

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, the chief executive will normally be in attendance at all meetings unless the terms and conditions of his own remuneration package is under discussion. At the invitation of the committee any other board members, other members of management and any external adviser may attend.
- 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 two further three-year periods, so long as members (other than the chairman of the board, if he or she is a member of the committee) continue to be independent.
- 1.4. The board shall appoint the committee chair who shall be an independent non-executive director. Before appointment as committee chair, the appointee should have served on a remuneration committee for at least 12 months.
- 1.5. 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.
- 1.6. The company secretary or their nominee shall act as the secretary of the committee.

2. Meetings

- 2.1. The committee shall meet formally at least twice a year and otherwise as required. Insofar as possible, meetings shall be organised to coincide with board meetings so as to facilitate attendance in person by committee members.
- 2.2. A meeting of the committee may be called by any member of the committee or by the secretary.
- 2.3. 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 later than five 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.
- 2.4. The quorum necessary for the transaction of business by the committee 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 or discretions vested in or exercisable by the committee.

- 2.5. Each member of the committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the committee (whether in person or by audio or video conference).
- 2.6. If a matter that is considered by the committee is one where a member of the committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Except where the committee chair has a personal interest, the committee chair shall have a casting vote.
- 2.7. The committee chair may ask any attendees of a committee meeting to leave the meeting to allow discussions of matters relating to them.
- 2.8. The secretary shall minute the proceedings and resolutions of all meetings of the committee, including the names of those present and those in attendance. Draft minutes of committee meetings shall be circulated promptly by the secretary to all members of the remuneration committee and, once agreed, to the board, unless a conflict of interest exists or it would otherwise be inappropriate to do so.
- 2.9. A resolution in writing and approved by all committee members will be as effective as a resolution passed at a committee meeting.
- 2.10 The remuneration committee chair shall attend the company's annual general meeting and shall answer any shareholder questions on the remuneration committee's activities and its responsibilities.

3. Duties

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole as appropriate.

The committee shall:

- 3.1. determine and agree with the board the framework, policy or key principles for the remuneration of the chairman, chief executive, the executive directors, the company secretary and such other members of the executive management as it is designated by the board to consider. The remuneration of non-executive directors shall be a matter for the chairman and the executive members of the board. No director, committee attendee, executive, senior manager or other person shall be involved in any discussion or decision as to their own remuneration;
- 3.2. in determining such policy, take into account all factors that it deems necessary, and in particular those relevant legal and regulatory requirements and the provisions and recommendations of the UK Corporate Governance Code (April 2016 and July 2018). The objective is to set the level of remuneration for directors so that it should be sufficient to promote the long-term success of the group. Performance related elements should be transparent, stretching and rigorously applied. The remuneration policy should have regard to the risk appetite of the group and alignment to the group's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be appropriately balanced between fixed and performance related, immediate and deferred remuneration;

- 3.3. determine a remuneration policy, in respect of Board Directors, which shall be subject to a binding shareholder vote obtained in the General Meeting at least every three years and with which all future Board Directors' remuneration shall be consistent. Any changes to the overall policy, or exceptions to it, must be approved by shareholders;
- 3.4. review workforce remuneration (as defined in the Guidance on Board Effectiveness) and related policies and the alignment of incentives and rewards with culture, and taking these into account when setting the policy for executive director remuneration.
- 3.5. review and note following the Annual General Meeting (and at any other relevant time) the views given by shareholders and the results of the shareholders votes on executive pay and agree how the views of shareholders' votes will be taken into account in determining executive remuneration;
- 3.6. when setting remuneration policy for directors, review and have regard to pay and employment conditions across the group, especially when determining annual salary increases;
- 3.7. review the ongoing appropriateness and relevance of the remuneration policy at least every three years;
- 3.8. within the terms of the approved policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of the chairman, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 3.9. obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help 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;
 - 3.9.1. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- 3.10. meet with the appointed remuneration consultants at least once a year, without members of the Company's management team present, to review adherence to the Remuneration Consultant's Group Code of Conduct;
- 3.11. review annually a summary of the committee's consultants' fees for the year, scope of work carried out and the consultants' policy and procedures on removing any potential conflicts of interest to ensure it is comfortable with them;
- 3.12. 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 in Schedule A of the 2016 UK Corporate Governance Code). Schemes should include provisions that would enable the Company to recover sums paid or withhold payment of any sum and specify the circumstances in which it would be appropriate to do so;
- 3.13. review the design and implementation of all share incentive plans for approval by the board and shareholders, taking account of UK corporate governance and best practice. 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, company secretary and other designated senior executives and the performance targets to be used. Determine to what extent, if at all, clawback will be invoked;

- 3.14. determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 3.15. ensure that contractual terms on termination, and any payments made, are within the terms of the approved policy, fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 3.16. oversee any major changes in employee benefit structures throughout the company or group;
- 3.17. agree the policy for authorising claims for expenses from the directors;
- 3.18. engage in appropriate discussions as necessary with institutional investors on policy or any other aspects of remuneration;
- 3.19. exercise any discretion or judgment on remuneration issues in accordance with the remuneration policy; and
- 3.20. work and liaise as necessary with all other board committees. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the parameters of the relevant Group remuneration policies at that time. If any part of the remuneration proposed for a newly appointed Board Director is outside the approved policy then it may only be implemented following a binding shareholder vote approving such remuneration being obtained in General Meeting.

4. Reporting responsibilities

- 4.1. The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.3. 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) (Amendment) Regulations 2013, the Companies Act 2006 and the Financial Reporting Council's UK Corporate Governance Code (April 2016 and July 2018), are fulfilled. It shall produce a report of the company's directors' remuneration that comprises three sections: an introductory statement by the chairman of the committee, a section on policy for the future and a separate section on how policy has been implemented in the preceding year. The committee shall ensure the directors' remuneration policy is put to a binding shareholder vote at least every three years and the section on the preceding year, to an advisory vote every year at the Annual General Meeting.

- 4.4. 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 and the fees paid to the advisors.
- 4.5. Through the chairman of the board, the committee shall ensure that the company maintains contact as required with its principal shareholders about remuneration.
- 4.6. The committee shall make available its terms of reference on the group's website.

5. Other matters

The committee shall:

- 5.1. have full access to sufficient resources in order to carry out its duties, including access to the Group Secretariat for assistance;
- 5.2. 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;
- 5.3. give due consideration to laws and regulations regarding the remuneration of directors of listed companies and formation and operation of share schemes, including but not limited to the provisions of the UK Corporate Governance Code (April 2016 and July 2018) and the requirements of the UK Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- 5.4. 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.

6. Authority

- 6.1. 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.

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