

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(approved by the Remuneration Committee as of 14th December 2016)

Constitution

1. It is resolved that a committee of the Board be established, to be known as the Remuneration Committee.

Membership

2. The Remuneration Committee members shall be appointed by the Board in accordance with the Company's articles of association from amongst the independent non-executive directors of the Company identified by the Board as independent in accordance with the requirements of the UK Corporate Governance Code. At least one Remuneration Committee member shall have recent and relevant experience of sitting on another UK company's remuneration committee.
3. The Remuneration Committee shall comprise at least three members, one of whom shall be appointed by the Board as the Remuneration Committee Chairman. The Chairman of the Board may not be a member of the Remuneration Committee.
4. Each member shall hold office as a Remuneration Committee member for a period of up to three years, which may be extended for two further three year periods, provided that the director continues to be identified as independent by the Board.
5. In the absence of the Remuneration Committee Chairman (and/or an appointed alternate member), the members present at any meeting of the Remuneration Committee shall elect one of their number to chair the meeting.
6. The Remuneration Committee Chairman and members of the Remuneration Committee shall be listed each year in the annual report.
7. The Company Secretary or the Remuneration Committee's nominee shall be the Secretary of the Remuneration Committee and will ensure that the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
8. Each member of the Remuneration Committee shall disclose in writing to the Remuneration Committee and the Company Secretary as soon as the member becomes aware of the interest or the conflict:
 - 8.1. any personal interest including financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee; or
 - 8.2. any potential conflict of interest.

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

9. No one other than the Remuneration Committee Chairman and members of the Remuneration Committee is entitled to be present or vote at a meeting of the Remuneration Committee. The Remuneration Committee Chairman and members of the Remuneration Committee shall, however, have the discretion to decide if non-members should be invited to attend for a particular meeting or a particular agenda item.

The Chairman of the Board and/or Group Chief Executive 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. The Remuneration Committee may consult any other non-executive directors in its evaluation of the Group Chief Executive. No director shall be present when his own remuneration is being discussed. No director shall be involved in any decision as to his own remuneration.

Meetings

10. The Remuneration Committee Chairman, in consultation with the Company Secretary, shall decide the frequency and timing of the Remuneration Committee's meetings. A meeting of the Remuneration Committee may be called by any member of the Remuneration Committee, but in any event meetings shall be held at least three times each year, to coincide with key dates within the financial reporting cycle. The Company Secretary shall call a meeting as soon as reasonably practicable upon a request for such meeting by any Remuneration Committee member.
11. The quorum for meetings of the Remuneration Committee shall be the Remuneration Committee Chairman and at least one other member or any three members present throughout the meeting in person or by telephone or by video conference. A duly convened meeting of the Remuneration 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 Remuneration Committee.
12. 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, and all other Board members, no fewer than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Remuneration Committee to all members of it and to arrange such meetings so that members are able to attend them. The Group Chief Executive is primarily responsible for the provision of information to the Remuneration Committee. Outside the formal meeting programme, the Remuneration Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the Group Chief Executive, the Finance Director and the Group HR Director.

13. The Secretary shall keep a record of the membership, and the dates of any changes to the membership, of the Remuneration Committee.
14. The Secretary shall record the proceedings and resolutions of meetings of the Remuneration Committee.
15. Minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee and, once approved, to all members of the Board unless it would be inappropriate to do so in the opinion of the Remuneration Committee Chairman.
16. The Remuneration Committee Chairman shall be available to answer questions about the Remuneration Committee's activities and responsibilities at the Annual General Meeting of the Company. All members of the Remuneration Committee shall also attend the Annual General Meeting.
17. The Remuneration Committee Chairman should ensure that the Company maintains an appropriate dialogue as required by shareholders about the work of the Remuneration Committee.

Authority and Duties

18. The Remuneration Committee shall consult the Chairman of the Board with regard to the Group Chief Executive's remuneration and the Group Chief Executive with regard to his proposals relating to the remuneration of other executive directors.

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. All employees are directed to cooperate with any request made by the Remuneration Committee.

19. The Remuneration Committee is authorised by the Board to obtain inside and outside legal or other professional advice, as well as information about remuneration practices elsewhere. The Remuneration Committee may, if it thinks fit, supply to others information about the Company's remuneration practices and secure the attendance at meetings of outsiders with relevant experience and expertise at the Company's expense.
20. The duties of the Remuneration Committee shall be:
 - 20.1. to make recommendations to the Board on the Company's framework of executive remuneration and its cost, giving full consideration to the matters set out in Section D (headed "Remuneration") and Schedule A of the UK Corporate Governance Code;
 - 20.2. to determine the philosophy, principles and policy of remuneration which shall apply to the Group's Senior Management with regard to compatibility with remuneration policy and benefits generally across the Group, and to advise the Board and Company on compliance with the Remuneration Policy as approved by shareholders by way of a mandatory vote at the Annual General Meeting of the Company. The responsibility of determining the precise package to meet local practice and performance lies with the Group Chief Executive and the responsible Executive Director;

20.3. to have regard to the latest legislation, corporate governance best practices, and FSA Listing Rules and the key principles of (i) formulating competitive remuneration packages required to attract, retain and incentivise the Group Chief Executive, executive directors and senior management of the quality and experience required by the Company, and (ii) ensuring accountability, transparency and linkage of rewards to performance;

20.4. in relation to each of the following cash bonus and equity incentive plans listed below;

20.4.1. Cash Bonus

To consider the basis for the cash bonus payable to the executive directors and the criteria on which it should be established. The Remuneration Committee shall arrange for the determination, in conjunction with the Company Auditors, as to whether and the extent to which performance targets have been satisfied.

20.4.2. Share Plans

In relation to the Group's Share Plans:

- (i) determine policy for the grant of awards to executive directors and senior executives, to ensure that they are provided with appropriate incentives consistent with the Company's policy as currently in force;
- (ii) approve all and any awards to executive directors and senior executives, including consideration of the quantum of grants and vesting schedules;
- (iii) set appropriate performance targets in connection with the awards;
- (iv) determine, in conjunction with the Company's auditors, whether such performance targets have been satisfied;
- (v) approve any amendments to the Plans prior to obtaining any necessary shareholder approval; and
- (vi) exercise any discretion specified in the rules of the Plans and generally oversee the administration of Plans offered to executive directors and/or other senior executives;

20.5. to determine the specific terms and conditions of employment contracts for the Chairman of the Board, Group Chief Executive and executive directors;

- 20.6. to ensure that contractual terms for the Chairman of the Board, Chief Executive and executive directors 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 realised;
 - 20.7. to provide oversight of pension arrangements for the Group Chief Executive and executive directors;
 - 20.8. to consider and review the terms of any new equity plans for executive directors and/or senior executives;
 - 20.9. to advise on any major changes in employee benefit structures throughout the Company or group which relate to executive directors and senior executives;
 - 20.10. to assist the Board in preparing an annual report to shareholders setting out the Company's policy and disclosure on senior remuneration as required by the Directors' Remuneration Report Regulations 2002 and other associated legislative or regulatory requirements . The report will form part of, or be annexed to, the Company's annual report and accounts;
 - 20.11. to appoint consultants in respect of executive director remuneration and make the terms of reference of such consultants, together with a statement of whether they have any other connection with the company, available (by making it available on request and placing it on the Company's website); and
 - 20.12. to consider any other matters as referred to the Remuneration Committee by the Board.
21. In discharging its functions, the Remuneration Committee shall also have regard to the duty of Remuneration Committee members, as directors of the Company, to promote the success of the Company for the benefit of its members in accordance with the provisions of Section 172 of the Companies Act 2006 and having regard, as appropriate, to the matters specifically referred to in paragraphs (a) to (f) of that section.