

# **Remuneration Committee**

## **Terms of Reference**

### **1. Membership**

- 1.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination & Corporate Governance Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of 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 provided he or she was independent on appointment as Chairman, the Board continues to consider him/her to be independent and his/her tenure on the Board does not exceed twelve years.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, if not a member of the Committee, the Chief Executive, the head of human resources 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 two further three-year periods, provided that the Director still meets the criteria for membership of the Committee.
- 1.4. The Committee Chairman shall be appointed from time to time by the Board. In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board, who shall not be Chairman of the Committee, may, notwithstanding the provisions of section 1.3, serve in excess of three three-year periods.

### **2. Secretary**

- 2.1. The Company Secretary or their nominee shall act as Secretary to 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**

- 3.1. 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.

### **4. Meetings**

- 4.1. The Committee shall meet at least twice a year and otherwise as required.

## **5. Notice of Meetings**

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 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 and any other person required to attend no later than three 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. Minutes of Committee meetings shall be circulated 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**

- 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 shall:

- 8.1. determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, Chief Executive and the executive Directors. The Committee shall recommend and monitor the level and structure of remuneration for senior management as determined by the Board. A committee of the executive Directors and the Chairman shall make recommendations to the Board in relation to the remuneration of non-executive Directors which, in respect of fees, shall be within the limits set by shareholders. The Committee shall ensure that no director or senior manager is involved in any decision as to their own remuneration;
- 8.2. 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 UK Corporate Governance Code and associated guidance. The objective of such policy shall be, having regard to the view of shareholders, the risk appetite of the Company and the Company's long term strategic goals, to:
  - attract and retain senior management of the quality and calibre required to run the Company;
  - ensure that members of senior management of the Company are provided with appropriate incentives to encourage enhanced

- performance;
  - reward, in a fair and responsible manner, members of senior management for their individual contributions to the success of the Company, without paying more than is necessary;
- 8.3. when setting remuneration policy for Directors, and when determining salary increases, to review and have regard to the remuneration trends across the Group;
  - 8.4. review the ongoing appropriateness and relevance of the remuneration policy;
  - 8.5. 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 the Chairman and each executive Director, including bonuses, incentive payments and share options or other share awards;
  - 8.6. 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;
  - 8.7. 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;
  - 8.8. determine the policy for, and scope of, pension arrangements for each executive Director and other senior management (as determined by the Board);
  - 8.9. 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;
  - 8.10. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the Listing Rules of the Stock Exchanges on which the Company is listed and associated guidance, and guidelines issued by relevant shareholder representation organisations;
  - 8.11. oversee any major changes in employee benefits structures throughout the Company or Group;
  - 8.12. agree the policy for authorising claims for expenses from the Chief Executive and Chairman; and
  - 8.13. 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 for obtaining reliable, up-to-date information about remuneration in other comparable 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 / Shareholder Engagement**

- 9.1. The Committee Chairman shall report formally 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 an annual report on the Company's remuneration policy and practices for submission to the Board. The Committee ensures that the report, which forms part of the Company's Annual Report, is put each year to shareholders for consideration at the Annual General Meeting.
- 9.4. The Committee shall, through the Chairman of the Board or through the Chairman of the Committee, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **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 induction programme for new Committee members shall include a remuneration module and Committee members shall be provided with appropriate and timely training.

## **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. In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.

Approved by Board: 6<sup>th</sup> December 2016