

# Remuneration Committee

## Terms of Reference

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# Remuneration Committee – Terms of Reference

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# Remuneration Committee – Terms of Reference

## 1.0 Administration

A Committee of the Board of Directors with delegated authority to determine the framework, policy and levels of remuneration and make recommendations to the Board on the remuneration of the Chief Executive Officer, Chairman, executive directors, the Company Secretary and senior executives.

### 1.1 Change Control:

Version	Author of Change	Date	Details of Change

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## 2.0 Purpose and Objective:

A Committee of the Board of Directors with delegated authority to determine the framework, policy and levels of remuneration and make recommendations to the Board on the remuneration of the Chief Executive Officer, Chairman, executive directors, the Company Secretary and senior executives.

## 3.0 Authority:

3.1 The Committee shall:

- 3.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Group's Chief Executive Officer, the Chairman of the Company and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 3.1.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to attract executive management of the Group of the quality required to run the Company successfully without paying more than necessary, having regard to the view of shareholders and other stakeholders. The Chairman of the Committee will maintain contact with shareholders and other stakeholders to obtain relevant views. A significant proportion of remuneration should be structured so as to link reward to corporate and individual performance and designed to promote the long term success of the Company;
- 3.1.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 3.1.4 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and asking the Board, where appropriate, to seek shareholder approval for any long-term incentive arrangements;
- 3.1.5 within the terms of the agreed policy, determine the total individual remuneration package of such members of the executive management as it is designated to consider including, where appropriate, bonuses, incentive payments and share options;
- 3.1.6 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 and other senior executives and the performance targets used;
- 3.1.7 within the terms of the agreed policy, determine the achievement against targets for any performance based variable rewards for executive directors and other designated senior executives;
  - 3.1.8 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;
  - 3.1.9 determine the policy for and scope of pension arrangements, service agreements for the executive management team, termination payments and compensation commitments;
  - 3.1.10 in determining such packages and arrangements, give due regard to the comments and recommendations of the UK Corporate Governance Code as well as the UK Listing Authority's Listing Rules and associated guidance;
  - 3.1.11 review and note annually the remuneration trends across the Group and when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases;
  - 3.1.12 oversee any major changes in employee benefit structures throughout the Company or Group relevant to members of executive management and generally keep under review the remuneration structure for senior executives who are not members of the Board;
  - 3.1.13 agree the policy for authorising claims for expenses from the chief executive and Chairman;
  - 3.1.14 ensure that provisions regarding disclosure of remuneration in the UK Corporate Governance Code, the Directors' Remuneration Report Regulations 2002 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are fulfilled;
  - 3.1.15 produce an annual report of the Committee's remuneration policy; and
  - 3.1.16 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 of comparable scale and complexity. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 3.2 The Committee is authorised by the Board to seek any information if requires from any employee of the Company in order to perform its duties.
- 3.3 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 including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys, which it deems necessary to help it fulfil its obligations.

- 3.4 Although the Committee can seek the advice and assistance of any of the Company's executives, it needs to ensure that this role is clearly separated from their role within the business.
- 3.5 In exercising their rights and duties as a Committee, the Committee and its members shall have regard to the duties of a director, the Board and its Committees set out in the Companies Act 2006.
- 3.6 The Companies Act 2006.

#### **4.0 Membership:**

- 4.1 The Committee shall comprise at least 3 members, each of whom shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. Appointments to the Committee shall be for a period of up to three years, which may be extended by two further three year periods, provided the director remains independent.
- 4.2 All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. The chairman of the Board may also serve on the Committee as an additional member, if he/she was considered independent on appointment as chairman.
- 4.3 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the Chief Executive, Human Resources Director and external advisors may be invited to attend for all or part of any meeting as and when appropriate.
- 4.4 The Board should appoint the Committee Chairman and determine the period for which he shall hold office. The Chairman of the Board shall not be eligible to be appointed as Chairman of the Committee. In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 4.5 If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another director of the Company to serve as an alternate member having due regard to maintaining the membership of the Committee as consisting only of independent non-executive members.
- 4.6 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

#### **5.0 Roles and Responsibilities:**

The Company Secretary shall act as the Secretary of the Committee.

#### **6.0 Frequency of meetings and quorum:**

- 6.1 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 or exercisable by the Committee.

6.2 The Committee shall meet not less than four times a year at such times as the Chairman of the Committee shall require.

## **7.0 Meeting Operations:**

7.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

7.2 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 fewer than 5 working days prior to the date of the meeting. Supporting papers shall be sent to members of the Committee and to other attendees, as appropriate, at the same time.

7.3 The Chief Executive Officer shall have the right to address any meeting of the Committee; others may be called upon by the Committee to speak.

7.4 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.5 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board unless a conflict of interest arises.

## **8.0 Committee evaluation and ToR review:**

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.

## **9.0 Reporting requirements:**

9.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9.2 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.