

## **Remuneration Committee: Terms of Reference**

### **1. Scope**

- 1.1. In carrying out its duties the Remuneration Committee ("the REMCO") shall have regard to the Combined Code on Corporate Governance, the UK Listing Authority's Listing Rules and any other relevant statutory, regulatory or governance codes (such as the ABI guidelines on remuneration).
- 1.2. In performing its role the REMCO will ensure that the performance related elements of remuneration represent a significant proportion of an Executive Director's total remuneration such that the interests of the Executive Directors are generally aligned with those of shareholders and provide appropriate incentives for them to perform to the highest levels and standards.

### **2. Membership**

- 2.1. The members of the REMCO, including the Chairman of the REMCO, shall be appointed by the Board of Directors ("the Board").
- 2.2. The REMCO shall consist of not less than three Members (each being an independent Non-Executive Director) and the Chairman of the Board, provided he or she was considered independent on appointment as Chairman of the Board.
- 2.3. The Chairman of the REMCO shall be an independent Non-Executive Director. The Chairman of the Board shall not be Chairman of the REMCO.
- 2.4. A quorum is two Members of REMCO.
- 2.5. The Company Secretary, or the Secretary's nominee, shall be the Secretary of the REMCO.

### **3. Attendance at Meetings**

- 3.1. Non-Executive Directors of the Company shall have the right to attend REMCO meetings. Executive Directors and any other members of management (including the HR Director) or advisers to the REMCO may attend the REMCO meetings by invitation.
- 3.2. No individual will be involved in any decisions as to their own remuneration.

### **4. Frequency of Meetings**

- 4.1. The REMCO will meet with sufficient frequency to fulfil its responsibilities but will normally meet at least three times a year.

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

- 5.1. Meetings of the REMCO shall be summoned by the Secretary of the REMCO at the request of any of its Members on reasonable notice.
- 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 REMCO, 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 the REMCO 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 REMCO meetings, including the names of those present and in attendance.
- 6.2. Minutes of the REMCO meetings shall be circulated promptly to all Members of the REMCO and, once agreed, to all members of the Board, unless a conflict of interest exists.

## 7. Authority

7.1. The REMCO is authorised by the Board to:

- 7.1.1. seek any information it requires from any employee of the Company in order to perform its duties;
- 7.1.2. investigate, or cause to be investigated, any activity within its terms of reference;
- 7.1.3. commission any reports or surveys at the Company's expense which it deems necessary to help fulfil its obligations and to obtain reliable, up-to-date information about remuneration in other companies;
- 7.1.4. obtain outside legal or other independent professional advice at the Company's expense;
- 7.1.5. be responsible for establishing the selection criteria, appointing and setting the terms of reference for any remuneration consultants who advise the REMCO (which may be the same advisers as used by management provided the REMCO is satisfied that no conflict of interest arises); and
- 7.1.6. delegate any of its duties as is appropriate to such persons or person as it thinks fit.

## 8. Duties of the REMCO

8.1. In carrying out its duties under these Terms of Reference, the REMCO shall:

- 8.1.1. ensure the remuneration of the Executive Directors' is competitive and linked both to individual and business performance;
- 8.1.2. determine the remuneration policy in respect of the Executive Directors and review its ongoing appropriateness and relevance;
- 8.1.3. determine, not less than once a year, specific remuneration packages for individual Executive Directors, including basic salary, benefits in kind, any annual bonuses, any participation in long-term incentive plans and any pension arrangements;
- 8.1.4. approve the design of, and determine the targets for, any bonus plans operated by the Company for Executive Directors and approve the individual annual payments made under such schemes;
- 8.1.5. review the terms of Executive Directors' service agreements from time to time;
- 8.1.6. determine the structure and quantum of any severance package for an Executive Director;
- 8.1.7. in determining such packages and arrangements, review and note annually the remuneration trends across the Group;
- 8.1.8. review the remuneration principles and policy for a defined population of key and senior management of Charter International Companies;
- 8.1.9. review the level and structure of remuneration for a defined population of key and senior management of Charter International Companies; and

8.1.10. determine the remuneration package of the Company Secretary;

*Employees Generally*

8.1.11. maintain an overview of all aspects of remuneration across the Group to ensure that policies are coherent;

*Pensions*

8.1.12. review any major changes in the rules or terms of any pension scheme that creates incremental liabilities for a pension scheme of a Charter International Company, where the Company is the scheme's principal employer, sponsor or guarantor and make recommendations to Board as appropriate;

*Chairman's Fees*

8.1.13. review and determine the remuneration package of the Chairman of the Board;

*Share-based Incentive Plans*

8.1.14. review the design and development of any Company Share Scheme or Subsidiary Share Scheme and, in the case of a Company Share Scheme, make recommendations to the Board as to their adoption and to any amendments to the terms of them;

8.1.15. for all Company Share Schemes, determine each year, whether awards will be made, and, if so, the overall amount of such awards (and costs) and the individual awards to Executive Directors and other Senior Management whose remuneration packages are determined by the REMCO;

8.1.16. approve the performance targets and assess performance against those targets;

8.1.17. exercise all powers under the rules of the Company Share Schemes, including the power to delegate to any Committee or individual appointed to administer or implement the Company Share Schemes, subject to reasonable supervision of the same; and

*Risk Management*

8.1.18. consider and review the risk implications in respect of the design, implementation and operation (including payout) of remuneration arrangements across the Group.

9. Reporting Procedures

9.1. The REMCO Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The REMCO shall make these terms of reference publicly available and review them on a regular basis and, if necessary, make recommendations to the Board for their amendment.

9.3. The Chairman of the REMCO shall attend the Company's Annual General Meeting to be available to answer questions with respect to the Company's remuneration policy and all remuneration-related matters.

9.4. The REMCO shall prepare for approval by the Board an annual Directors' Remuneration Report (to be included in the annual report and accounts).

10. Other

10.1 The REMCO 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.