

## Constitution

1. The Board has established a committee known as the Remuneration Committee. The purpose of this committee is to ensure that the remuneration of executive directors and senior management (which is made up of basic salary, benefits and incentives), together with their terms and conditions of employment, is appropriate, and also sufficient to recruit and retain individuals of calibre required to ensure the continued success of the business.

## Membership

2. The remuneration committee members shall be appointed by the board on the recommendation of the nomination committee and in consultation with the chairman of the remuneration committee. The committee shall comprise at least two members, each of whom shall be independent non-executive directors. The chairman of the board may serve on the remuneration committee as an additional member if he or she was considered independent on appointment as chairman.
3. The board shall appoint the chairman of the remuneration committee who shall be an independent non-executive director. In the absence of the chairman of the remuneration committee (and/or an appointed alternate member), the members present at any meeting of the committee should elect one of their numbers to chair the meeting. The chairman of the board shall not be chairman of the committee.
4. Each member shall hold office as a committee member for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent non-executive directors.
5. The chairmen and members shall be listed each year in the annual report.
6. The company secretary or their nominee shall be the secretary of the remuneration committee.
7. If any member of the remuneration committee is unable to act for any reason, the chairman of the remuneration committee may appoint another independent non-executive director of the Company agreed by the other members of the remuneration committee, to act as that member's alternate.
8. The members of the remuneration committee shall serve on the remuneration committee at the discretion of the board and may be removed by the board.
9. Each member of the remuneration committee shall disclose to the remuneration committee:
  - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the remuneration committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.
10. Any such member shall abstain from voting on resolutions of the remuneration committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the remuneration committee.

### **Attendance at meetings**

11. No one other than the members of the remuneration committee are entitled to be present at a meeting of the remuneration committee other than by invitation. The chairman and members shall have the discretion to decide who else shall be invited to attend.
12. The chairman of the company and managing director shall be invited by the remuneration committee to attend meetings to discuss the performance of the other executive directors and to make proposals as necessary.
13. The remuneration committee may consult the other non-executive directors in its evaluation of the managing director.
14. No director shall be present when his own remuneration is being discussed, and no director shall be involved in any decision as to his own remuneration.

### **Meetings**

15. The chairman of the remuneration committee may convene meetings at his discretion. A meeting of the remuneration committee may be called by any member of the remuneration committee or by the secretary, but in any event a meeting shall be held at least once in each year.
16. The quorum for meetings of the remuneration committee shall be two members present throughout the meeting in person, by telephone or videoconference.
17. Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the remuneration committee and to each other person invited to attend, not less than three working days prior to the date of the meeting.
18. In the event of equality of votes, the chairman of the remuneration committee shall have a casting vote.
19. The secretary of the remuneration committee shall prepare minutes of any meeting of the remuneration committee, including the name of those present and in attendance. Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.
20. The chairman of the remuneration committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities. The remuneration committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
21. The chairman of the remuneration committee shall be available to answer questions about the committee's activities at the annual general meeting of the Company.

**Authority and duties**

22. The remuneration committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Company or any of its subsidiaries in order to perform its duties.
23. The remuneration committee is authorised by the board, at the Company's expense, to obtain inside and outside legal or other professional advice, as well as information about remuneration practices elsewhere (including by appointment of remuneration consultants, and commissioning or purchasing of any relevant reports, surveys or information which it deems necessary to help fulfil its duties). The remuneration committee may, if it thinks fit, supply to others information about the company's remuneration practices.
24. The duties of the remuneration committee shall be:
  - (a) to make recommendations to the board on the company's policy for the remuneration of the chairman, the managing director and the senior management team;
  - (b) in determining the company's remuneration policy, to take into account all factors which it deems necessary to ensure that the managing director and members of the senior management team are sufficiently incentivised and rewarded for the performance of the company and their individual contribution to the success of the company;
  - (c) within the terms of the agreed remuneration policy, to determine the individual remuneration package of the managing director;
  - (d) to review and approve the design and determine the targets (if appropriate) for any share based incentive schemes operated by the company;
  - (e) to review and approve the design of, and determine targets for, any performance related bonus or other schemes operated by the company and the total annual payments made under any such scheme;
  - (f) to review and approve the implementation of and/or any significant changes to any pension scheme, healthcare scheme or other similar scheme operated by the company;
  - (g) to assist the board in preparing an annual report to shareholders for the purposes of, and in accordance with, the Companies Act 2006 and the QCA Corporate Governance Code and ensure each year that it is put to shareholders for approval at the AGM;
  - (h) to consider any other matters as referred to the remuneration committee by the board;
  - (i) to review its own performance, constitution and terms of reference, at least once a year, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval; and
  - (j) to be responsible for selecting and appointing any remuneration consultant who advises the committee.

