

## **REMUNERATION COMMITTEE**

### **Terms of Reference**

**As adopted at a Board Meeting on 10 January 2013**  
**(and amended on 1 December 2016)**

#### **1. Constitution**

The Board of directors of the Company (“the Board”) has established a committee of the board to be known as the Remuneration Committee (“the Committee”) for the purpose of providing the Company with a formal and transparent procedure for developing its policy on executive remuneration and for fixing the remuneration packages of individual directors.

#### **2. Membership**

- 2.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors.
- 2.2 The Chairman of the Board may also serve on the Committee as an additional member (but not as chairman of the Committee) if he or she was considered independent on appointment as Chairman.
- 2.3 Appointments to the Committee are made by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Committee. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.4 The Board shall appoint the chairman of the Committee, who shall be an independent non-executive director. In the absence of the chairman of the Committee, 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.
- 2.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, other board members and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

#### **3. Secretary**

The company secretary their nominee shall be the secretary of the committee.

#### **4. Meetings**

- 4.1 The Committee shall meet at least twice a year and at such other times as required.
- 4.2 The quorum for meetings of the Committee shall be two members.
- 4.3 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.

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

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend at least five days before the date of the meeting.

#### **6. Minutes of Meetings**

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, minutes shall be circulated to all other members of the Board, unless it would be inappropriate to do so in the opinion of the chair of the Committee.

#### **7. Annual General Meeting**

The chairman of the Committee and members of the Committee, or in the chair's absence, an appointed deputy, will be expected to attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## 8. Duties

The responsibilities of the Committee are set out below. The Committee shall:

- 8.1 Determine and agree with the Board the remuneration policy of the executive directors and the Company's chairman (the "Remuneration Policy"). In doing so the Committee shall take into account the following factors:
- the need 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;
  - that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
  - the remuneration trends and employment conditions across the Group, especially when determining salary increases;
  - the views of shareholders and other stakeholders;
  - the risk appetite of the Company and alignment of the Company's long strategic term goals; and
  - relevant legal and regulatory requirements, the UK Corporate Governance Code ("the Code") and associated guidance.
- 8.2 Review the ongoing appropriateness and relevance of the Remuneration Policy.
- 8.3 Within the terms of the Remuneration Policy and in consultation with the chairman and/or chief executive, as appropriate, determine the components and levels that make up the total remuneration package of each executive director and the Company chairman. The remuneration of non-executive directors shall be a matter for the Company chairman and the executive directors within the limits set out in the Company's Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 8.4 Recommend and monitor the components, level and structure of remuneration for other senior management including the company secretary and such other members of the senior management team as it is designated to consider.
- 8.5 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 constraints imposed by the Board.
- 8.6 Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.

- 8.7 Review and approve the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee shall determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to the executive directors, the company secretary and other designated senior executives and the performance targets to be used.
- 8.8 Ensuring 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 Be aware of and, if appropriate, advise and oversee any major changes in employee benefits structures throughout the Company or the Group.
- 8.10 Agree the policy for authorising claims for expenses from the chairman and the chief executive.
- 8.11 Work and liaise as necessary with all other Board Committees.

## **9. Reporting Responsibilities**

- 9.1 The chairman of the Committee shall report to the Board on its proceedings after each meeting and the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 The Committee shall produce a report to be included in the Company's annual report about its activities in accordance with the Code and applicable law.
- 9.3 Through the chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders on all matters relating to remuneration.

## **10. Other Matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its responsibilities, including access to the company secretary for assistance as required;
- 10.2 seek information it requires from any officer or employee of the Company or Group in order to perform its duties;
- 10.3 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;

- 10.4 give due consideration to applicable laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including, but not limited to, the provisions of the Code, the requirements of the FCA's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by any investor bodies or any other applicable rules, as appropriate;
- 10.5 to help it fulfil its duties, the committee may at the Company's expense, obtain external legal or other professional advice on any matters within its terms of reference; and
- 10.6 as part of the annual board evaluation process, review its own performance and shall regularly review its terms of reference and recommend any changes necessary to the Board.