

REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least three members, all of whom are independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, the Group Chief Executive, the Group Human Resources Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, so long as members (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent .
- 1.4. 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 to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The Chairman of the board shall not be Chairman of the committee.

2. Secretary

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

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

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee or any member of the Committee shall required.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee or 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 and any other person required or invited to attend, no later than three 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. 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 Chairman it would be inappropriate to do so.

7. Annual General Meeting

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 should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 8.1. Have responsibility for setting the remuneration policy for all Executive Directors and the company's Chairman, including pension rights and any compensation payments. 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. No director or member of the Group's Executive Committee shall be involved in any decisions as to their own remuneration.
- 8.2. Recommend and monitor the level and structure of remuneration for members of the Group Executive Committee.
- 8.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provision and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
- 8.4. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 8.5. Review the on-going appropriateness and relevance of the remuneration policy.
- 8.6. 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 members of the Group Executive Committee including bonuses, incentive payments and share options or other share awards.
- 8.7. Obtain reliable, up-to-date information about the remuneration in other companies of a comparable scale and complexity. 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 budgetary restraints imposed by the board.
- 8.8. Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.

- 8.9 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company for members of the Group Executive Committee and approve the total annual payments made under such schemes (in accordance with the provisions of Schedule A of the UK Corporate Governance Code).
- 8.10 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 members of the Group Executive Committee and the performance targets to be used.
- 8.11 Determine the policy for, and scope of, pension arrangements for each Executive Director and members of the Group Executive Committee.
- 8.12 Ensure that terms on termination to members of the Group Executive Committee, 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.
- 8.13 Agree the policy for authorising claims for expenses from the directors.
- 8.14 Work and liaise as necessary with all other board committees.

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 unless a conflict of interest exists.
- 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 the provision regarding disclosure of information, including pensions, as set out in the Large and Medium,-sized Companies and Group (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM. 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.
- 9.4 Through the Chairman of the board ensure that the company maintains contact as required with its principal shareholders about remuneration.
- 9.4. The Committee shall report the frequency of, and attendance by members at Committee meetings in the Annual Report.

10. Other

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat 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, 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 Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guideline published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.

- 10.4. The Committee shall, 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.
- 10.5. The Committee shall ensure that the terms of reference of the Committee, including its role and the authority delegated to it by the Board are made available on request, and on the Company's website.
- 10.6 The Committee shall ensure that where remuneration consultants are appointed, a statement of whether they have any other connection with the Company is made available on request, and on the Company's website.

11. Authority

In connection with its duties the Committee is authorised by the board to obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.

References to 'the Committee' shall mean the Remuneration committee.

References to 'the Board' shall mean the Board of Directors.

References to the 'Company' or 'Group' shall mean Inchcape plc or the Inchcape Group.