

**Appendix 6**

**Remuneration Committee - Terms of Reference**

**1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors. The Chairman of the Board (provided he/she was considered independent on appointment as Chairman) may also be a member of the Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board (if he/she is not a member of the Committee), the Chief Executive, the Group People Director and the 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 that the Committee members (other than the Chairman of the Board if he/she is a member of the Committee) remain 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 eligible to be appointed as Chairman of the Committee.

**2. Secretary**

- 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two. Attendance may be either in person or by telephone or video conferencing facility. 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 twice a year and at such other times as required.

**5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be called 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 and any other person required to attend no later than three 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 recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other 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 and be prepared to respond to any shareholder questions on the Committee's activities.

**8. Duties**

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

- 8.1 have responsibility for setting the remuneration policy for the Company's Chief Executive, Chairman, executive directors and other designated senior executives, currently, the Executive Committee. The remuneration of non-executive directors shall be a matter for the Company Chairman and the Board. No director or manager shall be involved in any decisions as to his/her 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 UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are encouraged to enhance the Company's performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 8.3 when setting remuneration policy for directors, review and have regard to remuneration trends across the Company or Group;
- 8.4 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5 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 and other designated senior executives including base salary, bonuses, incentive payments, share awards and pension;
- 8.6 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations of the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance;
- 8.7 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;

- 8.8 review the design of all share incentive plans for approval by the Board and, where necessary, 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 designated senior executives and the performance targets to be used;
- 8.9 review the terms and operation of the Share Ownership Guidelines on an annual basis, including the extent to which executive directors have met the required shareholding target;
- 8.10 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 8.11 agree the Company's policy in relation to compensation to be paid to any executive director or other designated senior executives in connection with early termination of employment and, where appropriate, office as director;
- 8.12 review the terms of service agreements for each executive director and other designated senior executives from time to time;
- 8.13 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, and ensure that failure is not rewarded and that a duty to mitigate loss is fully recognised;
- 8.14 oversee any major PL changes in employee benefits structures throughout the Company or Group;
- 8.15 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) (Amendment) regulations 2013, the Companies Act 2006 and the UK Corporate Governance Code are fulfilled;
- 8.16 ensure that appropriate benchmark information is available for remuneration monitoring purposes;
- 8.17 agree the policy for authorising claims for expenses from the Chief Executive and Chairman of the Company;
- 8.18 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee, at the Company's expense the Committee will only seek outside advice as and when required;
- 8.19 consider other matters as referred to the Committee by the Board; and
- 8.20 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 as appropriate 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 produce an Annual Report on Remuneration which will form part of the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. This will be accompanied by an Annual Statement by the Chairman of the Committee. If the Committee has appointed remuneration consultants, the Annual Report on Remuneration should identify

such consultants and state whether they have any other connection with the Company.

9.4 The Committee shall produce a Report on Directors Remuneration Policy which will form part of the Company's annual report and ensure that it is put to shareholders for approval at the AGM at least once every three years.

9.5 Through the Chairman of the Board and/or the Chairman of the Committee, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **10. Other**

The Committee shall:

10.1 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;

10.2 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

10.3 be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members; and

10.4 give due consideration to laws, regulations and any published guidelines and recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

## **11. Authority**

The Committee is authorised by the Board:

11.1 to seek any information it requires from any employee of the Group in order to perform its duties; and

11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.