

REMUNERATION COMMITTEE

Terms of Reference

**As adopted at a Board Meeting on 10 January 2013
(and amended on 19 February 2019)**

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 determining the remuneration of the directors and senior management.

2. Membership

- 2.1 The Committee shall comprise at least three members, [or while the Company is not subject to the provisions of the UK Corporate Governance Code (the ‘Code’) for FTSE 350 companies, two 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 and who typically will have served on the Committee itself or the remuneration committee of another company for a minimum of 12 months prior to appointment. 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 or 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 (the "Remuneration Policy").
- 8.2 Set the remuneration of the Company's chairman, executive directors and senior management (in the case of the Company, senior management has been defined as the individuals appointed to the Group Management Team which includes the company secretary (together 'Senior Management')).
- 8.3 In determining the Remuneration Policy, the Committee shall address the following:
 - 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 remuneration trends and employment conditions across the Group are considered, especially when determining salary increases;
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 - the need for remuneration arrangements to be transparent and promote effective engagement with shareholders and the workforce;
 - that the overall remuneration structure should be clear and its rationale and operation easy to understand;
 - that reputational and other risks from excessive rewards and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
 - the range of possible values of rewards to individual directors and any other limits or discretions are identified and explained at the time of approving the Remuneration Policy;
 - that rewards are proportional and that a clear link is established between individual rewards, the risk appetite of the Group, the delivery of strategy and the long-term performance of the Company and that outcomes should not reward poor performance;
 - that incentive schemes should be aligned to the Company's culture and should drive behaviours consistent with the Company's purpose, Core Values and strategy.
- 8.4 Review workforce remuneration and related policies and the alignment of incentives and awards with culture, taking these into account when setting the Remuneration Policy.
- 8.5 Review the ongoing appropriateness and relevance of the Remuneration Policy.
- 8.6 Determine the components and levels that make up the total remuneration package of each executive director and the Company chairman, within the terms of

the Remuneration Policy and in consultation with the chairman and/or chief executive, as appropriate. The remuneration of non-executive directors shall be a matter for the Company chairman and the executive directors, having regard to the increases in wider workforce remuneration, the time commitment and responsibilities of the role and 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.

- 8.7 Review and set the components, level and structure of remuneration for Senior Management.
- 8.8 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.
- 8.9 Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.
- 8.10 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, Senior Management and other designated senior executives and the performance targets to be used.
- 8.11 Remuneration schemes will be structured to promote long-term shareholdings by the executive directors and Senior Management that support alignment with long-term shareholder interests.
- 8.12 Rewards will be structured to reflect the risk appetite of the Group and in alignment with the Group's long term strategic goals and with regard to pay and employment conditions across the Group.
- 8.13 Remuneration schemes and policies will enable the use of discretion to override formulaic outcomes and will include provisions to allow the Company to recover and/or withhold sums or share awards in certain circumstances.
- 8.14 To agree the formal share ownership policy for executive directors including in relation to post-employment shareholding requirements, encompassing both unvested and vested shares, and to monitor compliance.
- 8.15 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.

- 8.16 Be aware of any major changes in employee benefits structures throughout the Company or the Group.
- 8.17 Agree the policy for authorising claims for expenses from the chairman and the chief executive.
- 8.18 Work and liaise as necessary with all other Board Committees.
- 8.19 To assess the overall reasonableness of total reward to executive directors and to use its discretion to adjust outcomes where they would not otherwise align with individual performance or meet the intention of the remuneration policy, subject to and in accordance with the rules of any remuneration schemes.

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. Where there is a significant vote against either the remuneration policy or remuneration report (defined as more than 20% of the votes against), the Committee shall take necessary actions to understand the reasons for the dissent and publish an explanation of the reasons and outline what the Board and the Committee have done to address the dissent.

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.