



**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE  
OF NORTHGATE PLC**

**1. Membership**

- 1.1. Members of the Committee shall be appointed by the Board and shall comprise at least three members, all of whom shall be independent non-executive Directors. The Chairman of the Board may also serve on the Committee if he or she was considered independent on appointment of Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other Directors, employees or external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the Director remains independent.
- 1.4. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.
- 1.5. The Company Secretary shall act as the Secretary of the Committee.

**2. Proceedings**

- 2.1. The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee Shall require.
- 2.2. The quorum necessary for the transaction of business shall be two. 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.
- 2.3. Reasonable notice of each meeting together with an agenda of items to be discussed and any relevant supporting papers shall be sent to Committee members and to other attendees as appropriate.
- 2.4. The Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 2.5. Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.
- 2.6. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 2.7. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.8. The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.
- 2.9. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

### **3. Duties**

#### **The Committee shall:**

- 3.1. Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive Directors shall be a matter for the Chairman and the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration;
- 3.2. In determining such policy, take into account all factors which it deems necessary including legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code ('the Code') and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced corporate performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals;
- 3.3. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive Director and other senior executives including bonuses, incentive payments, share options or other share awards, pension arrangements and termination payments;
- 3.4. Ensure that contractual terms 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 fully recognised;
- 3.5. In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 3.6. Determine and periodically review the framework for remuneration policy and employee benefit structures throughout the Group;
- 3.7. Review the on-going appropriateness and relevance of the remuneration policy;
- 3.8. Approve the design of, and determine targets for, any performance related pay schemes operated by the Group for executive directors and the company secretary and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code);

- 3.9. Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors and other senior executives and the performance targets to be used;
- 3.10. Be mindful of any recovery and withholding provisions available and consider whether they should be operated against any annual bonus and long-term incentive award;
- 3.11. Determine the policy for, and scope of, Group pension arrangements generally;
- 3.12. Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission, or purchase, any reports or surveys which it deems necessary to help it fulfill its obligations, subject to advising the Finance Director of the cost of any such reports or surveys;
- 3.13. Review and note annually the outcome of any employee consultation on executive pay and agree how employees' views will be taken into account in determining directors' remuneration;
- 3.14. Review and note following the Annual General Meeting (and at any other relevant time) the views given by shareholders and the results of the shareholder votes on executive pay and agree how the views of shareholders will be taken into account in determining the directors' remuneration; and
- 3.15. Work and liaise as necessary with all other Board Committees.

#### **4. Reporting responsibilities**

- 4.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities
- 4.2. The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Code, are fulfilled and produced, for approval by the Board, an annual Directors' Remuneration Report, made up of an Annual Statement by the Committee Chairman, a Directors' Remuneration Policy (which may be excluded from the Directors' Remuneration Report when not being put to a binding vote at an Annual General Meeting) and an Annual Report on Remuneration.
- 4.3. The Directors' Remuneration Report, excluding the Directors' Remuneration Policy, shall be put to shareholders for an advisory vote at the Annual General Meeting each year. The Directors' Remuneration Policy shall be put to a binding vote of shareholders at every third Annual General Meeting or earlier on a change of remuneration policy;
- 4.4. If the Committee has appointed remuneration consultants, the annual Directors' Remuneration Report should identify such consultants and state whether they have any other connection with the company;
- 4.5. The Committee shall take into account, including on recruitment or termination, that remuneration to be paid to a director which is outside the shareholder approved policy in place at the time the payment is made, will require separate shareholder approval;

- 4.6. The Chairman of the Committee (or if he is unable to be present, another member designated for the purpose) shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## **5. Other matters**

The Committee shall:

- 5.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 5.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 5.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by The Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- 5.4. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.