

**NETWORK INTERNATIONAL HOLDINGS PLC -  
TERMS OF REFERENCE  
REMUNERATION COMMITTEE**

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**NETWORK INTERNATIONAL HOLDINGS PLC**

(the **Company**)

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

(approved at a meeting of the board of directors of the Company held on 29 March 2019)

**Members of the remuneration committee, each appointed as at 29 March 2019**

Victoria Hull (Chair), Rohinton Kalifa, Darren Pope and Habib Al Mulla

**Constitution**

1. It is resolved that a committee of the board of the Company (the **Board**) be established, to be known as the remuneration committee (the **Remuneration Committee**).
2. These terms of reference will be made available on the Company's website.

**Membership**

3. The Remuneration Committee members shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chair of the Remuneration Committee, in accordance with the Company's articles of association.
4. The Remuneration Committee shall comprise a minimum of three members, all of whom shall be independent non-executive directors. The chair of the Board may also serve on the Remuneration Committee as an additional member if he or she was considered independent on appointment as chair. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Remuneration Committee.
5. The chair of the Remuneration Committee shall be an independent non-executive director appointed by the Board on the recommendation of the nomination committee from among the members of the Remuneration Committee. Before appointment as chair of the Remuneration Committee, the appointee should have served on a Remuneration Committee for at least 12 months. In the absence of the chair of the Remuneration Committee (and/or an appointed deputy or alternate chair), the members present at any meeting of the committee shall elect one of their number to chair the meeting. The chair of the Board shall not be chair of the Remuneration Committee.
6. Each member shall hold office as a committee member for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided the member still meets the criteria for membership of the Remuneration Committee.
7. The Board must, from time to time, review the composition of the Remuneration Committee to ensure that membership of the Remuneration Committee rotates amongst the Company's independent non-executive directors.
8. If any member of the Remuneration Committee is unable to act for any reason, the chair of the Remuneration Committee may appoint another independent non-executive director of the Company agreed by the other members of the Remuneration Committee, to act as that member's alternate.

9. The company secretary or his or her nominee shall be the secretary of the Remuneration Committee (the **Secretary**). The Secretary shall ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
10. Each member of the Remuneration Committee should be capable of making a valuable contribution to the Remuneration Committee such that the Remuneration Committee, collectively, has appropriate knowledge, expertise and professional experience concerning remuneration policies and practices.

## Meetings

11. The Remuneration Committee shall meet at least five times in each year and otherwise as the chair of the Remuneration Committee shall require.
12. No one other than the members of the Remuneration Committee are entitled to be present at a meeting of the Remuneration Committee. The members of the Remuneration Committee shall, however, have the discretion to decide who else shall be invited to attend for all or part of any meeting, as and when appropriate and necessary.
13. The chair of the Board shall be invited by the Remuneration Committee to attend meetings to discuss the performance of the other executive directors and to make proposals as necessary. The Remuneration Committee may consult the other non-executive directors in its evaluation of the chief executive officer.
14. No director or manager shall be present at any meeting of the Remuneration Committee when his own remuneration is being discussed. No director shall be involved in any decision as to his own remuneration.
15. The quorum for meetings of the Remuneration Committee shall be two members present throughout the meeting in person or by telephone. 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.
16. Meetings of the Remuneration Committee shall be called by the Secretary at the request of any of its members.
17. Unless otherwise agreed, notice of each meeting of the Remuneration Committee confirming the venue, date and time together with an agenda of items to be discussed and, where appropriate, supporting papers shall be forwarded to each member of the Remuneration Committee, each non-executive director and to each other person invited to attend, no later than five working days prior to the date of the meeting. All reasonable efforts shall be made to arrange such meetings so that members are able to attend them.
18. A member of the Remuneration Committee may participate in a committee meeting by telephone.
19. In the event of an equality of votes, the chair of the Remuneration Committee shall have a casting vote.
20. The Secretary shall prepare minutes of any meeting of the Remuneration Committee, including the names of those present and in attendance and, after approval and signature by the chair of the Remuneration Committee, shall circulate the minutes to all members of

the Remuneration Committee and to the chair of the Board and, once agreed, to all other members of the Board.

21. The Secretary shall ascertain, at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
22. The chair of the Remuneration Committee shall be available to answer questions about the committee's activities at the annual general meeting of the Company. All members of the Remuneration Committee shall also attend the annual general meeting.

### **Duties**

23. The Remuneration Committee should carry out the duties set out below, for the Company, major subsidiary undertakings and the group as a whole, as appropriate.
24. The Remuneration Committee shall consult the chair of the Board about its proposals relating to the remuneration of other executive directors. It shall also consult the senior independent director and other non-executive directors, who are not members of the Remuneration Committee, about its proposals relating to the remuneration of the chair of the Board.
25. The remuneration of non-executive directors shall be a matter for the chair and executive members of the Board, subject to the articles of association and shareholder approval.
26. The duties of the Remuneration Committee shall be to:
  - (a) make recommendations to the Board regarding the Company's policy relating to executive remuneration and its cost, giving full consideration to the matters set out in the UK Corporate Governance Code;
  - (b) determine on the Board's behalf the entire individual remuneration packages for each executive director, the chair of the Board and senior management<sup>1</sup>, including pension rights and any compensation payments, giving full consideration to the matters set out in the UK Corporate Governance Code, including approving the following in respect of each executive director or member of senior management (as relevant):
    - (i) a service contract;
    - (ii) any benefit, pension and/or incentive scheme entitlement;
    - (iii) any other bonuses, fees and expenses; and
    - (iv) any compensation payable (including pension contributions) on the termination of a service contract,noting that pension commitments for executive directors, or payments in lieu, should be aligned with those available to the workforce;
  - (c) ensure that the remuneration of each executive director (including any payments for loss of office) is in accordance with the most recent remuneration policy to have

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<sup>1</sup> The definition of 'senior management' for this purpose should be the executive committee or the first layer of management below board level, including the company secretary.

been approved by shareholders in accordance with the Companies Act 2006 (the **Approved Policy**)<sup>2</sup>;

- (d) approve the design of, and determine targets for, any performance related pay schemes (including equity plans) operated by the Company (the **Schemes**);
- (e) determine, in conjunction with the Company's advisers, whether performance targets have been satisfied and determine the extent of vesting and payments made under the Schemes;
- (f) review the ongoing appropriateness and relevance of the remuneration policies and Approved Policy to ensure that reward policies across the Company work:
  - (i) to promote the long-term success of the Company (and align incentives with the Company's long term strategy);
  - (ii) to ensure, where possible, that a significant proportion of the remuneration of each executive director is structured to link remuneration to Company and individual performance; and
  - (iii) to ensure that any performance-related elements of any remuneration structure are transparent, stretching and rigorously applied;
- (g) ensure that the Schemes and related policies enable the use of discretion to override formulaic outcomes and include provisions that enable the Company to recover and/or withhold sums and specify the circumstances in which it would be appropriate to do so;
- (h) promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests;
- (i) develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- (j) review workforce remuneration and related policies and the alignment of incentives and rewards with culture, and take these into account in the formulation of the Approved Policy;
- (k) consider to what extent the views of the workforce and shareholders should be obtained in relation to the formulation on the Approved Policy and ensure relevant disclosures are made;
- (l) consider how workforce pay and employment conditions should be taken into account when determining the remuneration of executive directors and senior management;
- (m) advise on any major changes in employee benefit structures throughout the Company or group;
- (n) agree the policy for authorising claims for expenses from the directors;

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<sup>2</sup> Section 226B and 226C Companies Act 2006 require that any remuneration payment or loss of office payment is consistent with the directors' remuneration policy most recently approved by shareholders, or if not, is specifically approved by shareholders.

- (o) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
  - (p) obtain reliable, up to date information about remuneration in other companies;
  - (q) approve any compensation packages or arrangements following the severance of any executive director's contract, to ensure that it falls within the Approved Policy and that the executive director is treated fairly but that failure is not rewarded and the duty of the executive director to mitigate any loss suffered by him/her as a result of the severance is fully recognised;
  - (r) consider whether the Company's remuneration strategy is compatible with the Company's risk management policies;
  - (s) appoint consultants in respect of executive director remuneration and make the terms of reference of such consultants, together with a statement of whether they have any other connection with the Company, available (by placing it on the Company's website and including a statement in the annual report, and to consider how such advice is independent and objective);
  - (t) consider the relative importance of the Company's expenditure on pay compared to the Company's profits, dividends and tax paid; and
  - (u) consider any other matters as referred to the Remuneration Committee by the Board.
27. The Remuneration Committee is authorised by the Board to investigate any activity within the scope of its duties.

### Reporting responsibilities

28. The chair of the Remuneration Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
29. 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.
30. The chair of the Remuneration Committee shall seek engagement with shareholders on significant matters related to his or her areas of responsibility.
31. The Remuneration Committee will assist the board in preparing an annual remuneration report to shareholders for the purposes of, and in accordance with, sections 420 and 421 of the Companies Act 2006, LR 9.8.8.R of the Listing Rules and the provisions of the UK Corporate Governance Code.
32. The Remuneration Committee will produce:
- (i) an annual report setting out the Company's remuneration policies and practices, and its duties and activities during the year (the **Remuneration Report**); and
  - (ii) a policy report in respect of directors' remuneration at least every three years,
- which will form part of the Company's annual report and accounts and to be approved by shareholders as required under the Companies Act 2006.

33. The Remuneration Report shall include:
- (a) an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
  - (b) an explanation of the reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
  - (c) a description, with examples, of how the Remuneration Committee has addressed the factors in Provision 40 of the UK Corporate Governance Code;
  - (d) an explanation as to whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
  - (e) a description of the engagement that has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
  - (f) a description of the engagement with the workforce that has taken place to explain how executive remuneration aligns with wider company pay policy;
  - (g) to what extent discretion has been applied to remuneration outcomes and the reasons why;
  - (h) if the Remuneration Committee has appointed remuneration consultants, the identity of such consultants and whether they have any other connection with the Company; and
  - (i) a description of how the Remuneration Committee composition requirements have been addressed, including a list of the names and qualifications of all members of the committee, the number of committee meetings and attendance by each member.
34. The Remuneration Committee shall consider and make recommendations to the Board concerning disclosures of details of remuneration packages and structures in addition to those required by law, the UK Listing Authority or the London Stock Exchange.

### **Performance, resources and training**

35. The Remuneration Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat 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 ongoing basis for all members;
  - (c) arrange for periodic reviews of its own performance and, at least annually, 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; and
  - (d) give due consideration to laws and regulations, and any applicable rules and guidance, as appropriate.
36. The Remuneration Committee is authorised by the Board to:

- (a) employ the services of such advisers as it deems reasonably necessary to fulfil its responsibilities, including employing consultants, at the Company's expense;
- (b) call any employee to be questioned at a meeting of the committee, as and when required;
- (c) obtain inside and outside legal or other professional advice on any matter within its terms of reference, including, subject to any budgetary restraints imposed by the Board, information about remuneration practices elsewhere, and secure the attendance at meetings of outsiders with relevant experience and expertise, if it reasonably considers this necessary, at the Company's expense; and
- (d) seek any information it requires from any employee of the Company or group company in order to perform its duties.