

# CPPGroup Plc: Terms of Reference: Remuneration Committee

## 1 Membership

- 1.1 The Committee shall consist of not less than three members all of whom shall be independent Non-Executive Directors. The Chairman of the Board can be a member of, but not chair, the Committee, provided he or she was considered independent on appointment as the Chairman. Members of the Committee shall be appointed by the Board on 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 individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Chairman of the Committee who shall be an independent Non-Executive Director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be the Chairman of the Committee.

## 2 Secretary

The Company Secretary, or a nominee, shall be the Secretary of the Committee.

## 3 Quorum

A quorum is 2 members of the Committee. 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.

## 4 Frequency of Meetings

The Committee will meet with sufficient frequency to fulfill its responsibilities but will normally meet at least twice a year.

## 5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chairman;
- 5.2 Unless otherwise agreed notice of each meeting confirming venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to the committee members and other attendees as appropriate, at the same time.

## **6 Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance;
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so or unless the Chairman otherwise determines.

## **7 Annual General Meeting**

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **8 Authority**

The Committee is authorised by the Board to:

- 8.1 Investigate, or cause to be investigated, any activity within its terms of reference;
- 8.2 Obtain external legal or independent professional advice, at the company's expense, on matters within its terms of reference.

## **9 Duties of the Committee**

- 9.1 Determine and agree with the board the framework or broad policy for the remuneration of the company's chairman, chief executive, executive directors, company secretary and executive management. 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;
- 9.2 In determining such policy, take into account all factors which are deemed necessary including relevant and regulatory requirements, the provisions and recommendations of the UK Corporate Governance 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 performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
- 9.3 When setting remuneration policy for directors, review and have regard to the remuneration trends across the company or group;
- 9.4 Review the ongoing appropriateness and relevance of the remuneration policy;
- 9.5 With 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 the chairman, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share option or other share awards;
- 9.6 Obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the committee shall have authority to appoint

remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the board;

- 9.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- 9.8 Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve total annual payments made under such schemes;
- 9.9 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, company secretary and other designated senior executives and the performance targets to be used;
- 9.10 Determine the policy for, and scope of, pension arrangements for each director and other designated senior executives;
- 9.11 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;
- 9.12 Oversee any major changes in employee benefits structures throughout the company or group;
- 9.13 Agree the policy for authorising claims for expenses from the directors.

## **10 Reporting Procedures**

- 10.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, making recommendations when requested or when considered appropriate;
- 10.2 The Committee shall, at least once a year, review its own performance, constitution and terms of reference and, recommend any changes it deems necessary to the Board for approval;
- 10.3 The Committee shall make its terms of reference publicly available;
- 10.4 The Committee shall produce for approval by the Board an annual Directors' Remuneration Report to be included in the annual report and ensure each year that it is put to shareholders for approval at the AGM.

## **11 Other Matters**

The Committee shall:

- 11.1 Have sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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;
- 11.3 Give due consideration to laws and regulation, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
- 11.4 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.

**Approved by the CPP Group PLC Board on 22 November 2010**