

## **REMUNERATION COMMITTEE - TERMS OF REFERENCE**

The Remuneration Committee determines and agrees with the Board the policy for the remuneration of the Chairman and non-executive Directors. When doing so, the Committee takes account of all legal and regulatory requirements, the provisions and recommendations of the AIC Code, which is based upon the UK Corporate Governance Code, and other associated guidance. The Committee also considers market equivalents in comparison to the overall activities and size of the Company when determining the levels of Directors' remuneration.

### **1. Membership**

1.1. 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. The Committee shall be made up of at least 2 members, 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.

1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Manager and/or external advisers may be invited to attend for all or part of any meeting as and when appropriate.

1.3. 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 one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

### **2. Secretary**

2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

### **3. Quorum**

3.1 The quorum necessary for the transaction of business shall be 2. 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.

### **4. Meetings**

4.1. The Committee shall meet at least once a year, where all other meetings will be at the request of the Chairman, .

### **5. Notice of Meetings**

5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its Members.

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 5 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. 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.

## **7. Annual General Meeting**

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

The Committee shall:

- 8.1. Determine and agree with the Board the framework or broad policy for the remuneration of the company's non-executive Directors. No Director shall be involved in any decisions as to their own remuneration;
- 8.2. In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that non-executive Directors 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;
- 8.3. Review the ongoing appropriateness and relevance of the remuneration policy;
- 8.4. 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;
- 8.5. 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;
- 8.6. Within the terms of the agreed policy, determine the total individual remuneration package of each non-executive Director. In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the AIC Code and the UK Listing Authority's Listing Rules and associated guidance;
- 8.7. Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 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; and
- 8.9. Obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **9. Reporting Responsibilities**

9.1. The Committee Chairman shall report formally 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 produce an annual report of the company's remuneration policy and practices which will form part of the company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.

## **10. Other**

10.1. The Committee shall, at least once a year, 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.

## **11. Authority**

11.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

11.2. In connection with its duties the Committee is authorised by the Board, at the company's expense to obtain any outside legal or other professional advice within any budgetary restraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.