

Remuneration Committee

Terms of Reference

The primary purpose of the Remuneration Committee is to make recommendations to the Board on the Company's framework or broad policy for Executive Remuneration and its costs. The Committee shall also have delegated responsibility for determining the remuneration and benefits of Executive Directors, the Chairman, members of the Management Board (or equivalent) and the Company Secretary.

1. MEMBERSHIP

- (a) The Committee shall comprise at least three members, all of whom shall be independent non-executive Directors.
- (b) Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee.
- (c) Appointments to the Committee shall be for a period of up to three years, which may be extended for two further periods of up to three years, provided the member remains independent (in the opinion of the Board).
- (d) The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not be Chair of the Committee. Before appointment as Chair, the appointee should have served on a remuneration committee for at least 12 months.

2. SECRETARY

- (a) The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

3. MEETINGS

- (a) The Committee shall meet at least twice a year and otherwise as required.
- (b) The quorum necessary for the transaction of business shall be two members.
- (c) A member of the Committee may participate in a Committee meeting by telephone or video conference.
- (d) Only members of the Committee have the right to attend Committee meetings. The Chief Executive Officer and the HR Director shall be standing invitees to the Committee meetings. Other individuals such as the Chairman, Chief Financial Officer, other Directors, members of senior management and external advisers may be invited to attend all or part of any meeting as and when appropriate. No Executive Director or senior manager shall be involved in any decisions as to their own remuneration. Part of each meeting shall be held with only Committee Members present.

4. NOTICE OF MEETINGS

- (a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
- (b) 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 two 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.

5. MINUTES OF MEETINGS

- (a) The Secretary, or his or her nominated representative shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- (b) The Chair shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- (c) Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless in the opinion of the Committee Chair it would be inappropriate to do so.

6. DUTIES

(a) **Responsibilities and Powers:**

The Committee shall:

- (i) have responsibility for setting the Remuneration Policy for all Executive Directors and the Board Chair. The objective of such policy shall be to attract, retain and motivate executive management 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 policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals;
- (ii) determine in respect of the Executive Directors, other members of the Management Board and the Company Secretary:
 - (1) remuneration, including bonuses and long-term incentives that will attract, retain and motivate Executive Directors of the quality required;
 - (2) targets for any performance-related pay schemes, ensuring that these form an appropriate proportion of the total remuneration package;
 - (3) pension benefits;
 - (4) grants of share options or awards;
 - (5) terms and conditions of employment including contractual and discretionary benefits; and
 - (7) payments on termination of employment (ensuring that contractual terms on termination, and any payments made, are fair to the individual and according to company policy, that failure is not rewarded and that the duty to mitigate loss is fully recognised);

The HR Director will support the Committee with regards to the level and structure of remuneration packages. The Committee will also seek independent external advice as necessary.

The HR Director together with the relevant line manager is responsible for setting remuneration levels below the Management Board in line with the remuneration framework agreed with the Executive Directors and the Delegation of Authority Policy and Matrix.

- (ii) exercise the powers of the Board in relation to:
 - (1) any employee share arrangements, including:
 - amending or varying such arrangements in accordance with such provisions as the Committee may deem appropriate;
 - approving new share arrangements; and
 - granting entitlements and options;

- (2) any long term incentive arrangements, including:
- amending or varying such arrangements however the Committee may deem appropriate;
 - approving new arrangements; and
 - granting entitlements and if appropriate to include the granting or purchase of shares as part of such arrangements;
- (iii) when setting the remuneration policy for Executive Directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases;
- (iv) review the ongoing appropriateness and relevance of the remuneration policy;
- (v) be made aware on a timely basis of any proposed change to the Company's pension arrangements and other benefit schemes, including the appointment or reappointment of advisers and providers, and changes to the rules and structures and employer contributions;
- (vi) be made aware of in a timely matter the matters set out in 6a (ii) (1) to (7) as they relate to members of the leadership team below the Management Board;
- (vii) be aware of and approve on any material changes in employee benefit structures throughout the Group;
- (viii) review and judge the market comparator peer group of the Company and where to position the Company relative to that peer group;
- (ix) ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the QCA Code on Corporate Governance and other relevant regulations, are fulfilled;
- (x) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (xi) approve, execute or give effect to all documents (including service contracts), deeds, acts and things that the Committee may consider necessary or desirable in connection with or in relation to any of the foregoing matters;
- (xii) give the Executive Directors every opportunity to enhance the Company's performance and to ensure that the senior management of the Company are fairly, but responsibly, rewarded for their individual contributions;
- (xiii) engage with shareholders, as appropriate, as to the remuneration policy; and
- (xiv) retain discretion to override formulaic outcomes and ensure that remuneration schemes and policies include provisions that would enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

(b) Reporting Responsibilities

- (i) The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (ii) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (iii) The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report, including the frequency of, and attendance by members at, Committee meetings.
- (iv) The Committee shall make its terms of reference publicly available and review these terms of reference on a regular basis and, if necessary, make recommendations to the Board for their amendment.

(c) **Other Matters**

- (i) The Committee shall give due consideration to laws and regulations, the provisions of the QCA Code of Corporate Governance, the UK Corporate Governance Code (with which the Board seeks to comply, where appropriate for the Group, on a voluntary basis) and the requirements of the AIM Rules and associated guidance as appropriate.
- (ii) The Committee shall oversee any investigation of activities which are within its terms of reference and act as a court of the last resort.
- (iii) At least once a year, the Committee shall 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.
- (iv) The Committee Chair shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- (v) The Committee shall not discuss, or pass resolutions in respect of, the remuneration of, or the terms of any consultancy agreement with, any Non-Executive Director which shall be a matter for the Board itself, subject to the provisions of the Articles of Association of the Company.

7. RESOURCES

- (a) The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- (b) The Committee is authorised by the Board to obtain, at the Group's expense, outside legal or other independent professional advice as it considers necessary on any matter within its terms of reference.
- (c) The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties. All employees are expected to cooperate with any request made by the Committee.
- (d) 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.