

# Terms of Reference of the Remuneration Committee

## 1. Purpose

- 1.1 The purpose of the Remuneration Committee (the “Committee”) is:
  - 1.1.1 to ensure that senior executives are fairly rewarded for their individual and collective contributions to the overall performance of the Company in line with market comparators and best governance practice;
  - 1.1.2 to determine all elements of the remuneration of the senior executives; and
  - 1.1.3 to reward, retain and attract the best talent required to lead the business forward and deliver the Company strategy.

## 2. Membership

- 2.1 The Committee shall consist of at least three members, each of whom shall be appointed by the Board.
- 2.2 All members of the Committee shall be independent non-executive directors. For the purposes of membership of this Committee, the Board Chair of the Company shall be regarded as independent.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend for all or part of any meeting as and when appropriate. The Group Chief Executive Officer (CEO) shall have the right to address any meeting of the Committee.
- 2.4 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.
- 2.5 The Board shall appoint the Committee Chair and determine the period for which he/she shall hold office. 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. The Board Chair of the Company shall not be eligible to be appointed as Chair of the Committee.

## 3. Secretary

- 3.1 The Company Secretary or his/her nominee shall be Secretary to the Committee.

## 4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two. 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. Frequency of meetings

5.1 The Committee shall meet at such times as the Chair of the Committee shall require.

## 6. Notice of Meetings

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

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 to each member of the Committee, any other person required to attend and all other independent non-executive directors, no later than five working days prior to the date of the meeting.

## 7. Minutes of Meetings

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

7.2 Draft Minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes shall be circulated to all non-executive directors of the Board.

## 8. Duties

The Committee's duties shall be:

8.1 To determine and agree with the Board the framework or broad policy for the remuneration of the Group CEO, the Chair of the Company and such other members of the senior management team as it is appropriate for it to consider. The fixing of the remuneration of the independent non-executive directors shall be a matter for the Chair of the Company, the Group CEO and the Company Secretary. The Chair's remuneration shall be fixed by members of the Remuneration Committee (excluding the Chair) plus the Group CEO. No director or manager shall be involved in any decisions as to his/ her own remuneration.

8.2 In determining such policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective shall be to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual and collective contributions to the success of the Company. Also, to liaise with the Nomination Committee as appropriate to ensure that the remuneration of newly-appointed executives is within the Company's overall policy.

8.3 In the context of the framework agreed as per 8.1, to 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.

- 8.4 Within the terms of the agreed policy, to determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options.
- 8.5 To determine the policy for and scope of pension arrangements and service agreements for the executive directors and other designated senior executives.
- 8.6 To obtain reliable, up-to-date information about remuneration in other companies. 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, within any budgetary restraints imposed by the Board.
- 8.7 To be familiar with and oversee any major changes in employee benefit structures throughout the Company. Review and note the remuneration trends across the Company or Group.
- 8.8 To 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 To ensure that provisions regarding the disclosure of remuneration, including pensions, as listed in the Directors' Remuneration Report Regulations 2002, are fully implemented.
- 8.10 To agree the policy for authorising claims for expenses from the executive directors.

## 9. Reporting responsibilities

- 9.1 The Committee Chair shall 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 produce a report on the Company's remuneration policy and practices to be included in the Annual Report.

## 10. Authority

- 10.1 The Committee is authorised by the Board to seek any information that it requires from any employee of the Company in order to perform its duties.
- 10.2 In connection with its duties the Committee is empowered by the Board to select, set the terms of reference of and appoint remuneration consultants, at the Company's expense, within any budgetary constraints imposed by the Board.

## 11. Other matters

The Committee shall:

- 11.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and the Head of Human Resources for assistance as required.
- 11.2 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.
- 11.3 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Board for approval.