

REMUNERATION AND NOMINATIONS COMMITTEE

TERMS OF REFERENCE

(Last reviewed: - 14 June 2019)

1. MEMBERSHIP

- 1.1 The committee shall comprise at least three directors, 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. The members are currently Vic Holmes, Patrick Firth, Kevin Lyon, Sharon Parr and Sue Inglis.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals 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 which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the committee.
- 1.4 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect a committee member 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. The chairman of the committee is currently Vic Holmes

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 once annually 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, as appropriate.

The committee shall in relation to director remuneration:

- 8.1 Have responsibility for proposing the remuneration policy for all non executive directors and the company's chairman such proposal to be put to the shareholders at the Annual General Meeting within the limits set in the Articles of Incorporation.
- 8.2 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate individuals 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.
- 8.3 When setting remuneration policy for non executive directors, review and have regard to pay within the company's peer group, especially when determining remuneration increases.
- 8.4 Review the on-going appropriateness and relevance of the remuneration policy.
- 8.5 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.
- 8.6 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.7 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.
- 8.8 Agree the policy for authorising claims for expenses from the directors.
- 8.9 Work and liaise as necessary with all other board committees.

The committee shall, in relation to nominations:

- 8.10 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes.
 - 8.11 give full consideration to succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the board in the future
 - 8.12 keep under review the leadership needs of the organisation, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
 - 8.13 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates
 - 8.14 be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise
 - 8.15 before any appointment is made by the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall
 - 8.15.1 use open advertising or the services of external advisers to facilitate the search
 - 8.15.2 consider candidates from a wide range of backgrounds
 - 8.15.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position
 - 8.16 for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise.
 - 8.17 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest
 - 8.18 ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings
 - 8.19 ensure that on appointment to the board, non-executive directors receive a full and thorough induction;
 - 8.20 review the results of the board performance evaluation process that relate to the composition of the board
 - 8.21 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties
 - 8.22 work and liaise as necessary with all other board committees.
- The committee shall also make recommendations to the board in relation to nominations concerning
- 8.23 formulating plans for succession for non-executive directors and in particular for the key role of chairman
 - 8.24 suitable candidates for the role of senior independent director

- 8.25 membership of the board committees as appropriate, in consultation with the chairman of those committees
- 8.26 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of knowledge, skills and experience required
- 8.27 the re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the company's articles of association, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years)
- 8.28 any matters relating to the continuation in office of any director at any time
- 8.29 the appointment of any director to executive or other office

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 The committee shall ensure that provisions regarding disclosure of information, are fulfilled and produce a report of the company's remuneration and nominations policies and practices to be included in the company's annual report. If the committee has appointed remuneration consultants or external search agencies, the annual report of the company's remuneration and nominations policies should identify such consultants or agencies and state whether they have any other connection with the company.
- 9.4 Through the chairman of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.
- 9.5 the report referred to in 9.3 above should include a statement of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

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 UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as other guidelines, 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.