



**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

**September 2018**

**RAVENS CROFT HOLDINGS LIMITED**  
**(the “Company”)**

**REMUNERATION COMMITTEE – TERMS OF REFERENCE**

**CONSTITUTION**

1. The current members of the Remuneration Committee for the time being shall be:

Dominic Jones            (“Chairman”)  
Stephen Lansdown  
Christopher Barling

2. The Remuneration Committee (the “Committee”) shall consist of a minimum of two members appointed by the Board of the Company (the “Board”) on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee, membership being confined to independent Non-Executive Directors. The Chairman of the Committee shall be appointed by the Board which shall determine the period for which he/she shall hold office.
3. The Group Company Secretary or Assistant Company Secretary shall act as the Secretary of the Committee. In the absence of the Group Company Secretary and the Assistant Company Secretary, a member of the Committee shall be appointed as Secretary to the Committee. The Secretary of the Committee shall ensure the Committee is properly constituted and advised. The Secretary of the Committee should ascertain, at the beginning of each meeting, the existence of any conflicts of interest.
4. In deciding chairmanship and membership of the Committee, the value of ensuring that committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
5. The quorum for decisions of the Committee shall be two members. A duly convened meeting of the 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 Committee.
6. In order to fulfil the Committee’s overall purpose of ensuring that the levels of remuneration are sufficient to attract, retain and motivate individuals of the quality required to manage and run the Company successfully and that the remuneration of such Directors and the award of incentives to them under the Company’s incentive schemes is independently approved and monitored, the members of the Committee shall:
- 6.1 have no personal financial interest, other than as shareholders in the Company (if applicable), in the Committee’s decisions;
- 6.2 have no “cross-directorships” with the Executive Directors which could be thought to offer scope for mutual agreements to bid up or otherwise enhance each other’s remuneration;
- 6.3 be independent of the Company’s management and free from any business or other relationship with the Company or any member of the

Company's Group which could materially interfere with the exercise of their independent judgement; and

- 6.4 have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the ambit of the Committee's business.

## **ROLE**

7. The main role and responsibilities of the Committee shall be to:
  - 7.1 judge where to position the Company relative to other companies, using such comparisons with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and should avoid paying more than is necessary;
  - 7.2 be sensitive to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
  - 7.3 in designing schemes of performance-related remuneration for Executive Directors follow the provisions in Schedule A to the UK Code of Corporate Governance as best practice rather than compulsory requirement. Schemes should include provisions that would enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so;
  - 7.4 where the Company releases an Executive Director to serve as a Non-Executive Director elsewhere, include a statement within the remuneration report as to whether or not the director will retain such earnings and, if so, what the remuneration is;
  - 7.5 carefully consider what compensation commitments (including pension contributions and all other elements) the Directors' terms of appointment would entail in the event of early termination. The aim should be to avoid rewarding poor performance. They should take a robust line on reducing compensation to reflect departing Directors' obligations to mitigate loss;
  - 7.6 ensure that notice or contract periods are set at one year or less. If it is necessary to offer longer notice or contract periods to new Directors recruited externally, such periods should reduce to one year or less after the initial period;
  - 7.7 ensure that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration;
  - 7.8 recognise and manage conflicts of interest when receiving views from Executive Directors or senior management, or consulting the Group Chief Executive Officer about its proposals;

- 7.9 be responsible for appointing any consultants in respect of Executive Director remuneration; and
- 7.10 ensure that, where remuneration consultants are appointed, they are identified in the annual report and a statement is made as to whether they have any other connection with the Company;
- 7.11 monitor, review and make recommendations to the Board on the Company's broad policy for the remuneration of all Executive Directors, ensuring the ongoing appropriateness and relevancy of the remuneration policy. The remuneration policy should, wherever possible, have regard for Company and individual performance and should avoid creating incentives that encourage excessive risk taking;
- 7.12 be responsible for setting remuneration for all Executive Directors and the Chairman, including pension rights and any compensation payments;
- 7.13 recommend and monitor the level and structure of remuneration for senior management;
- 7.14 review all new long-term incentive schemes and significant changes to existing schemes, ensuring that they are presented to shareholders for approval where appropriate; and
- 7.15 in consultation with the Group Chief Executive Officer and Group Finance Director:
  - 7.15.1 consider and approve any salary increases and bonus awards for Executive Directors, senior management and other staff;
  - 7.15.2 consider and approve any share option awards to be granted to Executive Directors, senior management and other staff;
  - 7.15.3 consider and approve any changes to the percentage split of the potential award due under the Company's share incentive scheme and determine the eligible employees thereunder; and
  - 7.15.4 consider and approve any recommendations to the Trustee of the Employee Benefit Trust for awards to be made to Executive Directors, senior management and other staff.
- 8. The Committee shall not consider the remuneration of any Non-Executive Director which shall be a matter for the Board or, where required by the Articles of Incorporation, the shareholders. However, where permitted by the Company's Articles of Incorporation, the Board may delegate this responsibility to a committee, which might include the Group Chief Executive Officer.

#### **PROCEDURE**

- 9. Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.

10. Meetings of the Committee shall be held not less than twice a year prior to the publishing of the Company year-end and interim reports and at such other times as the Chairman of the Committee requires, normally immediately before or after regular meetings of the Board but formal meetings (particularly in relation to the formal grant of share options or other awards of incentives) may also be held by telephone or video conference. Meetings may also be called at the request of any member of the Committee. Meetings should be organised so that attendance is maximised.
11. At least seven days' notice of any meeting of the Committee shall be given to each member of the Committee (confirming the venue, time and date of the meeting and attaching an agenda of items to be discussed (together with any supporting papers)) although such notice period may be waived or shortened with the consent of all the members of the Committee for the time being.
12. The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The minutes of the meetings of the Committee shall be circulated to all members of the Committee and, once signed, to all other members of the Board, unless a conflict of interest exists.
13. The Chairman of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report to shareholders and generally on remuneration principles and practice. The Chairman should maintain contact as required with the Company's principal shareholders about remuneration.
14. Only members of the Committee have the right to attend and to vote at meetings of the Committee. The Group CEO and/or COO and/or Head of HR may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.
15. The Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully. The Committee will be at liberty (at the cost of the Company) to draw on legal or other independent professional advice in carrying out its tasks and such persons shall be permitted to attend meetings of the Committee but shall not be members of it.
16. All decisions of the Committee shall be reported to the Board after each meeting of the Committee.
17. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
18. In addition, all evaluations, reviews and discussions of the Committee made in respect of policy on or for setting remuneration shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the Company's Articles of Incorporation.

19. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
20. References in these terms of reference to the “Group” means the Company and its subsidiaries.
21. These terms of reference, including the Committee’s role and the authority delegated to it by the Board, shall be made available on request and by publication on the Company’s website.

**1 September 2018**