

**Dated 5 December 2019**

**THE PEBBLE GROUP PLC**

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**REMUNERATION  
COMMITTEE TERMS OF  
REFERENCE**

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## **1 Interpretation**

1.1 In these terms of reference:

**Company** means The Pebble Group plc

**Board** means the board of directors of the Company

**Committee** means the remuneration committee of the Board

**Executives** means the executive directors of the Company and the company secretary of the Company

**QCA** means the Quoted Companies Alliance

**QCA Remuneration Guide** means the Remuneration Committee Guide for Small and Mid-Sized Quoted Companies issued by the Quoted Companies Alliance

**QCA Code** means the Corporate Governance Code issued by the Quoted Companies Alliance

## **2 Constitution**

By a resolution dated 28 November 2019, the Board resolved to establish a committee of the Board to be known as the remuneration committee.

## **3 General Aims**

3.1 The Committee shall:

- (a) determine the total individual remuneration packages (including pension rights and any compensation payments) of the Executives;
- (b) monitor and recommend the level and structure of remuneration for senior management;
- (c) be responsible for appointing and determining the terms of appointment of any remuneration consultants in respect of the Executives' remuneration;
- (d) aim to give the Executives appropriate incentives to encourage enhanced performance;
- (e) ensure that the Executives are, in a fair and responsible manner, rewarded for their individual contributions to the Company's overall performance; and
- (f) demonstrate to the shareholders of the Company that the remuneration of the Executives is set by a committee of the Board who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

## **4 General policy duties**

4.1 The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the Company reward fairly and responsibly with a clear link to corporate and individual performance, having regard to

statutory and regulatory requirements and designed to promote the long-term success of the Company.

- 4.2 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Executives (including, without limitation, the terms of any share option or incentive scheme or profit sharing or profit related pay scheme or the terms of any pension or retirement benefits scheme or the terms of any death in service or permanent or private health insurance scheme) and in doing so shall seek to attract and retain talented Executives by providing total remuneration packages which are competitive with those of other executives employed by companies of similar size and complexity and in the same, or a similar, line of business as the Company.
- 4.3 In determining such policy, the Committee shall take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the QCA Code and the QCA Remuneration Guide and associated guidance.
- 4.4 The remuneration of non-executive directors shall be a matter for the chairman and executive members of the Board.
- 4.5 No director or manager shall be involved in any decisions as to his or her own remuneration.

## **5 Specific Duties**

5.1 The Committee shall:

- (a) be responsible for setting the remuneration policy of the Company and reviewing the ongoing appropriateness and relevance of the remuneration policy and in doing so shall, inter alia, endeavour to motivate Executives to achieve strong financial and operational performance, emphasise performance based compensation which balances rewards for short term and long term results, rewards individual performance, links the interests of Executives with the Company's shareholders by providing a portion of total remuneration in the form of share incentives and encourages long term commitment to the Company;
- (b) 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 relevant provisions of the QCA Code and the QCA Remuneration Guide);
- (c) review the design of all share incentive plans or schemes for approval by the Board and shareholders and, for any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the level of individual awards and the performance targets to be used;
- (d) determine the policy for, and scope of, pension arrangements for the Executives;
- (e) 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 and ensure that all loss of office payments made to any director are consistent with any remuneration policy which has been approved by the Company's shareholders;
- (f) within the terms of the agreed policy, and in consultation with the chairman of the Board and/or chief executive as appropriate, determine the total individual

remuneration package of each Executive (including, without limitation, if applicable, entitlement to any benefits under share option schemes, incentive, bonus, profit sharing or profit related pay schemes, pension or retirement benefits schemes and death in service or permanent or private health insurance schemes);

- (g) review and note annually the remuneration trends across the Company;
- (h) oversee any major changes in employee benefit structures within the Company;
- (i) agree the policy for authorising claims for expenses from the Executives;
- (j) ensure that all provisions regarding the disclosure of remuneration, including pensions, are fulfilled;
- (k) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and for obtaining reliable up-to-date information about remuneration in other companies;
- (l) consider the Company's risk appetite and risk management strategy and ensure that the remuneration policy is aligned to the Company's risk policies and systems and long term strategic goals;
- (m) consider whether executive directors should be required to hold a minimum number of shares for a further period after vesting or exercise, including a period after leaving the Company; and
- (n) ensure that the Company maintains appropriate contact as required with its principal shareholders in relation to remuneration.

## **6 Reporting and AGM**

- 6.1 The chairman of the Committee shall report formally to the Board after each meeting on all matters within its duties and responsibilities.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any matter or area within its remit where action or improvement is needed.
- 6.3 The Committee shall:
  - (a) report annually to shareholders on matters relating to executive remuneration. The report shall include an annual statement by the Committee's chairman, the directors' remuneration policy and an annual report on directors' remuneration;
  - (b) ensure that the provisions regarding the disclosure of remuneration, including pensions, as set out in the Companies Act 2006, The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the QCA Code are fulfilled and have regard to other relevant statutory, regulatory or governance codes;
  - (c) ensure that provisions regarding disclosure of remuneration as listed in the AIM Rules for Companies are fulfilled;

(d) in any event, consider and decide upon those details of directors' remuneration which should be reported to shareholders, in addition to those required by law, and how those details should be presented; and

(e) consider and decide each year whether circumstances are such that a resolution should be put to the shareholders at the AGM approving any remuneration policy.

6.4 The chairman of the Committee (or in his/her absence another member of the Committee) shall attend the Company's AGM to answer any shareholders' questions about the Committee's activities.

6.5 The Committee's terms of reference shall be available on the Company's website.

## **7 Regulatory duties**

In carrying out its duties under these terms of reference, the Committee shall:

(a) give due regard to:

(i) all relevant legal requirements;

(ii) the AIM Rules for Companies;

(iii) the provisions, recommendations and disclosure requirements contained in the EU Market Abuse Regulation (596/2014);

(iv) the provisions and recommendations of the QCA Code; and

(v) guidelines published by the Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules and guidelines as appropriate.

(b) ensure that it has such information as it considers necessary or desirable to fulfil its duties as set out in these terms of reference.

## **8 Membership**

8.1 Members of the Committee shall be appointed from time to time by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Committee.

8.2 The Committee shall consist of at least two members.

8.3 All members of the Committee shall be independent non-executive directors of the Company.

8.4 The chairman of the Board can be a member of, and can chair, the Committee, provided he or she was considered independent on appointment.

8.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two further three year periods, provided that the relevant Committee member still meets the criteria for membership of the Committee.

8.6 The Board shall appoint the chairman of the Committee who shall be an independent non-executive director of the Company. In the absence of the chairman, members of the Committee present at a duly convened meeting may elect one of their number to chair the

meeting. The Board shall determine the period for which the chairman of the Committee holds office.

8.7 The Board may from time to time remove members from the Committee.

8.8 The membership of the Committee shall be set out in the annual report of the Company.

8.9 The remuneration of the non-executive directors of the Company shall be a matter for the chairman and the executive members of the Board and no member shall be involved in any decisions as to his or her own remuneration.

## **9 Secretary**

9.1 The company secretary (or such other person as may from time to time be selected for the task by the Committee) shall act as the secretary of the Committee.

9.2 The secretary of the Committee shall ensure that the Committee receives information and papers in a timely manner to enable proper consideration to be given to issues.

## **10 Meetings**

10.1 The Committee shall meet as and when necessary (always at least twice a year) and at such other times as the chairman of the Committee, or any other member of the Committee, shall require.

10.2 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee.

10.3 Unless otherwise agreed, at least 5 working days' notice shall be given of each meeting of the Committee.

10.4 Unless otherwise agreed, each notice of a meeting of the Committee shall:

- (a) confirm the venue, time and date of the meeting;
- (b) include an agenda of items to be discussed at the meeting; and
- (c) be sent to each member of the Committee, any other person required, invited or entitled to attend the meeting and all other non-executive directors of the Company.

10.5 Supporting papers shall be sent to members of the Committee and (as appropriate) to other attendees at the same time as the relevant notice.

10.6 The quorum necessary for the transaction of business by the Committee shall be two members of the Committee, both of whom should be non-executive directors, and 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.

10.7 Only members of the Committee have the right to attend meetings of the Committee. However, others (such as other directors and external advisers) may be invited to attend and speak at (but not vote at) all or part of meetings of the Committee as and when appropriate.

10.8 Meetings of the Committee may be held by conference telephone, video-conference or using similar communications equipment whereby all members participating in the meeting can hear, and be heard by, each other.

## **11 Voting**

11.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

11.2 If a matter which is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.

11.3 Matters for decision by the Committee shall be decided by a majority decision of the members present at the meeting and eligible to vote.

## **12 Minutes**

12.1 The secretary of the Committee shall minute the proceedings and resolutions of Committee meetings and record the names of those present and in attendance.

12.2 The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

12.3 Following each meeting of the Committee, the secretary of the Committee shall circulate, for comment, draft minutes to each member who was present at the meeting.

12.4 After approval and signing of the minutes by the chairman of the meeting, the secretary of the Committee shall circulate copies of the minutes to all members of the Committee and to all other members of the Board, save if, and to the extent that, a conflict of interest exists.

## **13 Authority**

13.1 The Committee is a committee of the Board and as such exercises such powers of the Board as have been delegated to it.

13.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.

13.3 The Committee is authorised to:

- (a) seek any information it requires (including from any employee of the Company or any of its subsidiaries);
- (b) seek legal or other professional advice (including the advice of independent remuneration consultants);
- (c) within any budgetary constraints imposed by the Board, appoint remuneration consultants and commission or purchase any relevant reports, surveys or information, which it deems necessary to help it fulfil its obligations;
- (d) secure the attendance of external advisors at its meetings (if it considers it necessary); and
- (e) obtain reliable, up-to-date information about remuneration in other companies,

all at the Company's expense.

**14 Own Performance**

- 14.1 At least once a year, the Committee shall 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.
- 14.2 The Committee shall 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.