

**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**  
**adopted 12 May 2020**

**1. Membership**

- 1.1 The Committee shall comprise 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 if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Committee.
- 1.2 The Board shall appoint the Committee Chairman who shall be an independent non-executive director and who should have served on the Committee or the remuneration committee for another company for at least twelve months before appointment as Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not act as Chairman of the Committee.
- 1.3 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. Secretary**

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

**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. Frequency of Meetings**

- 4.1 The Committee shall meet not less than 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 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, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors,

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.

- 5.3 Only members of the Committee have the right to attend meetings, but other individuals such as the Chairman, the Chief Executive, the head of human resources and external advisers may be invited to attend all or part of a meeting when considered appropriate.

## **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 promptly to all members of the Committee and, once agreed, to the Chairman of the Board and all other members of the Board, unless a conflict of interest exists.

## **7. Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be 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 packages of the Chairman of the Board, the executive directors, the Company Secretary and such other members of the executive and senior management, as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman of the Board and the executive members of the Board, shall reflect the time commitment and responsibilities of the role and shall not include share option or other performance related elements. No director or manager shall be involved in any decisions 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 to:
- 8.2.1 be transparent and avoid complexity;
- 8.2.2 ensure reputational, behavioural and other risks that can arise from remuneration arrangements are identified and mitigated;
- 8.2.3 promote the alignment of the long-term interests of shareholders and employees by requiring the executive directors, where appropriate, to maintain a holding in the Company's shares, to be built up over a period at the Committee's discretion;
- 8.2.4 ensure that members of the executive and senior management of the Company are provided with appropriate incentives to encourage enhanced long-term sustainable performance, drive behaviours consistent with the Company and its subsidiaries' (the

- "Group") purpose, values and strategy and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 8.3 when setting remuneration policy for directors, review and have regard to remuneration, pay policies and employment conditions of the wider workforce of the Group and align incentives and rewards with culture 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 of the Board and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman of the Board, each executive director, Company Secretary and other executive and senior managers including bonuses, incentive payments and share options or other share awards;
  - 8.6 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 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
  - 8.8 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;
  - 8.9 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 executives and senior managers and the performance targets to be used;
  - 8.10 exercise independent judgment and discretion when awarding remuneration and authorising remuneration outcomes, taking account of Group and individual performance, and wider circumstances;
  - 8.11 have the discretion to override formulaic outcomes and to recover and/or withhold sums or share awards in certain specified circumstances which the Committee shall determine;
  - 8.12 determine the policy for, and scope of, appropriate pension arrangements for each executive director and other designated senior executives and ensure that only basic salary is pensionable;
  - 8.13 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;
  - 8.14 oversee any major changes in employee benefits structures throughout the Group;

- 8.15 agree the policy for authorising claims for expenses from the directors; and
- 8.16 ensure that all provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Acts, the Listing Rules of the London Stock Exchange and the UK Listing Authority, the UK Corporate Governance Code (and any successors thereto) are fulfilled.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman 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 directors' remuneration setting out the Company's remuneration policy and an annual report on remuneration to be included in the Company's Annual Report.
- 9.4 The Committee shall include a description of the work of the Committee in the Company's annual report, including:
  - 9.4.1 a description of the significant issues dealt with by the Committee;
  - 9.4.2 a description (to the extent required by such code) of how the Committee has addressed any specific requirements of the UK Corporate Governance Code;
  - 9.4.3 a summary of the use of discretion by the Committee (and, if no discretion was exercised, confirmation of this) and the reasons why; and
  - 9.4.4 what engagement with shareholders and the employees of the Group has taken place and how this has influenced remuneration policy and outcomes;
  - 9.4.5 reasons why the remuneration is appropriate using internal and external measures, including pay ratios (including on median, upper and lower quartile employees of the Group) and pay gaps.

## **10. Other**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the London Stock Exchange's Listing Rules, the Market Abuse and Transparency Regulations, the UK Listing Authority's Listing Rules,

Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate and to evolving best practice, including the remuneration reporting obligations of UK listed companies under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 of the UK;

- 10.4 arrange for periodic reviews of its own performance and, at least annually, 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 for approval.

## **11. Authority**

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Group 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 in any matter within its terms of reference and shall exercise independent judgment when evaluating any advice received.