

Terms of Reference: Nominations and Remuneration Committee



Contents

| Terms of Reference: Nominations and Remuneration Committee | Page |
|---|-------------|
| 1 CONSTITUTION | 3 |
| 2 PURPOSE OF COMMITTEE | |
| 3 MEMBERSHIP | |
| 4 SECRETARY | 4 |
| 5 ATTENDANCE AT MEETINGS | |
| 6 FREQUENCY OF MEETINGS | |
| 7 NOTICE OF MEETINGS | 5 |
| 8 MINUTES OF MEETINGS | |
| 9 ANNUAL GENERAL MEETING | |
| 10 AUTHORITY | |
| 11 ROLE AND RESPONSIBILITIES | 6-10 |
| 12 REPORTING RESPONSIBILITIES | 10 |
| 13 OTHER MATTERS | 11 |

1. CONSTITUTION

- 1.1 The Board has resolved to establish a Committee of the Board to be known as the Nominations Committee (the “**Committee**”).

2. PURPOSE OF COMMITTEE

- 2.1 The purpose of the Committee is to:
 - 2.1.1. Ensure an appropriate process is followed in fixing and maintaining appropriate levels of remuneration for the Board and senior executives in the UK MBA
 - 2.1.2. Keep under review the structure, size and composition of the Board;
 - 2.1.3. Review and assess the performance of the members of the Board and Chief Executive Officer
 - 2.1.4. Make proposals to the Board regarding the appointment of new Directors and Board committee chairs.

3. MEMBERSHIP

- 3.1 The Committee shall comprise at least three Non-Executive Directors. A majority of the Committee members shall be Independent Non-Executive Directors.
- 3.2 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.
- 3.3 The Board shall appoint the Chairman of the Committee who should be another Non-Executive Director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by

the Board. The Chairman of the Board shall not chair the Committee, nor attend meetings, when it is dealing with the matter of succession to the chairmanship.

4. SECRETARY

- 4.1 The Company Secretary or his or her nominee shall act as the secretary of the Committee (the “**Committee Secretary**”) 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.

5. ATTENDANCE AT MEETINGS

- 5.1 The quorum necessary for the transaction of business shall be two members. No meeting may be validly held unless all Committee members have received notice of the meeting. Whenever it is practicable, meetings shall be arranged so that all Committee members can be present.
- 5.2 Only Committee members have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, other Executive and Non-Executive Directors, senior management reporting to the Executive Directors (the “**Executive Team**”) or external advisors may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Committee, particular care being taken to recognise and avoid any potential conflicts of interest.
- 5.3 No Director or Committee attendee may participate in any discussion or decision with regards to their own remuneration.

6. FREQUENCY OF MEETINGS

- 6.1. The Committee shall meet at least once a year and otherwise as required.

7. NOTICE OF MEETINGS

- 7.1. Meetings of the Committee shall be called by the Committee Secretary at the request of the Chairman of the Committee.
- 7.2. Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee member, 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.

8. MINUTES OF MEETINGS

- 8.1. The Committee Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 8.2. Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Chairman of the Committee it would be inappropriate to do so.

9. ANNUAL GENERAL MEETING

- 9.1. The Chairman of the Committee should attend the annual general meeting (if any) to answer any shareholder questions on the Committee's activities.

10. AUTHORITY

- 10.1. The Committee is authorised by the Board at the expense of the Company:
 - 10.1.1. to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee in order to

perform its duties, and all employees are directed to co-operate with any requests made by the Committee.

10.1.2. to obtain external legal or other professional advice on any matters within its terms of reference; and

10.1.3. to secure the attendance of third parties with relevant experience and expertise at meetings of the Committee if it considers this necessary.

10.2 All decisions of the Committee in respect of the appointment of Directors or Committee Chairmen are referred to the Board. The Board has the power to approve or reject without modification such decisions which take effect only on approval thereof by resolution of the Board at a meeting which is properly convened and constituted within the Company's Articles of Association. No Director is entitled to vote or be counted in the quorum in respect of any resolution relating to his own appointment.

10.3 These terms of reference may be amended from time to time by the Board.

11. ROLE AND RESPONSIBILITIES

11.1 The Committee shall:

11.1.1 regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes;

11.1.2 give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

11.1.3 keep under review the leadership needs of the Company, both Executive and Non-Executive Directors, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;

11.1.4 identify and nominate for approval of the Board candidates to fill Board vacancies as and when they arise;

- 11.1.5 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 use open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds; and 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;
 - 11.1.6 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, Board committee service and involvement outside Board meetings; and
 - 11.1.7 review the results of the Board performance evaluation process that relates to the composition of the Board.
- 11.2 The Committee shall also make recommendations to the Board concerning:
- 11.2.1 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman of the Board and Chief Executive;
 - 11.2.2 membership of the [Risk, Compliance and Audit Committee and Remuneration Committee and any other Board committees as appropriate, in consultation with the chairmen of those committees;
 - 11.2.3 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 the knowledge, skills and experience required;
 - 11.2.4 the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code (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);

- 11.2.5 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of applicable law and their service contract; and
- 11.2.6 The Committee shall also make recommendations to the Board concerning the acceptance of any appointment by any Director or executive to an external office
- 11.2.7 Formulate and recommend to the Board the remuneration policy for Executive Directors and Chairman of the Board. These decisions may be taken with the benefit of relevant independent professional advice. Remuneration for Executive Directors is deemed to include all aspects of remuneration including, without limitation, salary, annual and long term bonus, benefits in kind and pension entitlements. The Board or the shareholders set the fees of the Non-Executive Directors, within the limits set by the Articles of Association.
- 11.2.8 In setting the remuneration policy for Executive Directors, the Committee will: consider all necessary relevant legal and regulatory requirements and associated guidance; have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals; and review and have regard to pay and employment conditions across the Company, especially when determining annual salary increases. The objective of the Executive Director remuneration policy shall be to promote the long-term success of the company, having regard to views of shareholders and other

stakeholders; and to ensure that performance-related elements of remuneration, if considered appropriate, form an appropriate proportion of the total remuneration package and are transparent, stretching and rigorously applied.

- 11.3 Review the on-going appropriateness and relevance of the remuneration policy.
- 11.4 Within the terms of the remuneration policy and in consultation with the Chairman of the Board and/or Chief Executive, as appropriate, determine the total individual remuneration package of each Executive Director and the Chairman of the Board. The Chief Executive is responsible for determining the total individual remuneration package of each member of the Executive Team, which shall be submitted to the Committee for agreement.
- 11.5 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.
- 11.6 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any external consultants who advise the Committee.
- 11.7 Review the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve total annual payments made under such schemes.
- 11.8 Determine the policy for, and scope of, pension arrangements for each Executive Director and the Executive Team and consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration.

- 11.9 Ensure that contractual arrangements for termination and any payments made, are fair both to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 11.10 Oversee any major changes in employee benefit structures throughout the Company.
- 11.11 Agree the policy for authorising claims for expenses from the Executive Directors and Chairman of the Board. The policy for authorising claims for expenses from other Non-Executive Directors shall be agreed by the Board.
- 11.12 Monitor and review periodically the terms of any proposed letter of appointment or contract or termination arrangements relating to any Executive Director or the Chairman of the Board.
- 11.13 Work and liaise as necessary with all other Board Committees.
- 11.14 Consider any other matters related to the remuneration of Directors which the Board may ask it to consider.

12 REPORTING RESPONSIBILITIES

- 12.1 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its terms of reference.
- 12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its terms of reference.
- 12.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual

report and a statement made as to whether it has any connection with the Company.

- 12.4 The report referred to in 12.3 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.
- 12.5 The Committee shall, through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

13 OTHER MATTERS

13.1 The Committee shall:

- 13.1.1 have access to sufficient resources in order to carry out its duties and responsibilities, including access to the Company Secretary for assistance as required;
- 13.1.2 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;
- 13.1.3 give due consideration to relevant laws and regulations and related guidance and recommendations, as appropriate; and
- 13.1.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.