

Terms of Reference: Remuneration Committee

Members Gwyn Burr (Chairman)
 Terry Duddy
 Judy Gibbons
 David Tyler

Secretary Sarah Booth

By invitation Chief Executive Officer
 Head of Human Resources
 External Remuneration Adviser

1. Membership

- 1.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. 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.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, Head of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 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 who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

- 2.1 The Company Secretary or 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 members. 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 otherwise as required. The Board may request a meeting if it considers that one is necessary. A member of the Committee may request a meeting if it is considered necessary.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 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 five working days before the date of the meeting or such other reasonable time considered adequate for the appropriate preparation for the business 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 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairman should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

8. Duties

The Committee shall:

8.1 *Remuneration Policy*

- (a) Determine and agree with the Board the remuneration policy for the remuneration of the Company's Chairman, Executive Directors, the Company Secretary and the Group Executive Committee (GEC). 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;
- (b) 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 provided with appropriate and stretching incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual personal contributions to the long-term success of the Company;
- (c) when setting the remuneration policy for directors and other GEC members, review and have regard to the remuneration trends across the Company or the Group;
- (d) review the on-going appropriateness and relevance of the remuneration policy in light of business strategy; and
- (e) ensure that the Company continues to attract, retain and motivate quality leaders, capable of making a major contribution to the Company's success.

8.2 *Power to Determine Remuneration*

- (a) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of the Chairman, each Executive Director and other GEC members including bonuses, incentive payments and share options or other share awards;
- (b) review and approve annual remuneration reviews (salary and bonus) for other senior executives whose salary is equal to/exceeds £150,000 per annum and/or has a notice period equal to/exceeding 6 months;
- (c) consider the remuneration for the appointment of executive directors and GEC members;

- (e) 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;
- (f) consider and approve the application of malus and clawback provisions concerning executive director incentive plans; and
- (g) agree the policy for authorising claims for expenses from the directors.

8.3 *Review of Remuneration Trends*

- (a) Obtain reliable, up-to-date information about remuneration in other companies. 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, within any budgetary restraints imposed by the Board;
- (b) review investor liaison on an annual basis;
- (c) review overall bonus payments on an annual basis and relevant metrics; and
- (d) review at least annually, the total individual remuneration packages of each Executive Director and other GEC members.

8.4 *Remuneration Consultants*

- (a) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

8.5 *Incentive Schemes*

- (a) Review and approve the design of, and determine targets for long-term and short-term incentive plan performance conditions for Executive Directors and GEC members and approve the total annual payments made under such plans;
- (b) review performance against conditions for the long-term and short-term incentive plans for the previous year;
- (c) review the design of all share incentive plans which require approval by Shareholders before approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the individual awards to Executive Directors and other designated senior executives and the performance targets to be used. This process also relates to share plans which do not require Shareholder approval;
- (d) approve the adoption of the share-based, option and cash incentive schemes and plans and the adoption of any changes thereto and give delegated powers

specifically to the Share Incentive Administration Committee for the granting, vesting and administration of these plans; and

(e) note awards made under the long-term and short-term incentive plans.

8.6 Pensions

(a) Determine the policy for, and scope of, pension arrangements for each Executive Director and other GEC Members.

8.7 Benefits

(a) Oversee any major changes in employee benefits structures throughout the Company or the Group.

9. Reporting Responsibilities

9.1 The Committee Chairman shall report 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.

9.3 The Committee shall produce a report of the Company's remuneration policy and practices and included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM.

9.4 The Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it.

10. Other Matters

The Committee shall

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

10.2 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;

10.3 give due consideration to the laws and regulations, 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; and

10.4 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

- 11.1 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.

Adopted by the Board on 24 June 2015, revised and approved on 1 December 2016