

**MCBRIDE PLC  
(THE 'COMPANY')**

**THE REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

**(as adopted by the Board of Directors of the Company (the 'Board') on 8<sup>th</sup> July 2021)**

**1 Membership**

- 1.1 Members of the Remuneration Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the chair of the Remuneration Committee (the '**Chair**'). The Remuneration Committee shall be made up of at least three members. All members shall be independent non-executive Directors of the Company. The chair of the Board may also serve on the Remuneration Committee as an additional member if he was considered independent at the time of his appointment as Chair.
- 1.2 Only members of the Remuneration Committee have the right to attend Remuneration 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 in the opinion of the Remuneration Committee's Chair or the majority of its members.
- 1.3 Appointments to the Remuneration Committee 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 UK Corporate Governance Code (the '**Code**')), which may be extended for two further periods of up to three years each, provided the Director concerned (other than the Chair of the Board, if he is a member of the Remuneration Committee) remains "independent" for the purposes of the Code.
- 1.4 The Board shall appoint the Remuneration Committee Chair who shall be an independent non-executive Director who has served on a remuneration committee for at least twelve months prior to appointment. In the absence of the Remuneration Committee Chair, the remaining members present shall elect one of themselves who is an independent Director to chair the meeting from those 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 Remuneration Committee.

**2 Secretary**

The Company Secretary, or any other person selected for the task by the Remuneration Committee, shall act as the Secretary of the Remuneration Committee.

**3 Quorum**

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Remuneration 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 Remuneration Committee.

**4 Frequency of Meetings**

- 4.1 The Remuneration Committee shall meet at least twice a year and at such other times as the Chair of the Remuneration Committee or any member of the Remuneration Committee shall require. Adequate time should be made available for discussion by the Remuneration Committee when necessary.

**5 Notice of Meetings**

- 5.1 Meetings of the Remuneration Committee shall be called by the Secretary of the Remuneration Committee at the request of the Chair of the Remuneration 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 Remuneration Committee, any other person required to attend and all other non-executive Directors, no later than five business days before the date of the meeting.
- 5.3 The Secretary shall ensure that each member of the Remuneration Committee (and each other attendee as appropriate) receives information and papers no later than five business days before the date of the meeting to enable proper consideration to be given to issues.

## **6 Minutes of meetings**

6.1 The Secretary shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance.

6.2 Draft minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee within ten business days of the meeting. Once approved, minutes should be circulated to all other members of the Board, other than where, in the opinion of the Remuneration Committee Chair, it would be inappropriate to do so.

## **7 Engagement with shareholders**

The Chair of the Remuneration Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Remuneration Committee's activities. In addition, the Remuneration Committee Chair shall seek engagement with shareholders on significant matters related to the Remuneration Committee's areas of responsibility.

## **8 Duties**

8.1 The Remuneration Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. In carrying out these duties, the members of the Remuneration Committee must comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the relevant company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.

8.2 The Remuneration Committee shall:

- (a) have responsibility for setting the remuneration policy for all executive directors and the chair of the Board, including the terms of their service agreements or other contractual arrangements, pension rights and any compensation payments. When setting the policy, the Remuneration Committee shall specifically address the issues set out in Provision 40 of the Code. The Board itself, or where required by the Company's constitution, the shareholders should determine the remuneration of non-executive directors within the limits set by the Company's constitution which should reflect the time commitment and responsibilities of the role.
- (b) set the level and determine the structure of remuneration for senior management (including the Company Secretary) and other designated individuals;
- (c) no Director or senior manager shall be involved in any decisions as to his own remuneration;
- (d) in determining the remuneration policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the Code and associated guidance. Executive directors' remuneration should be designed to attract, retain and motivate, support strategy and promote the long-term sustainable success of the Company without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should align to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long term strategy. The Remuneration Committee should determine the appropriate balance between fixed and performance-related, immediate and deferred remuneration. Performance conditions, including non-financial metrics where appropriate, should be relevant, stretching and designed to promote the long-term success of the Company;
- (e) when setting the remuneration policy for executive directors, review and take into account workforce remuneration and related policies and the alignment of incentives and rewards with culture, especially when determining annual salary increases and (i) set out in the remuneration policy report how pay and employment conditions of employees generally were taken into account when setting the remuneration policy and whether and, if so, how the Company consulted with employees when drawing up the policy; and (ii) set out in the annual report on remuneration what engagement has taken place with the workforce to explain how executive remuneration aligns with wider company pay policy;
- (f) when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk management, predictability, proportionality and alignment to culture;
- (g) ensure that all remuneration payments made to any director are consistent with the remuneration policy approved by the Company's shareholders or otherwise agreed in advance by the Company's shareholders;
- (h) review the ongoing appropriateness and relevance of the remuneration policy, in particular in respect of the approach to recruitment, the policy on payments for loss of office and the exercise of discretion;

- (i) within the terms of agreed policy and in consultation with the chair of the Board and/or Chief Executive (as appropriate), set the total individual remuneration package of the executive directors, the chair of the Board, senior managers and other designated individuals, including, where appropriate, bonuses, incentive payments and share options or other share awards:
- selecting financial, non-financial and strategic measures;
  - exercising independent judgment and discretion when determining remuneration awards
  - taking account of Company and individual performance, and wider circumstances; and
  - avoiding designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- (j) 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 (in accordance with the provisions in the Code). Performance-related elements should be transparent, stretching and rigorously applied. Performance-related pay schemes should include provisions that (i) enable the use of discretion to override formulaic outcomes; and (ii) allow the Company to recover sums paid and withhold the payment of any sum and specify the circumstances in which it would be appropriate to do so ;
- (k) review the design of all share incentive plans (and such other employee share schemes as the Board may delegate to the Committee from time to time) for approval by the Board and (where applicable) shareholders ensuring that they promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Ensure that they include provisions that (i) enable the use of discretion to override formulaic outcomes; and (ii) allow the Company to recover sums paid and withhold the payment of any sum and specify the circumstances in which it would be appropriate to do so. Determine each year whether awards will be made, and if so, the overall amount of such awards and the individual awards to executive directors, senior managers and other designated individuals and the performance targets to be used.
- (l) develop a formal policy for post-employment shareholding requirements for executive directors encompassing both unvested and vested shares;
- (m) determine the policy for, and scope of, pension arrangements for executive director and other designated individuals decide if only base salary is pensionable and that the pension contribution rates for executive directors, or payments in lieu, are aligned with those available to the workforce.
- (n) ensure that or contract periods for executive directors are one year or less. If it is necessary to offer longer periods to new directors recruited from outside the Company, such periods should reduce to one year or less after the initial period. Ensure any payments made on termination, are fair to the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised and robustly enforced. Ensure that all loss of office payments made to any director are consistent with the remuneration policy approved by the Company's shareholders or that the payments are otherwise agreed in advance by the Company's shareholders;
- (o) determine, on an annual basis, the outcome of bonuses, incentive payments and share options or other share awards on vesting, taking into account actual performance against performance targets and determining whether the Remuneration Committee should exercise its discretion to override formulaic outcomes;
- (p) oversee any major changes in employee benefits structures throughout the Company or group;
- (q) agree the policy for authorising claims for expenses from the Directors;
- (r) be exclusively responsible for establishing the selection criteria and for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee and obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity;
- (s) ensure that independent judgement is exercised when evaluating the advice of external third parties and when receiving views from Executive Directors and senior management;
- (t) work and liaise with the Board to report, manage and oversee risks in relation to remuneration strategy and approach; and

- (u) work and liaise as necessary with all other Board committees.

## **9 Reporting Responsibilities**

- 9.1 The Remuneration Committee Chair 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 the provisions regarding the 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 Listing Rules and the Code, are fulfilled and produce a report on the Company's remuneration policy and practices to be included in the Company's annual report and ensure that it is put to shareholders for approval at the Annual General Meeting. The report should include a description of the work of the Remuneration Committee which includes the requirements set out in Provision 41 of the Code. If remuneration consultants have been used, the Remuneration Committee shall, in addition to the disclosures required in respect of external advisers by the Regulations, identify them in its report and state whether they have any other connection with the Company and/or individual directors.
- 9.4 The Remuneration Committee shall ensure that the Company maintains contact as required with its major shareholders as regards remuneration matters. When setting and operating the remuneration policy for executive directors, the Remuneration Committee shall engage with shareholders as it considers necessary and appropriate and set out in the annual report on remuneration what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes.

## **10 Other**

- 10.1 The Remuneration Committee shall:
  - (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
  - (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;
  - (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of a listed company and the formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules, as appropriate; and
  - (d) arrange for periodic reviews of its own performance and, at least once a year, 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 Remuneration 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 The Remuneration 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.
- 11.3 The Remuneration Committee is authorised by the Board to appoint remuneration consultants and to commission or purchase any information, reports or surveys which it deems necessary to help it fulfil its obligations at the expense of the Company's, but within any budgetary restraints imposed by the Board.
- 11.4 If, under Article 115 or 120 of the Company's Articles of Association, the Board subsequently resolves to delegate to another committee or to an executive director any of the powers and discretions of the Remuneration Committee set out in these Terms of Reference, the Remuneration Committee shall retain oversight of any decision made. The Remuneration Committee shall report to the Board on a timely basis of any such decisions taken and stating if such decisions are in line with Remuneration Committee thinking.