneration of non-executive Directors shall be a matter for the Chairman and the executive Directors of the Board. No Director or manager shall be involved in any decisions as to their own remuneration;
- 8.2 in setting such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code including Directors' Remuneration Report Regulations and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the group 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 group;
- 8.3 when setting remuneration policy for directors, review and have regard to the remuneration trends across the company or group;
- 8.4 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5 settle the design of, and determine targets for, any performance related pay schemes operated by the group for Directors, the Company Secretary and other designated senior executives and approve the total annual payments made under

such schemes;

- 8.6 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, settle each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors, the Company Secretary and other designated senior executives and the performance targets to be used;
- 8.7 settle the policy for, and scope of, pension arrangements for each executive Directors, the Company Secretary and other designated senior executives;
- 8.8 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;
- 8.9 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, settle the total individual remuneration package of each executive Director, company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards and, at all times exercising its discretion in accordance with the rules of the Company's share schemes and long term incentive plan(s) (together the "Share Schemes"), determine all awards to be made (if any) under the Share Schemes in respect of Directors and senior employees;
- 8.10 in settling such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 8.11 review and note annually the remuneration trends across the Company or group;
- 8.12 oversee any major changes in employee benefits structures throughout the Company or group;
- 8.13 agree the policy for authorising claims for expenses from the Directors;
- 8.14 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the applicable Directors' Remuneration Report Regulations and the Combined Code are fulfilled; and
- 8.15 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on 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 produce an annual report of the Director's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

## **10. Other**

- 10.1 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.
- 10.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat and Group HR director for assistance as required;
- 10.3 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.
- 10.4 The Committee shall give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.

## **11. Authority**

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within the Committee's terms of reference.