

**McBRIDE plc**

**REMUNERATION COMMITTEE**

**CONSTITUTION AND TERMS OF REFERENCE**

**1. CONSTITUTION**

- 1.1 The Remuneration Committee (the “Committee”) is a committee of the board of directors (the “Board”) of McBride plc (the “Company”) established under Article 115 of the Articles of Association.

**2. TERMS OF REFERENCE TO BE MADE AVAILABLE**

- 2.1 The Committee shall make available these terms of reference upon written request and by including them on the website of McBride plc, together with a statement regarding the independence of any remuneration consultants.

**3. MEMBERSHIP**

- 3.1 The Committee shall be appointed by the Board on the recommendation of the Nomination Committee, and shall be composed of all the independent non-executive directors of the Company.

- 3.2 The Chairman of the Board may be a member of the Committee provided he is independent at the time of his appointment as Chairman of the Board, although he may not chair the Committee. The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and should have at least 12 months remuneration committee experience before their appointment. In the absence of the Chairman of the Committee, the remaining members present at a meeting shall elect one of their number to chair the meeting.

- 3.3 The Committee members will normally serve for a period of not less than three years and for a maximum period of nine years taking into account the importance of refreshing the membership of the Committee and avoiding reliance on any particular individual.

- 3.4 A quorum of the Committee will be two members. The Company Secretary (or such person as nominated by the Committee) will be in attendance at meetings of the Committee and will act as Secretary to arrange meetings, take minutes and circulate documentation. Draft minutes shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

- 3.5 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

**4. ATTENDANCE AT MEETINGS**

- 4.1 The Chief Executive Officer should normally be invited to attend meetings to discuss the performance of executive directors and others and make proposals as necessary. Other individuals, such as the Chairman of the Board (if not a member of the Committee), the Chief HR Officer, any other executive and external consultants may also attend by invitation of the Chairman as and when it is considered appropriate and necessary to do so.

- 4.2 No director or executive shall, in any circumstances, be present for or be entitled to vote in any matter relating to his or her own performance or remuneration.

## **5. FREQUENCY OF MEETINGS**

- 5.1 There shall be at least two meetings per annum.
- 5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions vested in or exercisable by the Committee. A meeting of the Committee may be called by any member of the Committee or the Secretary on reasonable notice.
- 5.3 Notice of each meeting, confirming the venue, time and date, and an agenda of items to be discussed should be sent to all members of the Committee, any person required to attend and any other non-executive directors no later than five working days before the date of the meeting.

## **6. REPORTING**

- 6.1 The Chair shall report to the Board after each Committee meeting and shall, once a year, report to the Board on issues arising from its work in the preceding financial year.
- 6.2 The Committee shall ensure that the disclosure requirements under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 are fulfilled.
- 6.3 The Committee shall prepare a report each year, incorporating a “Committee Chair Annual Statement”, “Director’s Remuneration Policy” (subject to a binding shareholder vote when required by law) and an “Annual Report on Remuneration” (subject to an annual advisory shareholder vote) which will form part of the Company’s annual report and accounts and will ensure each year that the report is put to shareholders for approval at the AGM. The report shall comply with the relevant regulatory disclosure requirements and include details of the names and qualifications of all members of the Committee, the number of meetings in the period and the attendance by each member. Any remuneration consultants engaged during that year will also be disclosed, together with details of any other connections with the Company if applicable. The report shall be transparent and shall provide insight into the key considerations taken by the Committee when establishing senior executive packages. Specifically, the report shall contain a statement confirming that the pay and employment conditions of all employees within the Group have been taken into account when determining directors’ remuneration.
- 6.4 The Chair or, in their absence, an alternate shall attend the AGM and shall answer questions on the Committee’s activities and their responsibilities.

## **7. AUTHORITY**

- 7.1 The Committee is authorised by the Board to investigate any activity within its terms of reference as defined in this charter. It has authority to request any information it requires from any employee and employees will be directed to co-operate with any request made by the Committee.
- 7.2 The Committee is authorised to obtain outside legal or other advice including the advice of independent remuneration consultants and training or development consultants and to arrange attendance of other external professional advisers with relevant experience

and expertise if it considers this necessary. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any independent remuneration consultants who advise the Committee. The costs of such advisers shall be met by the Company.

- 7.3 The Committee shall have full authority to obtain reliable, up to date information about remuneration in other companies and to commission any reports or surveys which it deems necessary to help it fulfil its obligations at the Company's expense.
- 7.4 The Committee will also have the authority to review remuneration matters arising in the parent company and its subsidiary companies (both in the UK and overseas) on behalf of McBride plc.
- 7.5 The Committee is authorised to appoint sub-committees to undertake specific tasks and/or investigations within the Committee's terms of reference such sub-committee having the same powers as the Committee other than the power to appoint a sub-committee. The sub-committee shall be entitled to co-opt members of the management of the Company including the Chief Executive Officer, the Chief HR Officer and/or professional advisers and/or consultants onto the sub-committee if it is considered that such co-opted member(s) will enable the sub-committee to complete its task and/or investigation more competently, thoroughly and expeditiously.

## **8. DUTIES**

- 8.1 The Committee shall monitor compliance with relevant legal and regulatory requirements and codes of governance including Companies Act 2006 and Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendments Regulations 2013) and other related guidance, with the objective of ensuring that all disclosures made to shareholders are transparent, effective, relevant and meaningful.
- 8.2 The principal duty of the Committee is to ensure the Company follows a formal and transparent procedure for developing policy on executive remuneration and remuneration packages. The Committee shall consider remuneration issues with a balanced and impartial mindset, taking into account all relevant stakeholders.
- 8.3 The Committee shall take full account of the UK Corporate Governance Code (the "Code"), the FCA Listing Rules together with related and other relevant guidance. Variations from the Code shall be prior approved by the Board and reported on in the Annual Report and Accounts. In fulfilling its duties, the Committee shall also take account of the provisions of the Companies Act 2006 including (but not limited to) the requirement for directors to exercise their duties in good faith and in ways most likely to promote the success of the Company for the benefit of its members as a whole.
- 8.4 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, Chairman of the Board, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. Such policy will be forward looking and be subject to regular review by the Committee.
- 8.5 The remuneration of non-executive directors shall be a matter for the Chairman of the Board and the executive directors. The Committee shall agree a policy for authorising claims for expenses from non-executive directors. No director or manager shall be involved in any decisions as to their own remuneration.

- 8.6 The Committee shall review at least annually the ongoing appropriateness and relevance of the Group's remuneration policies and executive benefit structures to ensure they are aligned with the corporate objectives and business strategy and serve to promote the long-term success of the Company.
- 8.7 Through the Chairman of the Board, the Committee shall ensure that the Company (whether through the Committee or otherwise) maintains contact as required with its principal shareholders and engage in appropriate discussions as necessary with Institutional Investors on policy or any other aspects of remuneration.
- 8.8 In determining such policy, the Committee shall take into account all factors which it deems necessary by reference to market practice. The objective of such policy 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 responsible manner, rewarded for their individual contributions to the success of the Company.
- 8.9 Within the terms of the agreed policy and in consultation with the Chairman of the Board and/or Chief Executive Officer, as appropriate, the Committee shall determine the total individual remuneration package of each executive director and shall receive and consider recommendations from the Chief Executive Officer regarding packages for other senior executives including bonuses, incentive payments, share-based awards and executive shareholding requirements. In so doing, the Committee shall recognise and manage any conflicts of interest arising when receiving the views from senior executives.

#### **8.10 Executive Directors**

The Committee shall take proper and professional advice to ensure that in relation to executive directors:

- 8.10.1 specific remuneration packages (including pension arrangements) and compensation packages on employment or early termination of office for each of the executive directors of the Company are determined by the Committee ensuring 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 avoid paying more than is necessary is fully recognised;
- 8.10.2 an appropriate balance is made between fixed and performance related remuneration on a sensible competitive and defensible basis in the view of the Committee;
- 8.10.3 salaries are maintained at a level which allows the organisation to compete effectively for good calibre executives whilst taking account of the level of awards made to other employees;
- 8.10.4 pay may be adjusted at appropriate intervals (normally annually) taking into consideration performance and to an assessment of market movement based on data from one or more independent sources;
- 8.10.5 performance-related elements of remuneration are designed to be transparent with stretching targets which are rigorously applied to take account of the best interests of the Company and its shareholders and reflect the provisions of the Code;
- 8.10.6 the basis, targets and rewards of both long and short-term executive incentive schemes (e.g. cash bonuses, stock option plans, LTIPs, etc) are linked to performance,

serve the needs of the business and align to the Company's long term strategic goals and shareholder interests. To this end the design of such incentives should include safeguards (e.g. "clawback provisions") to protect against reward for failure;

8.10.7 a robust approach is adopted in determining appropriate rewards and incentive structures taking account of relevant external market forces, as well as their compatibility with the Company's risk policies and systems;

8.10.8 consideration is given to requiring a minimum number of shares to be held for a further period after vesting or exercise, including for a period after leaving the Company; and

8.10.9 the contracts for individual executive directors are reviewed from time to time to ensure they remain up to date.

### **8.11 Senior Executive Management**

*(Direct reports to the Chief Executive Officer, excluding the Company Secretary)*

8.11.1 The Committee shall determine and agree with the Board the Company's policies on total pay and other benefits (in all forms) payable to, and the terms of employment of, senior executive management of the Group (other than the executive directors). They shall make or authorise changes where appropriate to ensure such policies are in the best interests of the Company having regard to those adopted from time to time in those industries in which the Company is engaged and that such policies are designed to encourage and reward individual performance in the interests of the Company.

### **8.12 Share Based Schemes and Pensions**

The Committee shall:

8.12.1 Review the operation and implementation of the McBride plc Long Term Incentive Plans, executive share option schemes and all other schemes (established either previously which are still in operation or subsequently to replace such schemes), including but not limited to the McBride Deferred Annual Bonus Plan;

8.12.2 Develop a formal policy for post-employment shareholding;

8.12.3 Review and consider on behalf of the Board the establishment of further such schemes or renewal of existing schemes and the terms of such schemes and to make recommendations where appropriate;

8.12.4 Consider the recommendations of the Board relating to pension schemes operated by the Company and to advise the Board on issues relating to such schemes In determining pensions benefits have regard to the associated costs to the Company of salary increases, alignment of executive pension contributions with those available to the workforce ; and

8.12.5 Ask the Board, where appropriate, to seek shareholder approval for all new long term incentive schemes (as defined in the Listing Rules) as well as any significant changes to existing schemes, save in circumstances permitted by the Listing Rules.

## **9. GENERAL**

The Committee shall:

- 9.1 Not discuss, or pass any resolution in respect of, the remuneration of, or the terms of any consultancy agreement with, any non-executive director which shall be a matter for the Board itself, subject to the provisions of the articles of association;
- 9.2 Have access to sufficient resources to carry out its duties, including the Company Secretary if required;
- 9.3 The Committee shall be provided with appropriate and timely training, both for new members and on an ongoing basis including ensuring members are kept apprised of market practice and regulatory and governance developments;
- 9.4 Exercise any discretion or judgment on remuneration issues in accordance with the Remuneration Policy;
- 9.5 Give due consideration to the provisions regarding disclosure of remuneration (including pensions) as detailed in the Code and other relevant reporting regulations;
- 9.6 Work and liaise as necessary with all other Board Committees; and
- 9.7 Review annually the Committee's terms of reference, its performance and effectiveness and recommend any necessary changes to the Board.

These terms of reference were adopted by the Board at the meeting held on Thursday 28 July 2005 and reviewed or updated at meetings of the Board as follows:

Tuesday 23 May 2006	Reviewed
Thursday 24 May 2007	Updated
Wednesday 29 July 2008	Updated
Wednesday 20 May 2009	Updated
Thursday 27 May 2010	Updated
Thursday 9 June 2011	Updated
Thursday 14 June 2012	Updated
Thursday 13 June 2013	Updated
Wednesday 18 June 2014	Updated
Tuesday 9 June 2015	Updated
Monday 20 June 2016	Updated
Tuesday 27 June 2017	Updated
Tuesday 26 July 2018	Updated
Thursday 4 July 2019	Updated

**CHAIRMAN**