

## **Anglo Pacific Group PLC**

### **Terms of Reference of the Remuneration Committee**

The Remuneration Committee ("Committee") is a committee of the Board.

The role of the Committee is to assist and advise the board of directors to help it fulfil its responsibilities to members of the Company on matters relating to the compensation, bonuses, incentives and remuneration matters of the chief executive officer ("CEO"), the executive directors, the CEO's direct reports and the Chairman of the Board.

#### **The Objectives of the Committee**

- To review and recommend remuneration of the CEO, within the terms of the employment contract, annually to the Board.
- To review, in conjunction with the CEO, and recommend the remuneration of the Chairman, annually.
- To review the CEO's recommendations regarding remuneration of his direct reports.
- To ensure staff remuneration is aligned with market trends.
- To monitor and review the CEO's performance and key performance indicators for the determination of the annual bonus components.
- To review and recommend any share incentive plans or ex-gratia payments to Company staff or to the CEO.
- To review, in conjunction with the CEO, any employee grievance or staff complaints about remuneration.
- To ensure that Company remuneration and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives and are appropriately designed to motivate the Company staff and the CEO to pursue the long term growth and success of the Company, and demonstrate a clear relationship between the achievement of Company's objectives and the CEO's and the staff performance and remuneration.

In discharging their responsibilities, the Committee members have a duty to act in the best interests of Company as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

#### **Membership and Appointment**

- The Committee shall consist of not less than two directors appointed by the Board, all of whom shall be non-executive directors.
- Appointments to the Committee shall be for a period of up to three years, which may be extended, at the election of the Board, for up to two further three-year periods, provided the director still meets the membership criteria and remains independent.

- Only members of the Committee shall have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate.
- The Chairman of the Committee shall be appointed by the Board. In the absence of the Chairman or an appointed deputy, the Committee shall elect one of the members present to chair the meeting.
- The Company Secretary or its nominee shall be Secretary of the Committee.

#### Proceedings of the Committee

- The Committee shall meet at least twice a year and at such times as the Chairman may require or as may be necessary.
- Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman.
- The Secretary of the Committee shall ensure that the Committee receives all information and papers in a timely manner to enable proper consideration to be given.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be circulated to each member of the Committee no later than one week before the date of the meeting. Notice shall also be provided to any other person required to attend the meeting and the other non-executive directors.
- The quorum necessary for the transaction of business of the Committee shall be two.
- The Secretary of the Committee shall minute the proceedings and, once approved by members in attendance/discussion and signed by the Chairman of the Committee, shall circulate the minutes to all members of the Board, unless it would be inappropriate to do so.
- All or any of the members of the Committee may participate in a meeting of the Committee by means of any communication equipment that allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- Any matters requiring a decision will be decided by a majority of the votes of members present.
- A resolution in writing signed by all the members of the Committee shall be as valid and effectual as a resolution passed at a meeting of the Committee properly called and constituted. The resolution may be in any form and may be consented to via electronic mail. Following the passing of a resolution in such a way, the Company Secretary shall circulate confirmation that consents have been received from all members of the Committee and the resolution shall be noted at the next meeting of the Committee.

- Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the company's Articles of Association governing the proceedings of directors.
- The Committee shall be entitled, where appropriate, to hold in camera meetings to discuss particular subjects which may conflict with individuals ordinarily in attendance during Committee meetings. These meetings shall be deemed to be valid Committee meetings for all purposes.

### Duties

The Committee shall:

- Determine, and agree with the Board, the company's framework or broad policy of executive remuneration and its cost. (The remuneration of non-executive directors shall be a matter for the executive members of the Board and in the case where there is only one executive director, for the CEO and the Chairman of the Board. In the case of the remuneration of the Chairman of the Board this shall be a matter for the CEO and the Chairman of the Committee. No director shall be involved in any decisions as to their own remuneration.)
- In determining such framework, give due regard to all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of the remuneration packages shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the company.
- When setting remuneration policy for directors, review and have regard to the remuneration trends across the company and/or the group.
- Review the ongoing appropriateness and relevance of the remuneration policy.
- Within the terms of the agreed policy and in consultation with the Chairman of the Board and/or the CEO, as appropriate, determine the total remuneration packages for each of the executive directors, the chairman of the Board and senior management, including bonuses, pension rights and share plans.
- 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.
- Obtain reliable, up-to-date information about remuneration in other companies. 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, within any budgetary restraints imposed by the Board.

- Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments under such schemes.
- Review the design of all share incentive plans for approval by the Board. 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 management and the performance targets to be used.
- Ensure that senior remuneration policies facilitate the employment and motivation of top quality personnel in a fair and responsible manner.
- Oversee any major changes in employee benefits structures.
- Agree the policy for authorising claims for expenses from the directors.
- The duties and responsibilities of a member of the Committee will be in addition to those set out for a director of the Board.

In carrying out its duties, the Committee shall:

- Have access to sufficient resources in order to carry out its duties.
- Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, as well as guidelines published by the Association of British Insurers and National Association of Pension Funds and any other applicable Rules, as appropriate.
- Be authorised to obtain, at the company's expense, outside legal or other professional advice or consultancy expertise, in order to better perform its duties.

#### Reporting

- The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the activities of the Committee.
- The Chairman of the Committee should ensure that the Company maintains contact with principal shareholders about remuneration.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall produce an annual report of the company's remuneration policy and practices, which will form part of the company's

Annual Report, and ensure each year that the report is put to shareholders for approval at the Annual General Meeting.

#### Other Matters

- The Committee shall arrange for periodic reviews of its own performance and, at least annually, 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.