

## Terms of Reference for the Remuneration Committee (the "Committee")

Of

### Empresaria Group plc (the "Company")

#### 1. Membership

- 1.1 The Committee shall comprise at least two members, all of whom shall be independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair of the Board.<sup>1</sup>
- 1.2 Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and in consultation with the Committee Chair. Appointments shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the members (other than the Chair of the Board, if they are a member) continue to be independent.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other directors and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.<sup>2</sup>
- 1.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months.<sup>3</sup> 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 The Committee Chair shall review membership of the Committee annually as part of the annual performance evaluation of the Committee.

#### 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.

#### 4. Frequency of meetings

- 4.1 The Committee shall meet at least twice a year and otherwise as required.<sup>4</sup>

#### 5. Notice of meetings

- 5.1 Meetings of the Committee shall be called by the company secretary at the request of the Committee Chair 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 to attend no later than five working days before the date of the meeting.

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<sup>1</sup> UK Corporate Governance Code, published July 2018, (the "Code"), Code Provision 32

<sup>2</sup> FRC Guidance on Board Effectiveness 2018, para 64

<sup>3</sup> Code Provision 32

<sup>4</sup> The frequency and timing of meetings will differ according to the needs of the Company; meetings should be organised so that attendance is maximised (for example by timetabling them to coincide with Board meetings).

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 company secretary or his / her nominee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

6.2 Draft minutes of the Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be made available to all other members of the Board and the company secretary unless, exceptionally, in the opinion of the Committee Chair it would be inappropriate to do so.<sup>5</sup>

## 7. **Engagement with shareholders**

7.1 The Committee Chair should attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities.<sup>6</sup>

7.2 The Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.<sup>7</sup>

## 8. **Duties**

8.1 The Committee should carry out the duties below for the parent company, the major subsidiary undertakings and the Group as a whole, in each case as it considers applicable and appropriate.

8.2 The Committee shall:

(a) Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's Chair, executive directors, company secretary and (if applicable) senior management<sup>8</sup>, in accordance with the Principles and Provisions of the Code.<sup>9</sup>

(b) Establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests.<sup>10</sup>

(c) Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes.<sup>11</sup>

(d) When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.<sup>12</sup>

(e) No director or senior executive shall be involved in any decisions as to their own remuneration outcome.<sup>13</sup> 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.<sup>14</sup>

(f) In determining remuneration policy, take into account all other 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 policy shall be

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<sup>5</sup> FRC Guidance on Board Effectiveness 2018, para 65

<sup>6</sup> FRC Guidance on Board Effectiveness 2018, para 38

<sup>7</sup> Code Provision 3 and FRC Guidance on Board Effectiveness 2018, para 136

<sup>8</sup> Code Provision 33. the definition of "senior management" for this purpose should be determined by the Board but should normally include the first layer of management below Board level. FRC Guidance on Board Effectiveness, para 80

<sup>9</sup> See Code Principle P and Code Provisions 33 and 38 to 40. FRC Guidance on Board Effectiveness 2018, para 130 – 135.

<sup>10</sup> Code Provision 36

<sup>11</sup> Code Principle P and Provision 37. See also FRC Guidance on Board Effectiveness 2018, para 133-135

<sup>12</sup> Code Provision 40

<sup>13</sup> Code Principle Q

<sup>14</sup> Code Provision 34

to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.

- (g) Review the ongoing appropriateness and relevance of the remuneration policy.
- (h) Within the terms of the agreed policy and in consultation with the Chair of the Board and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chair of the Board, each executive director and the company secretary including pension arrangements, bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important<sup>15</sup>, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances.<sup>16</sup>
- (i) Have full authority to appoint remuneration consultants<sup>17</sup> and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.<sup>18</sup>
- (j) Review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine:
  - (i) whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and company secretary;
  - (ii) the performance targets to be used;<sup>19</sup>
  - (iii) any amendments to the plans or targets and the exercise of any discretion as may be permitted under the relevant plan rules; and
  - (iv) the vesting of awards.
- (k) Review workforce remuneration and related policies.<sup>20</sup>
- (l) Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.<sup>21</sup>
- (m) Review and determine the policy for submitting and authorising claims for expenses of directors.

## 9. Reporting responsibilities

- 9.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.<sup>22</sup>
- 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, and adequate time should be available for Board discussion when necessary.<sup>23</sup>
- 9.3 The Committee shall provide a description of its work in the Company's Annual Report in line with the requirement of the Code.<sup>24</sup>

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<sup>15</sup> FRC Guidance on Board Effectiveness 2018, para 137

<sup>16</sup> Code Principle R and FRC Guidance on Board Effectiveness 2018, para 138

<sup>17</sup> Code Provision 35

<sup>18</sup> FRC Guidance on Board Effectiveness 2018, para 134

<sup>19</sup> FRC Guidance on Board Effectiveness 2018, para 135 and 137

<sup>20</sup> Code Provision 33 and FRC Guidance on Board Effectiveness 2018, para 130

<sup>21</sup> FRC Guidance on Board Effectiveness 2018, para 65

<sup>22</sup> FRC Guidance on Board Effectiveness 2018, para 62

<sup>23</sup> FRC Guidance on Board Effectiveness 2018, para 62

<sup>24</sup> See Code Provision 41

- 9.4 The Committee shall ensure that provisions regarding disclosure of information as set out in the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019<sup>25</sup> and the Code are fulfilled and that a report of the directors' remuneration policy and practices is included in the Company's Annual Report and put to shareholders for approval at the AGM as necessary.
- 9.5 If the Committee has appointed remuneration consultants, the consultant should be identified in the Company's Annual Report alongside a statement about any other connection it has with the Company or individual directors.<sup>26</sup>
10. **Other matters**
- 10.1 The Committee shall:
- (a) Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.<sup>27</sup>
  - (b) 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.<sup>28</sup>
  - (c) Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
  - (d) Ensure that a periodic reviews of the Committee's own performance is carried out.
  - (e) At least annually, review the Committee's 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.<sup>29</sup>
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.<sup>30</sup>

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<sup>25</sup> For detailed guidance on the reporting requirements see GC100 and Investor Group: Directors' Remuneration Reporting Guidance 2019

<sup>26</sup> Code Provision 35

<sup>27</sup> Code Provision 16 and FRC Guidance on Board Effectiveness 2018, para 79-85

<sup>28</sup> FRC Guidance on Board Effectiveness 2018, para 81

<sup>29</sup> See FRC Guidance on Board Effectiveness 2018, para 63

<sup>30</sup> FRC Guidance on Board Effectiveness, para 83