

### Constitution and Authority

1. The Committee is established as a committee of the Board pursuant to the Articles of Association of the Company and in accordance with the principles set out in The UK Corporate Governance Code published by the Financial Reporting Council (the Code).
2. The Committee is authorised to undertake any activity within these terms of reference and to seek any information it properly requires in order to perform its duties from any employee or director of the Company or any of its subsidiary companies (together the Group). All employees and directors are directed to co-operate with any request made by the Committee.
3. The Committee is authorised by the Board to obtain, at the Company’s expense, such internal or external, independent, professional advice as the Committee considers appropriate. An appropriate budget is set aside each financial year for such purpose. It is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any advisors that it retains.
4. These terms of reference of the Committee are authorised by the Board and subject to amendment only by the Board.

### Purpose

5. The Committee’s principal responsibilities are to determine and recommend to the Board the Group’s overall policy for Executive Director remuneration, its alignment to performance and its cost, advising on the overall policy for total compensation for all other employees and on share schemes, pensions and employee share trust matters. The objective is to set the level of remuneration for Directors fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements and the long-term strategy of the group.

### Membership

6. The members of the Committee and its Chairman shall be appointed by the Board based on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee and they shall all be independent Non-executive Directors of the Company as determined by the board (in accordance with the principles of the Code). The Committee shall consist of at least three members.
7. The Chairman of the Board may also be a member of, but not chair, the Committee if he or she was considered independent on appointment as Chairman of the Board.
8. Committee members will normally serve for a period of up to three years, extendable by no more than two additional three year periods (provided that the relevant person still meets the criteria for membership of the Committee).
9. The members of the Committee shall be identified in the Board’s Annual Report to shareholders of the Company. Membership of the Committee can be varied at any time by a majority resolution of

the existing members of the Committee, based on the advice of the Nomination Committee, save that any additional appointee must meet the membership criteria.

10. The Committee will normally appoint the Company Secretary or his or her nominee to be the Secretary to the Committee. The Committee shall also have access to the services of the Company Secretariat on all Remuneration Committee matters.

### Meetings

11. Meetings shall be held as and when appropriate, as determined by the Committee, but not less than twice per year, with at least one meeting held close to the year-end in order for the Committee to review the Directors' Remuneration Report. A timetable of business shall be established once per year, subject to amendment by the Committee. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda and any supporting papers, shall, as appropriate, be forwarded to the Committee members, any other person required to attend and all other Non-executive Directors, no later than five (5) working days before the date of the meeting.
12. Only members of the Committee shall be entitled to attend Committee meetings, however, the Committee may invite any person it thinks appropriate to attend all or part of any Committee meeting to present on matters of interest to the Committee or to present management proposals. No member of the Board shall participate at a meeting of the Committee (or part thereof) at which any part of his or her remuneration is being discussed nor participate in any recommendation or decision concerning his or her remuneration.
13. Each member of the Committee shall disclose to the Committee:
  - a. any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
  - b. any potential conflict of interest, for example, arising from a cross-directorship or other activity.

Any such member will abstain from voting on resolutions of the Committee in relation to which such interest or conflict exists and from participating in the discussions concerning such resolutions and, if so required by the Board or the Committee, will resign from the Committee with immediate effect.

14. A quorum 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. Each member of the Committee shall have one vote which may be cast on matters considered at a meeting of the Committee. Votes can only be cast by members attending a meeting of the Committee. Save where he/she has a personal interest or conflict, the Chairman of the Committee will have a casting vote.
15. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

### Duties

The duties of the Remuneration Committee shall be:

16. Executive Directors Remuneration Policy: Determine and agree with the Board, and in so far as it relates to directors of the Company obtain the approval of shareholders to, the Company's framework or overall remuneration policy for the Company's Chairman, Executive Directors and the Company Secretary, taking account of all factors which it deems necessary, including relevant legal and regulatory requirements, the risk appetite and long term business strategy of the Company and how the policy reflects and supports the business strategy, its alignment to performance, the views of other stakeholders and its cost. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance, designed to promote the long-term success of the Company, Performance-related elements should be transparent, stretching and rigorously applied, and encourage the holding of shares for a period beyond the vesting of awards. Periodically review market data and consider remuneration trends across the Company and its implications for the Executive Directors' Remuneration Policy
  - a. *Executive Directors' Remuneration Practice:* Within the terms of the approved policy for directors and the agreed policy for other senior executives and in consultation with the Chairman and/or Chief Executive, determine, and recommend to the Board, specific remuneration packages for each of the Company Chairman, Executive Directors, Company Secretary and other designated senior executives. The Committee may, subject to the applicable Company policy and individual performance, recommend changes as seen fit. These may include, but are not limited to, an annual salary/fee increase, an annual bonus in line with the annual incentive plan and/or an award under a long-term incentive plan. The Committee shall review annually individual pension rights and any other benefits. The Committee shall consider the pension consequences and associated costs to the Company of basic salary increases and other changes in pensionable remuneration, especially for executives close to retirement. In general, only basic salary shall be pensionable. No Director or manager shall be involved in any decisions as to their own remuneration.
  - b. *Executive Directors' Employment Terms:* Approve the terms of service contracts and any material amendments. Determine the policy for, and scope of, termination payments. Review at least annually, the service contracts and the obligations therein of the

Executive Directors to ensure that the contracts meet the needs of the business, encourage performance, and comply with regulatory requirements and good practice. Notice periods shall normally be one year.

- c. In carrying out its duties under these terms of reference, the Committee shall have regard to the terms of the Code (which provide that the Committee should:
- i. provide packages for Executive Directors designed to promote the long-term success of the Company. Performance-related elements should be transparent, stretching and rigorously applied;
  - ii. judge where to position the Company relative to other companies. But they should use such comparisons with caution, in view of the risk that they can result in an upward ratchet of remuneration levels with no corresponding improvement in corporate or individual performance. They should avoid paying more than is necessary;
  - iii. be sensitive to the wider context, including pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
  - iv. determine an appropriate balance between fixed and performance related, immediate and deferred remuneration;
  - v. consider whether the Directors should be eligible for annual bonuses and/or benefits under long-term incentives;
  - vi. ensure that executive share options are not offered at a discount save as permitted by the relevant provisions of the Listing Rules; and
  - vii. in designing schemes of performance related remuneration, follow the provisions of the 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.
17. *Remuneration from external appointments:* Where the Company releases an Executive Director to serve as a Non-executive Director elsewhere, the remuneration report to Company shareholders should include a statement as to whether or not the Director will retain such earnings, and if so, the amount and nature of the remuneration.
18. *Non-executive Director Remuneration:* The remuneration of Non-executive Directors shall be a matter for the Chairman and the executive members of the Board. The Board may, however, delegate this responsibility to a sub-committee, which may include the Chief Executive Officer. No Director or manager shall be involved in any decisions as to their own remuneration. Remuneration for Non-executive Directors should not include share options or other performance-related elements. Levels of remuneration for Non-executive Directors should reflect the time commitment and responsibilities of the role.

19. *Remuneration of Senior Management and overall policy of the Company:* The Committee shall review the ongoing appropriateness and relevance of the overall remuneration policy. In determining such policy, the Committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.
- a. *Senior Management Remuneration:* Receive from the Company’s management, and endorse or provide feedback on the remuneration packages of those senior employees who report directly to the Executive Directors.
  - b. *Company Policy on Total Compensation:* Receive from the Company’s management, and endorse or provide feedback on the Company’s overall policy for total compensation for all employees, including base salaries, benefits, annual bonuses, longer term incentives, pensions and other retirement plans. Review and endorse total budgets for annual salary reviews and bonus awards.
  - c. *Key Appointments and Leavers:* Receive a report from the Company’s management on key appointments, including senior management or committee positions in the Group.
20. Other Remuneration issues
- a. *Incentive Schemes:* The Committee shall approve the design of, and oversee, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes. The Committee shall review the design of all share incentive plans and new long-term incentive schemes for approval by the Board and shareholders. For any such plans, the Committee shall 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 senior executives and the performance targets to be used. The Committee shall ensure that the total remuneration package potentially available is not excessive.
  - b. *Pension Schemes and Retirement Plans:* Receive reports from the Company’s management on pension provisions for employees, and the financial consequences to the Company of said schemes/plans. Consider, and make recommendations to the Board on policy changes.
  - c. *Employee Benefits Structures:* Oversee any major changes in employee benefits structures throughout the Company or Group.
  - d. *Employee Inventors:* Approve any proposals from the Company’s management for awards to employee inventors in line with Company policy and the Patents Act 1977.
  - e. *Expenses:* Agree the policy for authorising claims for expenses for Directors.

21. Without prejudice to the generality of the terms of reference set out above, the Committee will:
- a. operate the Company’s share option schemes/other incentives schemes (if any) as they apply to, and determine grants of options to be made to, Executive Directors. It recommends the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to the amendment). Payouts or grants under all incentive schemes, including new grants under existing share option schemes, should be subject to stretching performance criteria. Remuneration incentives should be compatible with risk policies and systems and in alignment with the Company’s long-term strategic goals;
  - b. review the assessment made by the Company’s remuneration advisors or auditors as to whether the performance conditions associated with equity incentive plans or restricted share awards have been met;
  - c. delegate the signing of equity incentive certificates and restrict share awards to an approved list of Company senior managers and Executive Directors;
  - d. liaise with the trustee of any employee share scheme which is created by the Company for the benefit of employees or directors;
  - e. consider whether the Directors should be eligible for annual bonuses or long-term incentives. If so, performance conditions should be relevant and transparent and upper limits should be set and disclosed;
  - f. be mindful of any recovery provision available and consider whether it should be operated against any annual bonus or long-term incentive award;
  - g. review and note annually the outcome of any employee consultation on executive pay and agree how employees’ views will be taken into account in determining the directors’ remuneration;
  - h. review and note following the Annual General Meeting (and at any other relevant time) the views given by shareholders and the results of the shareholder votes on executive pay and agree how the views of shareholders will be taken into account in determining the directors’ remuneration;
  - i. keep the Chairman of the Board fully informed of its actions if he is not a member;
  - j. ensure that contractual terms on termination, and any payments made in association with termination, are fair to the individual and the Company, that poor performance is not rewarded and that the individual’s duty to mitigate loss is fully taken into account;

- k. obtain reliable, up-to-date information about remuneration in other peer companies and note annually the remuneration trends and any major changes in employee benefit structures across the Company. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
  - l. ensure that the Chairman of the Committee regularly engages with the Company's principal shareholders and reports to the Committee about their views on remuneration matters and voting policies;
  - m. regularly review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Committee;
  - n. ensure that all provisions contained in the Listing Rules, Financial Conduct Authority Disclosure and Transparency Rules, the Code and the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) ("the Regulations") regarding disclosure of remuneration including pensions, are fulfilled;
  - o. review annually a summary of the Committee's advisors' fees for the year and the advisors' policy and procedures on dealing with potential conflicts of interest to ensure it is comfortable with them;
  - p. consider such other matters as may be requested by the Board; and
  - q. work and liaise as necessary with all other board committees.
22. In carrying out its duties under these terms of reference, the Committee should have regard to developments in best practice, and formal guidance on governance matters for publicly listed companies.

### Reporting

23. The Committee shall report to the Board following each Committee meeting and at such times and in such manner as the Board may require. The Committee shall make any recommendations to the Board it deems appropriate on any areas within its terms of reference where action or improvement is needed. The recommendations of the Committee must be approved by the Board before they can be implemented.
24. The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The Secretary shall circulate the draft minutes of the meetings of the Committee to all members of the Committee. On finalisation and signature by the Chairman of the Committee, a copy of the minutes of each meeting will be submitted to the relevant advisors and, unless it would create a conflict of interest, to the Board as a formal record of the decisions of the Committee on behalf of the Board.

25. The Committee shall produce a three part annual report of the Company’s remuneration policy and practices for directors and of the activities of the Committee which will form part of the Company’s Annual Report. The Committee’s annual report shall comprise:
- (a) a Statement from the Chairman of the Committee;
  - (b) a section on future remuneration policy for board directors (Directors’ Remuneration Policy); and
  - (c) a section on how board directors’ remuneration policy has been implemented in the preceding year (Annual Report on Remuneration).

The Directors’ Remuneration Policy shall be put to a binding shareholder vote at least every 3 years and the Statement for the Chairman of the Committee and the Annual Report on Remuneration to an advisory shareholder vote each year at the Annual General Meeting in compliance with the Regulations.

If the Committee has appointed remuneration advisors, the annual report of the Committee should identify such consultants and state whether they have any other connection with the Company.

The Committee shall take into account, including on recruitment or termination, that remuneration to be paid to a director which is outside the shareholder approved policy in place at the time the payment is made, will require separate shareholder approval.

26. The Committee Chairman shall attend the Annual General Meeting and shall answer questions, through the Chairman of the Board, on the Committee’s activities and their responsibilities.
27. The Committee shall make publicly available its terms of reference, explaining its role and the authority delegated to it by the Board.
28. When, in the opinion of the board, a significant proportion of votes at the AGM have been cast against any remuneration related resolution, the Committee shall ensure that the company explains when announcing the results of voting what actions it intends to take to understand the reasons behind the vote result.

### Performance Review

29. The Committee shall, at least once a year, consider its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and shall recommend any changes necessary to the Board for approval.
30. The Committee shall 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.



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## Resolution of disagreements

31. Where disagreements between the Committee and the Board cannot be resolved, the Committee shall report the issue to the shareholders as part of the report on its activities in the Company’s Annual Report.

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