

HUNTSWORTH PLC (the Company)
Terms of Reference – Remuneration Committee

1. Membership

- 1.1. Members of the Remuneration Committee (the **Committee**) shall be appointed by the board of directors of the Company (the **Board**), on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee. The Committee shall be made up of at least two members, all of whom shall be ‘independent’ non-executive directors for the purposes of the UK Corporate Governance Code 2018 (the **Code**). The Chair of the Board may also serve on the Committee as an additional member if they were considered independent at the time of their appointment as Chair.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other directors and other individuals (including representatives of external advisers) may be invited to attend for all or part of any meeting, as and when appropriate and necessary in the opinion of the Committee Chair or the majority of its members.
- 1.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years (subject to the election and re-election provisions in the Company's constitution and in the Code), which may be extended for further periods of up to three years each, provided the director concerned still meets the criteria for membership of the Committee.
- 1.4. The Board shall appoint the Committee Chair who shall be an independent non-executive director and should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.
- 1.5. In the event it is impractical to convene a meeting of the Remuneration Committee to deal with an urgent matter, its Chair shall be entitled in their discretion to exercise all of the powers of the Remuneration Committee in relation to such matters as they see fit.

2. Secretary

- 2.1. The Company Secretary, their nominee or any other person selected for the task by the Committee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two.

4. Meetings

- 4.1. The Committee shall meet as required to fulfil the duties as set out in clause 8 below.

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 Chair.
- 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

- 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. 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 Chair it would be inappropriate to do so.

7. Annual General Meeting

- 7.1. The Committee Chair should attend the 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 Company, major subsidiary undertakings and the group as a whole, and advise the Board appropriately.

The Committee shall:

- 8.1. have responsibility for setting out the Company's policy on Board remuneration for future financial years, which is subject to a binding shareholder vote - see 9.4 below (the **Directors' Remuneration Policy**);
- 8.2. have responsibility for setting remuneration, within the terms of the Directors' Remuneration Policy, for all executive directors and the Company's Chair, including pension rights and compensation payments. The Committee shall recognise and manage potential conflicts of interest in this process.
- 8.3. have responsibility for setting remuneration for senior management, including the Company Secretary (together, **Senior Management**), including pension rights and compensation payments. The Committee shall recognise and manage potential conflicts of interest in this process.
- 8.4. note that the Board itself or, where required by the Articles of Association, the shareholders, should determine the remuneration of the non-executive directors within the limits set in the Articles of Association and the terms of the Directors' Remuneration Policy. Levels of remuneration for the Company's Chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors will not include share options or other performance – related elements.
- 8.5. ensure that no director or member of the Senior Management shall be involved in any

decisions as to their own remuneration;

86. in determining remuneration arrangements for individuals within its remit, take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such remuneration arrangements will be to ensure remuneration is aligned to company purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy, having regard to views of shareholders and other stakeholders. Remuneration arrangements should have regard to the risk appetite of the Company and be compatible with its risk policies and systems. The Committee shall determine an appropriate balance between fixed and performance-related, immediate and deferred remuneration. Performance-related elements of remuneration should be transparent, stretching and rigorously applied;
87. review and have regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture across the Company or Group, especially when determining annual salary increases.
88. review the ongoing appropriateness and relevance of the Directors' Remuneration Policy;
89. determine the total individual remuneration package of each executive director (within the terms of the Directors' Remuneration Policy), and in consultation with the Chair and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chair of the Board and Senior Management; including in all cases bonuses, incentive payments and share options or other share awards;
- 8.10. obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. In judging where to position the Company relative to those companies, the Committee shall use 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. 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;
- 8.11. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and Senior Management;
- 8.12. 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;
- 8.13. review the design of all share incentive plans for approval by the Board and (where applicable) 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 Senior Management and the performance targets to be used;
- 8.14. determine the policy for, and scope of, pension arrangements for each executive director, and Senior Management;
- 8.15. ensure that any payments made to the executive directors and Senior Management

appropriately reflect overall performance, and where not exercise their discretion, as allowable under remuneration schemes and policies, to better align pay and performance;

- 8.16. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company. Ensure that the director's terms of appointment do not reward poor performance and are robust in reducing compensation to reflect departing directors' obligations to mitigate loss;
- 8.17. not make any remuneration payments to prospective, existing or former directors of the Company or any payments for loss of office to existing or former directors of the Company (such payments being as defined in Section 226A of the Companies Act 2006 (the **Act**)) that fall outside of the Directors' Remuneration Policy (see 9.4 below), unless otherwise approved separately by shareholders. These restrictions shall not apply to any remuneration payment or payment for loss of office which is required to be made pursuant to an agreement entered into before 27 June 2012, unless it was modified or renewed on or after that date, or in consequence of any other obligation arising before that date;
- 8.18. oversee any major changes in employee benefits structures throughout the Company or group;
- 8.19. agree the policy for authorising claims for expenses from the directors; and
- 8.20. work and liaise as necessary with all other Board Committees.

9. Reporting Responsibilities

- 9.1. The Committee Chair shall report formally to the Board on its proceedings 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 regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the **Regulations**), the Code and the Listing Rules of the UK Listing Authority (the **UKLA**), are fulfilled and produce an annual report detailing the remuneration of the Directors' and a statement by the Chair of the Committee (together, the **Report of the Directors on Remuneration**). The Company will seek shareholders' approval in respect of the contents of this report on an annual basis (an advisory vote).
- 9.4. The Company will seek shareholder approval (a binding vote) in respect of the Directors' Remuneration Policy. Once approved by shareholders the Directors' Remuneration Policy will remain valid for three years, and will only require further shareholder approval during the three-year period in the event that:
 - 9.4.1. The Committee seeks to amend the Directors' Remuneration Policy; or
 - 9.4.2. There is a vote against a Report of the Directors' on Remuneration at a General Meeting of the Company)

in such circumstances the Directors will be required to put the Directors' Remuneration Policy to a shareholder vote at the Company's next Annual General Meeting or earlier at a duly convened General Meeting of the Company.

95. If the Committee has appointed remuneration consultants, the Annual Report should identify such consultants and state whether they have any other connection with the Company or individual directors.
96. The Committee Chair shall seek engagement with shareholders on significant matters related to their area of responsibility.

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 on-going basis for all members;
- 10.3. give due consideration to laws and regulations and any published guidance 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 and the requirements of the UKLA's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by The Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules and guidance, as appropriate;
- 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.

21 November 2019