



Terms of Reference for the Remuneration Committee

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. 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. The Committee shall be made up of at least two members, all of whom are independent Non-executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Group HR Director 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 the director remains independent.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent Non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of 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 three times 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 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, any other person required to attend and all other Non-executive Directors, no later than five 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 promptly to all members of the Committee and, once agreed, to all 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 prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

8.1. have responsibility for setting the remuneration policy for the Company's Chairman, the Executive Directors, the Company Secretary and direct reports to the Chief Executive Officer, including pension rights and any compensation payments. For clarification the remuneration of Non-executive Directors shall be a matter for the Chairman and the Directors. 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 Code and associated guidance. The objectives of such policy shall be to attract, retain, motivate and encourage enhanced performance of the Executive Directors and the Leadership Group (typically direct reports to the Chief Executive Officer and their direct reports), in a fair and responsible manner;

8.3. review the ongoing appropriateness and relevance of the remuneration policy;

8.4. 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;

8.5. 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 granted and the performance targets to be used;

8.6. determine the policy for, and scope of, pension arrangements for each Executive Director, the Company Secretary and direct reports to the Chief Executive Officer;

8.7. 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;

8.8. within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive Director and direct reports to the Chief Executive Officer including bonuses, short-term incentives and long-term incentives, including awards made under the Group's share plans.

8.9. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance;



- 8.10. when setting the remuneration policy for Executive Directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases;
- 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 Executive Directors, the Company Secretary and direct reports to the Chief Executive Officer;
- 8.13. ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code are complied with.
- 8.14. 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 to obtain reliable, up-to-date information about remuneration in other companies.
- 8.15. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 8.16. Work and liaise as necessary with all other Board Committees.

9. Reporting Responsibilities

- 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 ensure that: (i) provisions regarding the disclosure of information on Directors' remuneration, as set out in the Regulations [define if not defined earlier] and the UK Corporate Governance Code, are fulfilled in a Directors' Remuneration Report (comprising an Annual Statement, Annual Report on Remuneration and a Remuneration Policy Report (where relevant)) within the Company's Annual Report; and (ii) the Annual Statement and Annual Report on Remuneration are put to shareholders for AGM approval annually and the Remuneration Policy is put to shareholders for AGM approval at least every three years. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.4 Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

10. Other

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary 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 on-going basis for all members.

10.3 Give due consideration to 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 UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by investor bodies and proxy advisors and any other applicable rules, as appropriate.

10.4. 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.

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.