



Terms of reference of the Remuneration Committee



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1 MEMBERSHIP

- 1.1 The board of directors of BSD Crown Ltd. ("**BSD Crown** " or the "**Company**") (the "**Board**") has resolved to establish a committee of the Board to be known as the Remuneration Committee.
- 1.2 Membership of the Remuneration Committee shall consist of at least three members. The members of the Remuneration Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee, where such chairman is then in office. Subject to the normal periodic re-election of directors, a member of the Remuneration Committee shall serve a term of three years which may be extended by no more than two additional three-year periods.
- 1.3 The chairman of the Remuneration Committee shall be an external director; all its members shall be directors, the majority of whom shall be independent non-executive directors and all external directors shall be members of the Remuneration Committee.

2 QUORUM

A quorum shall be the majority of the members of the Remuneration Committee, for as long as the majority of members present are independent and include at least one external director. Notice of meetings of the Remuneration Committee shall be given to all members and invitees within a reasonable time prior to the date of a meeting. All reasonable efforts shall be made to arrange such meetings so that all members and invitees are able to attend.

3 CHAIRMAN

- 3.1 The Board shall appoint one of the members of the Remuneration Committee to be the chairman of the Remuneration Committee, subject to the terms set out in paragraph 1.3 above. If the chairman is not present at a meeting of the Remuneration Committee, then the remaining members present shall elect one of their number to chair the meeting.
- 3.2 The chairman of the Remuneration Committee shall report to the Board to enable it to report to the Company's shareholders on remuneration matters as specified in the UK Listing Authority's Listing Rules and the UK Corporate Governance Code.

4 ATTENDANCE

- 4.1 No one other than the chairman of the Remuneration Committee and its members or those directors eligible to be nominated as members of the Remuneration Committee, shall be entitled to be present at a meeting of such Committee. Attendance at



Terms of reference of the Remuneration Committee

meetings of the Remuneration Committee by non-members, such as the chairman of the Board, the chief executive, non-independent members of the Board or any Company adviser, shall be at the discretion of the chairman of the Remuneration Committee.

- 4.2 The chief executive of the Company may be invited to attend meeting of the Remuneration Committee to advise its members and shall be invited to discuss the performance of the other executive directors and to make proposals as necessary, subject to the conditions of paragraph 4.1 above. Also, Professional advisers and other persons with relevant experience, including executive directors of the Company and the head of human resources, may attend all meetings or part of a meeting of the Remuneration Committee by invitation, as set out in paragraph 4.1 above, provided that no person shall attend during the Remuneration Committee's deliberations concerning that person's own remuneration. Where remuneration consultants are appointed, a statement should be made available as to whether they have any other connections with the Company.
- 4.3 The Company secretary shall be the secretary of the Remuneration Committee and shall (other than where excluded from participation pursuant to paragraph 4.1 above, in which case another member of the Remuneration Committee shall be the secretary for such meeting) attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues. The Company secretary shall prepare minutes of the Remuneration Committee meetings and shall circulate them to all members of the Remuneration Committee and to the chairman and other members of the Board, unless a conflict of interest exists.

5 FREQUENCY OF MEETINGS

The Remuneration Committee shall meet regular intervals to deal with routine matters, at other times as determined by the chairman, acting in consultation with the Company secretary and, in any event, at least twice in each financial year. Any member of the Remuneration Committee may request a meeting if he/she considers that one is necessary or expedient. To the extent allowed under the law, meetings may be held by telephone.

6 AUTHORITY

- 6.1 The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director of the Company or any consultant or other provider of services to the Company. All employees, directors, consultants and other providers of services are directed to co-operate with requests for information made by the



Terms of reference of the Remuneration Committee

Remuneration Committee including requests to attend meetings of the Remuneration Committee.

- 6.2 The Remuneration Committee is authorised by the Board to obtain such outside legal or other independent professional advice at the cost of the Company as it considers appropriate in relation to matters within its terms of reference and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary or expedient.

7 RESPONSIBILITIES

7.1 The Remuneration Committee shall:

- 7.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the chief executive, the chairman of the Board of the Company and such other members of the executive or senior management as it is designated to consider. The Remuneration Committee should ensure that appropriate incentives are used to enhance the performance of the executive management and to ensure that they are rewarded in a fair and responsible manner for their individual contributions to the success of the Company, having regard to views of shareholders and other stakeholders, the risk appetite of the Company and alignment to the Company's long strategic term goals. At a minimum, the committee should have delegated responsibility for setting remuneration for all executive directors, the chairman of the Board and, to maintain and assure his/her independence, the Company secretary. The remuneration of non-executive directors shall be a matter for the chairman of the Board and executive members of the Board. No director or manager should be involved in any decisions as to his/her own remuneration;
- 7.1.2 review the framework or broad policy for remuneration to ensure it remains appropriate and relevant and once in three years advise the Board on whether the policy should stay in force or advise the Board accordingly regarding the implementation of an updated policy for remuneration;
- 7.1.3 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 the schemes;
- 7.1.4 review the design of and changes to all share incentive plans, if any, for approval by the Board and shareholders. The Remuneration Committee shall determine whether awards will be made, the overall amount of the awards, the individual awards to members of the executive management and the relevant performance targets. The Remuneration Committee shall



Terms of reference of the Remuneration Committee

exercise any discretion allowed under any share incentive plans on behalf of the Board;

- 7.1.5 determine the policy for and scope of pension arrangements for members of the executive management;
- 7.1.6 approve any transaction relating to the terms and conditions of employment of executive employees and directors of the Company and exempt, subject to any applicable law, such transactions from the approval of the general meeting of the shareholders of the Company.
- 7.1.7 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;
- 7.1.8 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 member of the executive management including, where appropriate, bonuses, incentive payments and share options or other share awards;
- 7.1.9 in determining such packages, policies and arrangements, give due regard to any relevant legal and regulatory requirements, as well as, to the extent necessary or desirable, the provisions and recommendations in the UK Corporate Governance Code, and the UK Listing Authority's Listing Rules and associated guidance, and to guidance produced by the Association of British Insurers and the National Association of Pension Funds;
- 7.1.10 monitor and review annually the remuneration trends across the Company and the group;
- 7.1.11 where desirable, maintain contact as required with the Company's principal shareholders in respect of matters concerning remuneration;
- 7.1.12 be aware of and advise on any major changes in employee benefit structures throughout the Company or the group;
- 7.1.13 agree the policy for authorising claims for expenses from the chief executive and the chairman of the Board;
- 7.1.14 to the extent necessary or desirable, ensure that provisions regarding disclosure of remuneration including pensions (as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code), are given due consideration;



Terms of reference of the Remuneration Committee

- 7.1.15 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
 - 7.1.16 obtain information about remuneration in other companies that is reliable and up-to-date. The Remuneration Committee shall have full authority to commission any reports or surveys it requires to meet its responsibilities;
 - 7.1.17 make available its terms of reference explaining clearly its role and the authority delegated to it by the Board; and
 - 7.1.18 consider any other matter specifically referred to the Remuneration Committee by the Board.
- 7.2 The Remuneration Committee shall have authority to approve and authorise the execution of all documents (including service contracts) and do all things as may be necessary or desirable for the purpose of carrying out its responsibilities.
- 7.3 The Remuneration Committee shall not be authorised to appoint or terminate the employment of directors or senior executives or to determine the remuneration of non-executive directors. It shall not be responsible for making nominations to the Board.

8 REPORTING PROCEDURES

- 8.1 The Remuneration Committee shall report to the Board after each meeting on all matters within its terms of reference. The Remuneration Committee shall identify any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.
- 8.2 A summary of the Remuneration Committee's duties and work, including the membership of the committee, the number of committee meetings held and attendance over the course of the year and the policy and practices of the committee, shall be included each year in the Company's annual report. If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.
- 8.3 The Remuneration Committee shall conduct an annual review of its constitution, its performance and effectiveness, its work and these terms of reference and make recommendations to the Board.