

**T R I B A L**

# **REMUNERATION COMMITTEE – TERMS OF REFERENCE**

**TRIBAL GROUP PLC**

Adopted by the Board on 28 November 2019

Last reviewed and amended by the Board on 28 November 2019



## Terms of Reference

### 1. The Remuneration Committee

The Remuneration Committee:

- a) is a sub-committee of the Board and shall make recommendations to the Board on general policy and determine on behalf of the Board specific remuneration packages for each of the executive directors;
- b) has a primary responsibility of reviewing remuneration, in its widest sense (see below) and ensuring that it is adequate for current employees as to suitably tie them into our Company and also of a sufficient level to attract high calibre employees; and
- c) will meet sufficiently frequently and for long enough to perform its duties effectively.

### 2. Membership

- 2.1 There should be a minimum of two members. all of whom shall be independent non-executive directors appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the Remuneration Committee.
- 2.2 Appointments to the Remuneration Committee shall be 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 Remuneration Committee.
- 2.3 The chairman of the Board may also serve on the Remuneration Committee as an additional member if he or she was considered independent as appointment as chairman.
- 2.4 The majority of members, apart from their directors' fees and shareholdings (if applicable), should be independent of management and free from any involvement which might significantly interfere with their ability to judge matters independently.
- 2.5 The Company Secretary shall be the committee secretary and proper minutes shall be kept of its proceedings which shall be circulated to all members of the Remuneration Committee. Once approved, minutes should be circulated to all other directors of the Company unless in the opinion of the Remuneration Committee chairman it would be inappropriate to do so.

### 3. Meetings

- 3.1 Remuneration Committee meetings shall be held at least twice a year and at such other times as the chairman of the Remuneration Committee shall think fit.
- 3.2 The quorum necessary for the transaction of business shall be two members.
- 3.3 Unless otherwise agreed by all members of the Remuneration Committee, notice of meetings, confirming the venue, time and date, together with an agenda and all relevant papers, should normally be circulated to each member of the Remuneration Committee, to any other person required to attend, and to all other non-executive directors, at least five working days prior to the date of the meeting.

- 3.4 Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. The chief executive officer and/or chief financial officer or other non-members may be invited to attend all or part of the meeting as and when appropriate and necessary.

#### **4. Annual General Meeting**

- 4.1 The chairman of the Remuneration Committee should attend the annual general meeting of the Company to answer any shareholder questions on the activities of the Nomination Committee.

#### **5. Chairman**

- 5.1 The Board, on the recommendation of the nomination committee, shall elect one of the members of the Remuneration Committee to act as chairman of the Remuneration Committee, who will be an independent non-executive director. In the absence of the Remuneration Committee chairman and he will be responsible for:

- a) preparing the agenda;
- b) the timely distribution of the agenda and any supporting papers;
- c) reporting to the Board on issues and decisions made;
- d) answering questions about the Remuneration Committee's work at the AGM; and
- e) briefing any consultants retained to provide independent advice on market practice (and for which advice a budget should be provided, when necessary).

- 5.2 In the absence of the chairman of the Remuneration Committee and/or an appointed deputy, the members present shall select one of their number to chair the meeting (other than the chairman of the Company, if he is a member of the Remuneration Committee).

#### **6. Remuneration**

- 6.1 'Remuneration' is not confined simply to salaries and bonuses. It now has a wider definition and includes pension arrangements, share options, Share Save schemes, employees' share ownership schemes (ESOP's), Funded Unapproved Retirement Benefit Schemes (FURBS) and anything that is intended as 'pay' for any employee. It also includes fringe benefits e.g. Company cars, use of Company premises for living purposes and so on. Many of these matters will be covered in service agreements but the Remuneration Committee should determine not only the Company's overall policy but also appropriate individual cases. Policy will also involve the purpose of objective of remuneration.

#### **7. Authorisation**

- 7.1 The Remuneration Committee shall be authorised to take such external advice as it shall consider appropriate to determine the remuneration, terms of service and incentives of the executive directors and other senior executives.
- 7.2 The Remuneration Committee shall have no authority in relation to the remuneration of the non-executive directors.

## 8. Duties

- 8.1 The Remuneration Committee shall have regard to and shall comply with the UK Corporate Governance Code relating to remuneration committees or remuneration of directors, so far as practicable for a Company of the size and nature as the Company, and shall also have regard to any authoritative best practice guidelines for remuneration committees published from time to time.
- 8.2 The Remuneration Committee should carry out the duties listed below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.
- 8.3 The Remuneration Committee shall:
- a) have responsibility for setting the remuneration policy for all executive directors and the Company's chairman, including pension rights and compensation payments. 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 out in the Company's articles of association. No director or senior manager shall be involved in any decisions as to their own remuneration;
  - b) recommend and monitor the level and structure of the remuneration and all other benefits of all executive directors and senior executives and managers;
  - c) in determining the remuneration policy, the Remuneration Committee should:
    - i. take into account all factors which it deemed necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance;
    - ii. be mindful that executive directors' remuneration should be designed to promote the long-term success of the Company, without paying more than is necessary, having regard to the views of shareholders and other stakeholders and that performance-related elements should be transparent, stretching and rigorously applied;
    - iii. consider an appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration;
    - iv. have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals, with remuneration incentives which are compatible with the Company's risk policies and systems;
    - v. structure a significant proportion of remuneration so as to link rewards to corporate and individual performance, with performance conditions (including non-financial metrics where appropriate) which are relevant, stretching and designed to promote the long term success of the Company;
    - vi. be sensitive to the wider scene, including pay and employment conditions elsewhere in the group especially when determining annual salary increases; and

- vii. include performance-related elements of remuneration as a significant proportion of the total remuneration packages and those elements should be designed to align the interests of executive directors with those of shareholders and give keen incentives to perform at the highest levels;
- d) review the ongoing appropriateness and relevance of the remuneration policy;
- e) within the terms of the agreed remuneration policy and taking care to recognise and manage conflicts of interest when receiving views from executive directors or senior management or consulting the chief executive about its proposals, determine the individual remuneration package of each executive director, the Company chairman and other designated senior executives, including bonus, incentive payments and share option or other share awards;
- f) to exercise the power to take advice from any person it may deem necessary to help the Remuneration Committee to achieve their purpose and objectives;
- g) obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity. To help fulfil its obligations the Remuneration 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;
- h) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- i) make available its terms of reference, explaining its role and the authority delegated to it by the Board. Where remuneration consultants are appointed, a statement should be made available of whether they have any other connection with the Company;
- j) approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments and share-based remuneration made under such schemes (in accordance with the provisions in Schedule A to the UK Corporate Governance Code). Such schemes should include provisions that would enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so;
- k) continually review, investigate, report upon and recommend as appropriate all forms of reward that might be applicable including share options, pension schemes, ESOPs, FURBS and so on;
- l) operate and administer the Company's share incentive plans in accordance with the respective rules thereof; review the design of all share incentive plans for approval by the Board and shareholders; make recommendations to the Board as to any adjustments to the terms of such plans and as to proposals intended for submission to shareholders in relation to such plans; and for any such plans, determine each year whether awards will be made and, if so:

- i. the overall amount of such awards;
  - ii. the individual amounts to executive directors, Company secretary and other designated senior executives;
  - iii. whether directors should be required to hold a minimum number of their shares and to hold shares for a further period after vesting or exercise (including for a period after leaving the Company), subject to the need to finance any costs of acquisition and associated tax liabilities; and
  - iv. the performance targets to be used;
- m) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
  - n) 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;
  - o) oversee any major changes in employee benefits structures throughout the Company or group;
  - p) agree the policy for authorising claims for expenses from the directors;
  - q) keep a watching brief over the chairman's proposed remuneration and conditions of employment for senior executives of the group. All appointments that attract either a base salary of £150,000 or a total remuneration package of £250,000, whichever being the least, must be approved by the Remuneration Committee; and
  - r) work and liaise as necessary with all other Board committees.
- 8.4 The Remuneration Committee shall also consider such other topics as are defined by the Board from time to time.

## 9. Reporting responsibilities

- 9.1 The Remuneration Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Remuneration 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 Remuneration Committee shall ensure that statutory provisions (or requirements of the UK Corporate Governance Code) regarding disclosure of information, including pensions, in the Company's annual report and accounts are fulfilled and shall produce a report of the Company's remuneration policy and practices to be included in the annual report and ensure each year that it is put to shareholders for approval at the annual general meeting. If the Remuneration Committee has appointed remuneration consultants, the annual report of the Company should identify those consultants and a statement should be made as to whether they have any other connection with the Company.

9.4 Through the chairman of the Board, the Remuneration Committee shall ensure that the chairman of the Remuneration Committee maintains contact as required with its principal shareholders about remuneration.

## 10. Other Matters

10.1 The Remuneration Committee shall:

- a) 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 UK Corporate Governance Code, the requirements of the Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association and the National Association of Pensions Funds and any other applicable rules, as appropriate;
- b) 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; and
- c) 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.

10.2 References in these terms of reference to "senior executives of the group" shall mean any director of any subsidiary of the Company.