



## Remuneration Committee

### Terms of Reference

(Approved 24.04.2019)

---

*Reference to "the committee" shall mean the Remuneration Committee.*

*Reference to "the board" shall mean the Board of Directors.*

*Reference to the "Code" shall mean the 2018 UK Corporate Governance Code.*

#### 1. Membership

11. The committee shall comprise of at least 3 directors appointed by the board all of whom shall be independent non-executive directors.
12. The board shall appoint the committee chairman who shall be an independent non-executive director and, before such appointment, shall have served on a remuneration committee for at least 12 months. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The chairman of the board shall not be chairman of the committee.
13. Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended by two further three-year periods provided that the majority of the committee members remain independent.
14. Only members of the committee have the right to attend committee meetings. However other individuals such as the chairman, chief executive, finance director and external advisors may be invited to attend for all or part of any meeting, as and when appropriate

#### 2. Secretary

21. The company secretary or their nominee shall act as the secretary of the committee.

#### 3. Quorum

31. 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

41. The committee shall meet at least twice a year and at such other times as the chairman of the committee shall require.

#### 5. Notice of Meetings

51. Meetings of the committee shall be summoned by the secretary of the committee at the request of the committee chairman.

- 52 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 no fewer than three working days prior to the date of the meeting. Supporting papers shall be sent to the committee members and to other attendees, as appropriate, at the same time.

## **6. Minutes of Meetings**

- 61 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 62 Minutes of committee meetings shall be circulated to all members of the committee and, once agreed, made available on request to other members of the board, unless, in the opinion of the committee chairman, it be inappropriate to do so.

## **7. Annual General Meeting**

- 71 The chairman of the committee should attend the annual general meeting to answer any shareholder questions on the committee's activities.

## **8. Duties**

The role of the committee is to assist the board to fulfill its responsibilities to shareholders to ensure that remuneration policy and practices of the company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly with a clear link to corporate and individual performance having regard to statutory and regulatory requirements and to align executive remuneration to company purpose and values and the delivery of the company's long-term strategy.

In particular, the committee shall:

- 81 Have responsibility for setting the remuneration policy for all executive directors, the company's chairman, the company secretary and designated senior management, including pension rights and any compensation payments. 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 their own remuneration.
- 82 In determining such a 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 objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully and support its long-term strategy without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite and risk management strategy of the company and alignment to the company's purpose and values and be linked to the delivery of its long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.

83. Consider any shareholding requirements including vesting and holding periods, and any post-employment shareholding requirements for executive directors, the company secretary and designated senior management that encompass both unvested and vested shares.
84. Review and monitor the level of remuneration for senior management.
85. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group and the alignment of incentives and rewards with culture.
86. Review the on-going appropriateness and relevance of the remuneration policy.
87. Within the terms of the agreed policy and in consultation with the chairman and/or the chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chairman, the company secretary and designated senior management including bonuses, incentive payments and share options or other share awards.
88. 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 restraints imposed by the board.
89. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
810. 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 (in accordance with the provisions of the Code).
811. 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, the company secretary and other designated senior management and the performance targets to be used.
812. Exercise any discretion or judgement on remuneration outcomes in accordance with any incentive schemes and remuneration policy taking account of company and individual performance and wider circumstances and to avoid formulaic outcomes.
813. Ensure any schemes include a provision that would enable the company to recover sums paid or withhold the payment of any sum, and to specify the circumstances in which it would be appropriate to do so.
814. Determine the policy for, and scope of, pension arrangements for each executive director, the company secretary and designated senior management.
815. Ensure the 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.

- 816. Review workforce remuneration and related policies and the alignment of incentives and rewards with culture and strategy and oversee any major changes in employee benefits structures throughout the company or group.
- 817. Engage with the workforce (where appropriate in conjunction with any non-executive director designated by the company to facilitate workforce engagement) to explain how decisions on executive pay reflect wider company pay policy.
- 818. Work and liaise as necessary with all other board committees.

## **9. Reporting responsibilities**

- 91. The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall respond in a timely manner to the executive directors on any deliberations on executive remuneration.
- 92. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 93. The committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders approval at the AGM. 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.
- 94. Through the chairman of the board, ensure that the company maintains contact, and the committee chair seeks engagement, as required with its principal shareholders about remuneration.

## **10. Other matters**

The Committee shall:

- 101. Have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required.
- 102. 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.
- 103. 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 the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.
- 104. Arrange for periodic reviews of its own performance and, 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**

- 111 The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.