

1. COMPOSITION

1.1 Membership:

- Members will be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Committee Chair.
- Minimum three members - all independent Non-Executive Directors. In addition, the Non-Executive Chair of the Board can be a member if considered independent on appointment to the Board.
- Appointments will be for an initial term of up to three years, which may then be extended on an annual basis, as long as members (excluding the Chair of the Board, if he/she is a member) continue to be independent.

1.2 Committee Chair:

- Appointed by the Board.
- An independent Non-Executive Director (not the Chair of the Board).
- Should have normally served on a remuneration committee for at least 12 months.
- In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting, who qualifies under these terms of reference to be appointed to that position. The Chair of the Board shall not be the chair of the Committee.

1.3 Secretary:

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

2. DUTIES AND RESPONSIBILITIES

In carrying out its responsibilities the Committee must act in accordance with the UK Corporate Governance Code and shall:

2.1 Remuneration policy:

2.1.1 Determine and agree the framework or broad policy for the remuneration of the:

- Executive Directors;
- The Group Executive Committee members; and
- any other designated senior executive identified by the Committee from time-to-time, (together the “Senior Executive Group”).

In determining and implementing such policy, the Committee shall take into account all factors which it deems necessary to promote the long-term sustainable success of the Company and delivery of the Company’s long-term strategy, having regard to views of shareholders, and address the following:

- clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;

- risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance; and
- alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.

2.1.2 Review the ongoing appropriateness and relevance of the remuneration policy and ensure that all remuneration arrangements/payments comply with the existing policy.

2.1.3 Within the terms of the relevant agreed policy and in consultation with the Chair of the Board and/or Chief Executive as appropriate, determine the individual remuneration packages for the Senior Executive Group, including salaries, bonuses, benefits, incentive payments and share options or other share awards. No Director or Senior Executive shall be involved in any decisions as to their own remuneration outcome.

2.2 Non-Executive Directors:

- Note that the Chair of the Board and Executive Directors shall set the remuneration of the Non-Executive Directors within the limits set out in the Company's Articles of Association.

2.3 Chair of the Board:

- Approve the remuneration of the Chair of the Board to reflect the time commitment and responsibility of the role together with the experience of the individual.

2.4 Performance related pay schemes:

- Approve the design of, and determine and approve performance measures and targets for, any performance related pay schemes operated by the Company in which any member of the Senior Executive Group participates, and retain oversight of the design and targets applicable to any other performance related pay scheme operated by the Company.
- Approve the total annual payments made under such schemes, as well as the individual awards to the Senior Executive Group and the performance targets to be used.
- Ensure that any performance related scheme for the Senior Executive Group enables the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances.

2.5 Share incentive plans:

- Approve (and where appropriate recommend to the Board) the design of all share-based incentive plans and, where applicable, seek final approval from shareholders.
- Determine each year whether awards will be made, and if so, approve the overall amount of those awards, as well as, in respect of the long-term incentive awards, the individual awards to the Senior Executive Group.
- Determine and approve the performance measures and targets applicable to any long-term incentive awards, and monitor the achievement of those performance targets.
- Monitor the vesting under all share-based incentive plans, and specifically approve any vesting of awards to the Senior Executive Group.
- Design and invoke any safeguards, for example malus and clawback, to ensure that any performance-related payments reflect actual achievements and oversee the disclosures in the annual remuneration report.

2.6 Shareholding guidelines and post-employment shareholding requirements:

- Review and set appropriate shareholding guidelines for the Directors (both executive and non-executive) and the remaining members of the Senior Executive Group as appropriate, and monitor individuals' progress against the guidelines.
- Review and set a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

2.7 **Pension arrangements:**

- Determine the policy for, and scope of, pension arrangements for the Senior Executive Group considering the arrangements available to the wider workforce.

2.8 **Joiners:**

- Agree (within the agreed policy and in consultation with the Chair of the Board and/or Chief Executive as appropriate) service agreements for a new Chair of the Board, and the Senior Executive Group, including if relevant any buyouts on hiring in line with the buyout policy.
- Discuss with the Nominations Committee the remuneration terms for the appointment of Executive Directors and Chair of the Board recruited on the recommendation of the Nominations Committee.

2.9 **Leavers:**

- Agree (within the agreed policy and in consultation with the Chair of the Board and/or Chief Executive as appropriate) the termination payments for any members of the Senior Executive Group.
- Ensure that contractual terms on termination for the Senior Executive Group recognise that failure and poor performance is not rewarded and that the requirement to mitigate loss is recognised and that any payments made are fair to the individual, and reasonable for the Company, having regard to all the circumstances.

2.10 **Changes to benefit structure:**

- Oversee any major changes in employee benefits structures throughout the Company and Group.

2.11 **Remuneration Consultants:**

- Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.

2.12 **Expenses:**

- Agree the policy for authorising claims for Directors' expenses.

2.13 **Workforce engagement:**

- Review and monitor workforce remuneration and related policies, including for senior management outside the Senior Executive Group, taking these into account when setting the policy for Executive Director remuneration. Note internal pay gaps and pay ratios, any significant changes to employee-related policy to take into account fairness across the organisation.
- The Committee shall ensure effective engagement with the workforce in relation to remuneration and related policies and practices. This may include noting of employee engagement surveys and management reports to gauge employee feedback and culture.

3. REPORTING REQUIREMENTS

3.1 **To the Board:**

- The Committee Chair shall report to the Board on proceedings after each Committee meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board deemed appropriate on any area within its remit where action or improvement is needed.

- The Committee has responsibility for overseeing and advising the Board on risk exposure within the Committee's oversight and for keeping under review the effectiveness of relevant governance, risk management and internal controls of those risks. This includes review and discussion of deep dive reports related to principal risks delegated by the Board to understand key drivers, mitigation activity and further management activity, as required.

3.2 **Public reporting, engagement and approvals:**

The Committee shall:

- on behalf of the Board, produce a Directors' Remuneration Report to be included in the Company's Annual Report for approval by Shareholders at each Annual General Meeting. The Committee should also describe the work of the Committee in discharging its responsibilities in the Annual Report;
- seek shareholder approval of any changes to the Remuneration Policy applicable to Board Directors (or any aspect of the remuneration policy that requires approval such as share plans as applicable) and review this Policy at least every three years in accordance with regulatory requirements;
- ensure that all provisions regarding disclosure of remuneration are fulfilled, having regard to the latest legislation, corporate governance best practice, the FCA Listing Rules and the UK Corporate Governance Code; and
- through the Chair of the Board or the Committee Chair as appropriate, ensure that the Company maintains contact as required with its principal shareholders about remuneration, and engages in appropriate discussions as necessary.

3.3 **To the Committee:**

The Committee will receive a report each year from the Company's Reward function on remuneration trends and pay/employment conditions across the Group.

4. OTHER MATTERS

4.1 **Evaluation:**

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.

4.2 **Training and information:**

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. The Committee shall also be kept regularly informed on remuneration market trends, including pay gaps and pay ratios and, if appropriate, reliable up to date information about remuneration in other companies of comparable scale and complexity to provide external context.

4.3 **Investigation:**

The Committee shall oversee any investigation of activities which are within its terms of reference.

4.4 **Projects:**

The Committee may undertake other projects relating to its remit as appropriate or requested by the Board.

4.5 **Best practice:**

The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed companies and the formation and operation of share plans including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the FCA Listing, Prospectus and Disclosure Guidance and Transparency Rules as well as guidelines published by relevant institutional investors and representative bodies and any other applicable rules as appropriate.

5. AUTHORITY

5.1 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; and
- obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.

6. MEETING ARRANGEMENTS

6.1 Attendance:

- Only members of the Committee have the right to attend meetings.
- Other individuals such as the Chief Executive, the Chief People Officer, Director of Reward and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- Any other member of the Board may attend all or part of a meeting with the prior approval of the Committee Chair.

6.2 Meetings:

- **Quorum:** two members.
- **Number of Meetings:** at least twice a year or otherwise as required.
- **Notice of Meetings:** shall be forwarded to each member, any other person required to attend and all other Non-Executive Directors in sufficient time to allow the Committee to consider the papers to enable full and proper consideration to be given to issues, and for the Board to follow up on any recommendations as necessary, confirming the venue, time and date, and an agenda of items to be discussed and supporting papers.
- **Minutes:** the secretary will minute the proceedings of each meeting, which shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so.
- **Conflicts of interest:** must be declared by Committee members at the beginning of meetings and the Secretary shall record any such declaration in the minutes. No individual should be present or vote when their own remuneration is being considered, and no Director or senior executive shall be involved in any decisions as to their own remuneration.

6.3 Resolutions and approvals:

- Committee resolutions shall be passed by the absolute majority of votes cast. In the event of equality of votes, the Committee Chair shall have the casting vote (except where he/she is not permitted to vote).
- Approvals may be taken in written form (including email), or via telephone or video conference.
- Approvals by email must be included in the minutes of the next meeting of the Committee.
- The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference. The Committee may sub-delegate any or all of its powers as it thinks fit to the Committee Chair or, if it considers it to be appropriate, to the Company Secretary.

6.4 Annual General Meeting:

The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.