

## **Clarkson PLC**

### **Remuneration Committee - terms of reference**

The Remuneration Committee is a Committee of the Board of Directors of Clarkson PLC from which it derives its authority

#### **1. Membership**

- 1.1 The committee shall comprise of at least three independent non-executive directors and a majority of the committee members should be independent non-executive directors. All appointments to the committee shall be made by the board on the recommendation of the Nominations Committee.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as other non-executive directors, chief executive, finance director, the head of human resources and/or external advisers may be invited to attend for all or part of any meeting, as and when appropriate. The Committee shall take care to recognise and manage conflicts of interest when receiving views on remuneration from interested parties.
- 1.3 Appointments to the committee shall be for a period of up three years, which may be extended for two further three-year periods provided that the director still meets the criteria for membership.
- 1.4 The board shall appoint the committee. The board shall appoint the committee chairman who shall be 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 (other than the chairman of the board) to chair the meeting.
- 1.5 The chairman of the board may, if he or she was considered independent upon appointment, be an additional member of the committee although the chairman may not chair the committee.
- 1.6 No person (including directors and the chairman) of the Company shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.
- 1.7 Through the chairman of the board, the Committee shall ensure that the Company (whether through the Committee or otherwise) maintains contact as required with its principal shareholders about remuneration.

## **2. Secretary**

- 2.1 The company secretary or their nominee 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 members. 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. Meetings**

- 4.1 The committee shall meet at least twice a year and at such other times as the chairman of the committee shall require.

## **5. Notice of Meetings**

- 5.1 Meetings of the committee shall be summoned by the secretary of the committee at the request of any of its members.
- 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, no later than three days before the date of the meeting. Supporting papers shall normally be sent to committee members and to other attendees as appropriate, at the same time but Committee papers may be forwarded at shorter notice with the approval of the Committee Chairman.

## **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 in the opinion of the committee chair, it would be inappropriate to do so.

## **7. Annual general meeting**

- 7.1 The chairman of the committee shall attend the annual general meeting prepared to respond to any shareholder questions on the committee's activities.

## **8. Duties**

The committee shall:

- 8.1 determine and agree with the board the framework or broad policy for the remuneration of the company's chief executive, chairman, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. 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.

- 8.2. in determining such policy, take into account all factors which it deems necessary including:
- All relevant legal and regulatory requirements
  - The provisions and recommendations of the UK Corporate Governance Code (Code) and associated guidance.
  - An appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration.
  - The need to promote the long-term success of the Company, having regard to the views of shareholders and other stakeholders and ensuring that executive directors and senior executives are rewarded in a fair and responsible manner and are provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions.
  - The business strategy of the Company and how the policy reflects and supports the business strategy.
  - The Company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Company's risk policies and systems and long term strategic goals.
  - Remuneration trends and employment conditions across the Company.
- 8.3. review the ongoing appropriateness and relevance of the remuneration policy and consult with significant shareholders as appropriate.
- 8.4. 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.
- 8.5. 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 senior executives and the performance targets to be used.
- 8.6. determine the policy for, and scope of, pension arrangements for each executive director and other senior executives and consider the consequences and associated cost impacts of increases to base salary.
- 8.7. ensure that contractual terms on termination for any individual the committee is designated to consider, 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 recognized.
- 8.8. review the transparency of the performance-related elements, ensuring they are stretching and rigorously applied.

- 8.9 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 and other senior executives including bonuses, incentive payments and share options or other share awards.
- 8.10 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance.
- 8.11 review and note annually the remuneration trends across the company or group.
- 8.12 oversee any major changes in employee benefits structures throughout the company or group.
- 8.13 agree the policy for authorising claims for expenses from the chief executive and chairman.
- 8.14 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.15 obtain reliable, up-to-date information about remuneration in other companies. The committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations
- 8.16 work and liaise as necessary with other board committees.
- 8.17 consider any other matters related to the remuneration of directors which the board may ask it to consider.
- 8.18 monitor and review periodically the terms of any proposed letter of appointment or contract for any individual the committee is designated to consider.

## **9 Reporting Responsibilities**

- 9.1 The 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 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: (i) provisions regarding the disclosure of information on Directors' remuneration, including pensions, as set out in The Large and Medium- sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UK Corporate Governance Code, are fulfilled in a directors' remuneration report (comprising an annual statement, annual report on remuneration and a remuneration policy report (where relevant)) within the company's annual report; and (ii) the annual statement and annual report on remuneration are put to shareholders for AGM approval annually and the remuneration policy is put to shareholders for AGM approval at least every three years.

If the committee has appointed remuneration consultants, the directors' remuneration report shall identify such consultants, the fees paid for services in respect of the financial year under review and state whether they have any other connection with the company.

## **10 Other**

The committee shall:

- 10.1 At least once a year, review its own performance, 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 Be provided with appropriate and timely training, both in the form of an induction programme for new members (where considered necessary) and on an ongoing basis for all members.
- 10.3 Give due consideration to laws and 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 and other applicable rules, as appropriate.

## **11. Authority**

- 11.1 The committee is authorised by the board to seek any information it requires from any employee of the company in order to perform its duties.
- 11.2 In connection with its duties the committee is authorised by the board, at the company's expense:
  - 11.2.1 to obtain any outside legal or other professional advice and to have unrestricted access to the Company's documents and information
  - 11.2.2 within any budgetary restraints imposed by the board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties

**Revised and adopted: 7 March 2017**