

# JTC PLC

## REMUNERATION COMMITTEE

### Terms of Reference approved by the Board on 8 March 2018

The board (the "Board") of JTC plc (the "company") has resolved to establish a committee of the Board to be known as the Remuneration Committee (the "Committee").

#### **1. Membership**

- 1.1 The Committee shall comprise at least three members. A majority of the members of the Committee shall be independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, the chief operating officer, head of human resources and external advisors 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 Committee chairman who should be either the chairman of the Board or an independent non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

#### **2. Secretary**

The company secretary or his or her nominee shall act as the secretary of the Committee.

#### **3. Quorum**

The quorum necessary for the transaction of business shall be two members, both of whom must be independent non-executive directors.

#### **4. Frequency of meetings**

The Committee shall meet at least twice a year and otherwise as required.

#### **5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman.
- 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 Committee, 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 Committee members and to other attendees as appropriate, at the same time.

## **6. Minutes of meetings and proceedings at meetings**

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee chairman it would be inappropriate to do so.
- 6.3 Each member of the Committee shall have one vote which may be cast on matters considered at the Meeting. Votes can only be cast by members attending a meeting of the Committee (whether in person or by audio or video conference).
- 6.4 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote on such matter at the meeting

## **7. Annual general meeting**

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

## **8. Duties**

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

- 8.1 have responsibility for determining an overall strategy for remuneration and setting the remuneration policy for all executive directors, senior management (as defined) and the Company's chairman, including pay principles, pension rights and any compensation payments or benefits such as share schemes or any other benefit. The Board itself or, where required by the Company's articles of association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the articles of association. No director or senior manager shall be involved in any decisions as to their own remuneration and care should be taken to recognise and manage conflicts of interest when considering views from executive directors or senior management about the Committee's proposals;
- 8.2 in determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, investor guidelines and the provisions and recommendations of the UK Corporate Governance Code published by the Financial Reporting Council (the "Code") and associated guidance.
- 8.3 when setting the remuneration policy, the Committee should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals and overall desired culture of the Company. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual strategic performance and designed to promote the long-term sustainable success of the Company;
- 8.4 when setting remuneration policy and practices, the Committee shall consider the policy's clarity, simplicity, risk alignment, predictability, proportionality and alignment with culture. There should be robust policies on clawback;

- 8.5 review and take into account wider workforce remuneration, related policies and align the incentives and rewards with culture;
- 8.6 review, on an on-going basis, the appropriateness and relevance of the remuneration policy;
- 8.7 ensure engagement with the wider workforce to explain the alignment between the executive remuneration pay policy and the wider workforce pay policy;
- 8.8 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, the Company chairman and other designated senior management including bonuses, incentive payments and share awards
- 8.9 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and stay updated in relation to latest market practice generally. 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 at the expense of the Company but within any budgetary restraints imposed by the Board;
- 8.10 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;
- 8.11 review the design of all share incentive plans for approval by the Board and shareholders and ensure the plans promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. 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 management and the performance metrics and targets to be used. Ensure that potential pay outs are considered carefully and that there is not scope for rewards to be excessive;
- 8.12 develop a policy for post-employment shareholding requirements encompassing both vested and unvested shares;
- 8.13 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior management after taking into account pension consequences to salary increases, along with any other changes in pension remuneration or contribution rate, ensuring alignment to arrangements for the workforce as a whole;
- 8.14 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;
- 8.15 oversee any major changes in employee benefits structures throughout the Company or group;
- 8.16 agree the policy for authorising claims for expenses from the directors; and
- 8.17 work and liaise as necessary with all other Board committees.

## **9. Reporting responsibilities**

- 9.1 The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall ensure that provisions of the Code are fulfilled and produce an Annual Report on the Directors' Remuneration to be included in the Company's annual report and ensure each year that it is put to shareholders for approval via an advisory resolution at the Company's annual general meeting. At least once every three years the remuneration policy for directors shall be subject to a binding shareholder vote at the Company's annual general meeting. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

## **10. Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, 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; and
- 10.4 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.

## **11. Authority**

- 11.1 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 and within any budgetary restraints imposed by the Board.
- 11.2 The Committee is authorised by the Board to seek any information it requires from any employee or Director of the company in order to perform its duties.