

**Terms of Reference for
the Remuneration
Committee
(the “Committee”)**

Amended and approved by the Board on 11 December 2019

Table of Contents

1.	Background	3
2.	Composition	3
3.	Secretary	3
4.	Quorum	3
5.	Meeting Administration.....	4
6.	Duties of the Committee.....	4
7.	Annual General Meeting.....	7
8.	Self Evaluation	7
9.	Other Matters	7
10.	Authority	8

1. Background

- 1.1 The Board has resolved to establish a Remuneration Committee.

2. Composition

- 2.1 The Committee shall be made up of at least three members appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee. The Committee shall consist of independent Non-executive Directors. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee. The Chair of the Board may be a member of, but not chair, the Committee provided they were considered independent on appointment.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting.
- 2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further three-year periods, provided the Director still meets the criteria for membership of the Committee.
- 2.4 The Board shall appoint one member of the Committee to act as its Chair who shall be an independent Non-executive Director. The Chair of the Committee shall not be the Chair of the Board. In the absence of the Committee Chair and/or an appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Committee should ordinarily have served on a Committee for at least 12 months prior to their appointment as Chair.

3. Secretary

- 3.1 The Company Secretary or such person as the Company Secretary nominates shall act as the Secretary of the Committee.
- 3.2 The Secretary 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.
- 3.3 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 3.4 Draft minutes of Committee meetings must be sent promptly to all members of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members.
- 4.2 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. Meeting Administration

- 5.1 The Committee shall meet at least twice a year at the times as may be agreed by the members and at such other times as determined by the Chair of the Committee. The Committee may hold meetings by telephone or using any method of electronic communication, and make decisions without a meeting by unanimous consent, when deemed necessary or desirable by the Chair of the Committee.
- 5.2 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of the items to be discussed and any supporting papers, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-executive Directors, no later than two working days before the date of the meeting or such other reasonable time considered adequate by the Chair of the Committee. Any conflicts of interest of members of the Committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes.
- 5.4 No person shall participate at a meeting (or a relevant part of a meeting) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.

6. Duties Of The Committee

- 6.1 The duties of the Committee shall be:
 - a. to determine the remuneration of (i) the Chair of the Board; (ii) the Executive Directors of the Company; (iii) the members of the Company's Executive Committee; (iv) the Company Secretary and (v) any other senior employees as the Board may determine from time to time (together, the "**Executive Group**"). The Committee shall ensure that a formal transparent procedure for determining that remuneration is in place. The remuneration of Non-executive Directors (other than the Chair of the Board) is a matter for the Chair of the Board and the Executive Directors of the Board.
 - b. to determine a remuneration policy for the Executive Group, taking into account all factors which it deems necessary, including, without limitation, relevant legal and regulatory requirements, the views of shareholders and other stakeholders, and the provisions and recommendations of the UK Corporate Governance Code (the "Code") and such other guidance as it considers relevant. The Committee shall ensure that a formal and transparent procedure for developing that policy is in place. The objective of the remuneration policy shall be to support the Company's strategy and promote its long-term sustainable success; the remuneration of the Executive Group should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy to ensure that the Executive Group is rewarded in a fair and responsible manner.
 - c. when determining the remuneration policy and practices of the Executive Group, to address:
 - i. clarity - that remuneration arrangements should be transparent and promote effective engagement with shareholders and workforce;

- ii. simplicity - that remuneration arrangements should avoid complexity and their rationale and operation should be easy to understand;
 - iii. risk - that remuneration arrangements should ensure that the following risks are identified and mitigated - reputational and other risks from excessive rewards, and behavioral risks that can arise from target-based incentive plans;
 - iv. predictability - that the range of possible values of rewards to individual members of the Executive Group and any other limits or discretions should be identified and explained at the time of approving the policy;
 - v. proportionality - that there should be a clear link between individual awards, the delivery of strategy and the long-term performance of the Company and the outcomes should not reward poor performance; and
 - vi. alignment to culture - that incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy.
- d. to consider, monitor and review the ongoing appropriateness and relevance of the remuneration policy (including its level and structure) and consult significant shareholders and other stakeholders as appropriate;
- e. to consider and determine all elements of the remuneration of the Executive Group, including but not limited to:
- i. base salary (the Committee shall also consider the pension consequences of basic salary increases);
 - ii. bonuses and performance-related payments and approve the total annual payments thereof;
 - iii. any other discretionary payments;
 - iv. pension contributions or cash payments in lieu of pension;
 - v. benefits in kind; and
 - vi. share-related awards.
- f. in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria, and monitor their operation and approve the total payments made under such schemes including the terms of any malus or clawback arrangement;
- g. to review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when determining the remuneration of the Executive Group, and to provide feedback to the Board on workforce remuneration and related policies;
- h. to promote long-term shareholdings by Executive Directors and other members of the Executive Group (as applicable) that support alignment with long-term shareholder interests, including the formulation of formal share ownership policies;
- i. to consider and determine the provisions of the service agreements of the Executive Group (in particular the term, any notice period and compensation commitment on early termination) and to ensure that any payments that may be made under such provisions are fair to the individual and the Company, do not reward poor performance

and that the duty to mitigate loss is fully recognised;

- j. individually to exercise independent judgement and discretion when authorizing remuneration outcomes, taking account of Company and individual performance and wider circumstances. The Committee should ensure that it retains discretion to scale back remuneration outcomes where appropriate, and that it has appropriate powers to recover and/or withhold remuneration;
- k. to approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Executive Group on termination of that person's employment and to ensure such payment or benefit is consistent with the most recent Directors' remuneration policy that has been approved by shareholders or is otherwise approved by shareholders as required by the Companies Act 2006 and all other relevant laws and regulations;
- l. to agree the policy for authorising claims for expenses from the Directors;
- m. subject to delegation of authority by the Board, to determine whether the disclosure of any information on performance conditions in the Company's Annual Report would be commercially sensitive;
- n. to administer all aspects of any executive share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements), including:
 - i. the selection of those eligible Executives of the Company and the group to whom options or awards should be granted;
 - ii. the timing of any grant;
 - iii. the numbers of shares over which options or awards are to be granted;
 - iv. the exercise price at which options or awards are to be granted; and
 - v. the imposition of any objective condition which must be complied with before any option or award may be exercised;
- o. to administer all aspects of any all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements);
- p. to have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration of Directors of listed companies and formation and operation of share schemes (in particular the principles and provisions of the Code and associated guidance, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and guidelines published by institutional investors) which the Committee considers relevant or appropriate;
- q. to ensure that provisions regarding disclosure of information relating to Directors' remuneration including, where required by law, the Directors' remuneration policy and its implementation, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Companies Act 2006 ("the Companies Act"), the FCA's Listing Rules, the Code and all other relevant laws and

- regulations and guidance (each as amended from time to time) (the “Rules”), are fulfilled and to produce report(s) on the Directors’ remuneration;
- r. to ensure that the report(s) referred to in paragraph q above are put to the shareholders for approval as required by the Rules;
 - s. to report formally to the Board on the Committee’s proceeding and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
 - t. to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary restraints imposed by the Board and considering any other connection that they may have with the Company or Group;
 - u. to commission any reports or surveys which the Committee deems necessary to assist in fulfilling its obligations;
 - v. to work and liaise as necessary with all other Board Committees; and
 - w. to consider any other matters as may be requested by the Board.
- 6.2 In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company and to remuneration trends across the Company more generally.

7. Annual General Meeting

- 7.1 The Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration. The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee’s activities.

8. Self Evaluation

- 8.1 The Committee shall, at least once a year, review its own performance, composition and terms of reference and recommend any changes it considers necessary or desirable to the Board for approval.

9. Other Matters

- 9.1 The Committee shall:
- a. have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
 - b. 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;
 - c. oversee any investigation of activities which are within its terms of reference;

10. Authority

- 10.1 The Committee is authorised by the Board to:
- a. undertake any activity within its terms of reference;
 - b. seek any information that it requires from any group employee, consultant, contractor or any other provider of services to the Company (for example, legal and tax advisers) in order to perform its duties;
 - c. obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference and to invite those persons to attend meetings of the Committee;
 - d. call any group employee, consultant, contractor or other provider of services to be questioned at a meeting of the Committee, as and when required;
 - e. publish in the Company's Annual Report details of any issues that have not been resolved between the Committee and the Board; and
 - f. delegate any of its powers to one or more of its members or the Secretary.