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## 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 Chair of the Remuneration Committee. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair. 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 each member continues to be independent.
- 1.4. The Board shall appoint the Chair of the Committee who shall be an independent Non-Executive Director who should have served on a remuneration committee for at least 12 months. In the absence of the Chair of the Committee 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 Chair 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 matters under consideration.

### 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 at least three times a year and at such other times as the Chair 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 it would be inappropriate to do so.

## **7. Engagement with shareholders**

- 7.1 The Chair of the Committee shall attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **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 delegated responsibility for determining the policy for Directors' remuneration and setting remuneration (including pension rights and any compensation payments) for the Company's Chairman, the Executive Directors, the Company Secretary, direct reports and dotted line reports to the Chief Executive Officer, in accordance with the Principles and Provisions of the UK Corporate Governance Code (the "Code"). For clarification, the remuneration of Non-Executive Directors shall be a matter for the Chairman of the Board and the Executive Directors. No Director or Manager shall be involved in any decisions as to their own remuneration;
- 8.2. establish remuneration schemes that promote long-term shareholding by the Executive Directors that support alignment with long-term shareholder interests, with share awards subject to total vesting and holding periods in line with prevailing market practice;
- 8.3. design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable



the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;

- 8.4. when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 8.5. in determining remuneration policy, take into account all other factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance;
- 8.6. review the ongoing appropriateness and relevance of the remuneration policy;
- 8.7. within the terms of the agreed policy and in consultation with the Company's 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, incentive payments and share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances;
- 8.8. 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;
- 8.9. review the design of all share incentive plans for approval by the Board and, where required, 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;
- 8.10. 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;
- 8.11. 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; and
- 8.12. work and liaise as necessary with all other Board Committees.

## **9. Reporting Responsibilities**

- 9.1. The Chair of the Committee 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, and adequate time should be available for Board discussion when necessary.
- 9.3. The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.



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- 9.4. The Committee shall ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the Directors' remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.
  - 9.5. 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 or individual Directors.

## **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. ensure that a periodic evaluation of the Committee's own performance is carried out; and
- 10.3. 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 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.