

REMUNERATION COMMITTEE TERM OF REFERENCE

Constitution

1. The Board hereby resolves to establish a Committee of the Board under powers conferred by article 96 of the Articles of Association of the Corporation to be known as the Remuneration Committee.

Membership

2. Appointments to the Committee shall be made by the Board on the recommendation of the Nominations Committee and in consultation with the chair of the Remuneration Committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the Committee) continue to be independent. The Committee shall be appointed from amongst the independent non-executive directors of the Corporation and shall consist of not less than three members. A quorum shall be two of the members.
3. The Chairman of the Committee shall be appointed by the Board but should not be the chairman of the Corporation, although he/she may be a member of the Committee if they were considered independent on appointment as chairman. Before appointment as chair of the Committee, the appointee should have served on a remuneration committee for at least 12 months (and for the avoidance of doubt, this qualification will be met if the appointee has sat on the Corporation's Remuneration Committee for at least that length of time). In the absence of the Chairman, the Committee members first shall agree that one of them should act as Chairman for the purposes of the meeting who would qualify under these terms of reference to be appointed to that position by the board.

Attendance at Meetings

4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group executive directors, the head of human resources and any appropriate advisers may attend Committee meetings at the invitation of the Chairman to contribute to its deliberations provided that they are not personally interested in the matter concerned. In particular, no Executive member shall be present when his/her own remuneration and benefits are being discussed.

Secretary

5. The Company Secretary or their nominee will act as Secretary of the Committee and shall attend meetings at the invitation of the Chairman of the Committee. The Company Secretary shall advise

the Committee on the Group's compliance with the remuneration aspects of corporate governance, their remit, the requirements of the Corporation's Articles of Association, any statutory remuneration regulations, company law in general, the requirements of the UK Corporate Governance Code (the "Code") and any other obligations under the Listing Rules of the UKLA. The Company Secretary 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.

Frequency of Meetings

6. The Committee shall meet at least twice a year and otherwise as required.

Notice of Meetings

7. Meetings of the Committee shall be called by the Committee Chair or the Secretary of the Committee at the request of the Committee Chair or any of its members.
8. 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 and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.

Minutes of meetings

9. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. If the Secretary or their delegate is not in attendance, the Chairman of the Committee or another Committee member will ensure the proceedings at the meeting are recorded.
10. Draft minutes of the Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the board and the Company Secretary unless exceptionally, it would be inappropriate to do so.

Engagement with shareholders

11. The Committee Chair should attend the annual general meeting ('AGM') to answer 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.

Authority

12. The Committee is authorised by the Board to investigate any activity which it considers to be relevant to the carrying out of its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
13. The Committee is authorised by the Board to obtain external independent professional advice at the Corporation's expense, to commission external studies aimed at establishing market position or exploring particular aspects of executive remuneration, and to secure the attendance of appropriate advisers to provide the Committee with relevant experience and expertise if it considers this necessary.

Duties

14. The duties of the Committee shall be:
 - a) to determine the policy for directors' remuneration and set remuneration for the Corporation's chairman, executive directors and senior Management ('the Executive') in accordance with the Principles and Provisions of the Code;
 - b) to design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to the Corporation's purpose and values, clearly linked to the successful delivery of the Corporation's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums of share awards under appropriate specified circumstances;
 - c) when determining executive directors' remuneration policy and practices, to consider the Code requirements for clarity simplicity, risk mitigation, predictability, proportionality and alignment to culture;
 - d) within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, review the total individual remuneration package of each executive director, the Corporation's chairman and senior managers including bonuses, incentive payments and share options or other share awards, The Committee's decision in relation to these remuneration packages shall be final;
 - e) to consider interim pay reviews in respect of any person who, although not a member of the Executive at the time of the proposed review, is to be promoted to become a member of the Executive;

- f) to approve the remuneration and Benefits of any proposed new recruit who would, on recruitment, become a member of the Executive;
- g) in determining the remuneration policy, to take into account all other 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 executive management of the quality required to run the Corporation successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- h) to maintain surveillance over all Executive Benefits, including workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking this into account when setting the policies and strategy involved in those benefits and to make recommendations as appropriate;
- i) to consider, agree and/or amend every proposal to compensate an employee for termination of employment with a payment or package in excess of £100,000;
- j) to consider and report to the Board on the establishment (and any determinations or waivers thereunder, including, without limitation, as to vesting and the establishment of all compliance with performance targets) of any remuneration scheme or arrangement, including any profit sharing plans, retirement plans, share award or option plans or any other similar arrangements, including compliance with the terms thereof. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests, with share awards being released for holding periods that accord with corporate governance best practice;
- k) to review the design of all share incentive plans for approval by the board and, where required, shareholders. For any such plans, review each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used;
- l) to consider compliance with (including, without limitation, any waivers with respect to) any employment arrangement, vesting of shares or options or other incentive compensation for any member of the Executive. The Committee should take into account the need to develop and maintain a policy for post-employment shareholding requirements encompassing both unvested and vested shares;;

- m) to consider and, approve overall percentage figures for increases in salaries for employees who are not members of the Executive as proposed by the chief executive;
- n) to investigate or consider any other matter which the Board requests it to investigate and consider;
- o) to the extent necessary, ensure that the Corporation's Remuneration Policy remains consistent with the requirements on remuneration stipulated in the FCA's FUND obligations on Alternative Investment Fund Managers;
- p) to take all decisions that are necessary to implement the Corporation's Group wide incentive schemes in accordance with the respective rules of those schemes, but expressly noting that the Committee should be able to exercise discretion to override formulaic outcomes;
- q) to work and liaise as necessary with other board committees, ensuring the interaction between the Committee and with the board is reviewed regularly;
- r) ensure that workforce engagement is secured in accordance with the Code requirements; and
- s) consider an annual paper on employee conditions and the gender pay gap.

Note: the remuneration of non-executive directors is not a consideration of this Committee. It shall be a matter for consideration by the Board consisting of the executive members of the Board, which shall make recommendations to the Board for approval.

Reporting Procedures

- 15. The Chairman of the Committee shall report to the Board after each meeting with a summary of the Committee's activities. The Committee will keep such record of its proceedings and decisions as it thinks appropriate.
- 16. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be available for board discussions when necessary.
- 17. The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.

18. The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Corporation's annual report and put to shareholders for approval at the AGM as necessary.
19. If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Corporation or individual directors.

Remuneration Principles and Remuneration Policy

20. The Company's current remuneration principles are set out in the Remuneration Policy approved by shareholders*. The Committee may make minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval.
21. Working within the principles are set out in the Remuneration Policy, other matters that should be considered when setting levels of remuneration and awards include:
 - (a) a demonstration that the increase/decrease complies with the overall remuneration strategy of the Corporation;
 - (b) a demonstration that in light of the particular business unit and the Group as a whole the award is affordable; and
 - (c) full reasons to support the award to include:
 - (i) the provision of internal and external comparators;
 - (ii) the nature of the work being undertaken by the member of the Executive;
 - (iii) the range and weight of responsibilities held by the member of the Executive;
 - (iv) the performance of the individual member of the Executive in each case;
 - (v) the performance of any business unit under the Executive's direction, if applicable;
 - (vi) the contribution of the member of the Executive to the overall strategy, management and direction of the Group beyond the strict performance of his or her duties; and
 - (vii) any other pertinent factors.

* The current policy, approved by shareholders on 7 April 2020, is set out on pages 53 to 62 of the annual report to 31 December 2019.

Other matters

22. The Committee shall:
- a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
 - b) 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;
 - c) give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of the Corporation's directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules as appropriate;
 - d) ensure that a periodic evaluation of the Committee's own performance is carried out; and
 - e) 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.

Definitions

The Executive: All employees of any member of the Group who report or who will report directly to the chief executive.

Benefits: All types of remuneration including salary, bonuses, profit sharing, share options, pension contributions, and other incentives and employment benefits.

Approved by the Board on 2 June 2020