

# TREATT PLC

## Remuneration Committee Terms of Reference

### **1. Membership**

- 1.1 The Committee shall comprise at least three members each of whom shall be appointed by the Board for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 1.2 All members of the Committee shall be independent Non-executive Directors. The Chairman of the Board may be a member of, but not chair, the Committee providing (s)he was independent on appointment as Chairman.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when appropriate and necessary.
- 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.

### **2. Secretary**

The Company Secretary or, with the approval of the Committee Chairman their nominee, shall be the Secretary of the Committee.

### **3. Meetings**

- 3.1 The Committee shall meet at least twice a year and otherwise as required.
- 3.2 A meeting of the Committee shall be called by the Secretary at the request of any member of the Committee.
- 3.3 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 not fewer than five working days prior to the date of the meeting.
- 3.4 The quorum for the Committee meetings shall be two members.
- 3.5 The Secretary shall minute the proceedings and resolutions as well as keep appropriate records of those present and in attendance.
- 3.6 Draft minutes of the meetings shall be circulated to all members of the Committee and once approved to all members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.
- 3.7 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- 3.8 No Committee attendee shall be present during any discussion or decision on their own remuneration.

### **4. Duties**

The Committee shall:

- 4.1 have responsibility for setting the remuneration policy for all Executive Directors and the Company's Chairman, including pension rights and any compensation

- payments. The Board should determine the remuneration of the Non-executive Directors within the limits set in the Articles of Association;
- 4.2 monitor the level and structure of remuneration for senior management;
  - 4.3 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance 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 Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
  - 4.4 when setting remuneration policy for Directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases;
  - 4.5 review the on-going appropriateness and relevance of the remuneration policy;
  - 4.6 within the terms of the agreed policy and in consultation with the Chairman and/or CEO, as appropriate, determine the total individual remuneration package of each Executive Director and the Company Chairman including bonuses, incentive payments and share options or other share awards;
  - 4.7 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the Board;
  - 4.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
  - 4.9 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes in accordance with the remuneration policy;
  - 4.10 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 designated senior managers and the performance targets to be used;
  - 4.11 determine the policy for, and scope of, pension arrangements for each Executive Director;
  - 4.12 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;
  - 4.13 oversee any major changes in employee benefits structures throughout the Company or Group; and
  - 4.14 agree the policy for authorising claims for expenses from the Directors.

## **5. Reporting Responsibilities**

- 5.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3 The Committee shall ensure that provisions regarding disclosure of information are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM.

- 5.4 Through the Chairman of the Committee or Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

**6. Other Matters**

The Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 6.2 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;
- 6.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- 6.4 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.

**7. Authority**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.