

**1. Membership**

- 1.1 The committee shall comprise at least two members, all of whom shall be non-executive directors. 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, the 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, extendable at the discretion of the board.
- 1.4 The board shall appoint the committee chairman. 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.

**2. Secretary**

The company secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**3. Quorum**

The quorum necessary for the transaction of business shall be two.

**4. Meetings**

The committee shall meet at least twice a year and otherwise 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 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, 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

**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 in the opinion of the committee chairman it would be inappropriate to do so.

**7. Annual General Meeting**

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

## 8. Duties

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

The committee shall:

- 8.1 Have responsibility for setting the remuneration policy for all executive directors, and other senior executives, including pension rights and any compensation payments. The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors and Chairman within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 8.2 Recommend and monitor the level and structure of remuneration for senior management.
- 8.3 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, (including, as guidance only, the provisions and recommendations of the QCA Corporate Governance Code (“the Code”) and associated guidance). The objective of such policy shall be to attract, retain and motivate executive management and other senior executives of the quality required to run the company successfully 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 of the company and alignment to the company’s long strategic term 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.
- 8.4 When setting remuneration policy for directors and other senior executives, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 8.5 Review the ongoing appropriateness and relevance of the remuneration policy.
- 8.6 Within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director and other designated senior executives including bonuses, incentive payments and share options or other share awards.
- 8.7 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.
- 8.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.9 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.
- 8.10 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, company secretary and other designated senior executives and the performance targets to be used.
- 8.11 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.

- 8.12 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.
- 8.13 Oversee any major changes in employee benefits structures throughout the company or group.
- 8.14 Agree the policy for authorising claims for expenses from the directors.
- 8.15 Work and liaise as necessary with all other board committees.
- 8.16 Approve the remuneration for any employee or consultant whose total remuneration package (excluding National Insurance contributions or equivalent) per annum amounts to or exceeds £100K (including bonuses or commission potential).

## **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 Through the chairman of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

## **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 laws, regulations and any published guidelines or 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 Code, the requirements of the AIM Rules, MAR and the 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.
- 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**

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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