

**ELEMENTIS PLC - REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

(Adopted by the Board on 27<sup>th</sup> February 2019)

**Sub-committee of the Board**

The Remuneration Committee (the “Committee”) has been established by the Board under the Company’s Articles of Association.

**Membership**

The Committee shall consist of at least three Non-Executive Directors of the Company. As permitted under the UK Corporate Governance Code, the Chairman of the Board may become a member of the Committee provided they were independent on appointment, although may not chair the Committee.

It should be confirmed that all of its members are independent.

Committee appointments shall be made by the Board on the recommendation of the Nomination Committee and in consultation with the Committee Chairman.

The Chairman of the Committee shall be appointed from time to time by the Chairman of the Board in consultation with other Board members. Before appointment, the Committee Chairman should have served on a listed company remuneration committee for at least 12 months.

**Meetings**

Meetings will be held at least four times per annum and a quorum for each meeting shall be two members.

No one other than the Committee Chairman and members have the right to be present at a meeting of the Committee, but others may attend at the invitation of the Committee. A standing invitation is in place for the Chairman of the Board and CEO to attend all Committee meetings, although this may be amended or withdrawn at any time by the Committee Chairman in consultation with the Committee.

No director should be involved in any decisions as to his/her own remuneration.

The Company Secretary, or his or her nominee, shall be the Secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**Authority**

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

The Committee shall be authorised by the Board to obtain outside legal, financial or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

**Relationship with the Board**

The Board shall determine the role of the Committee and review its authority, terms of reference and scope of activity.

The Board shall review the effectiveness of the Committee and the terms of reference on an annual basis.

Where there is a disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreements cannot be resolved, the Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the annual report.

### **Principal Responsibilities**

The specific responsibilities of the Committee are:-

- To determine the Remuneration Policy for all Executive Directors, Chairman, Executive Leadership Team (ELT) and Company Secretary and ensure it is aligned with the Company's long-term strategic goals.
- In determining the Remuneration Policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions, recommendations of the UK Corporate Governance Code (the "Code") and associated guidelines and relevant institutional shareholder guidelines.
- When determining Remuneration Policy and practices, review and take into account workforce remuneration and related policies, along with the views of the workforce and to address the factors of clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture as set out in the Code.
- Within the agreed Remuneration Policy, to set the remuneration, including on appointment and cessation of employment, of the Executive Directors, Chairman, ELT and Company Secretary. No individual shall be involved in any decisions as to their own remuneration. Remuneration of the Non-Executive Directors should be dealt with by the Chairman and Executive Directors.
- To set the targets, including any non-financial ones, for any performance-related pay schemes operated by the Company where the Executive Directors, ELT or the Company Secretary are participants including selection of performance metrics and setting vesting scales, whilst having broad oversight for Group wide incentive structures.
- To exercise, carry out and discharge all of the powers of the Board in connection with the operation and administration of all of the Company's share incentive schemes including the establishment of the Allotments and Transfer Committee, approving the grant of LTIP awards, setting performance conditions and exercising Board discretion in accordance with the rules of the relevant scheme. The objective of any long-term share schemes should be to promote long-term shareholdings that support long-term shareholder interests;
- To ensure that there is adequate scope for discretion to override formulaic incentive outcomes and to ensure that there are robust malus and clawback provisions and practices in place. The Committee will also exercise any Board discretion in relation to the scaling back of incentive payments.
- Approve a shareholding policy which covers building and maintaining a shareholding during employment, and its application post-employment as appropriate. Review annually the shareholdings of the Executive Directors, ELT and Company Secretary in the context of the shareholding policy.
- To determine the policy and scope of pension arrangements for the Executive Directors, ELT members and the Company Secretary taking into account the pension arrangements for the wider workforce.

- To ensure that on termination any contractual terms and payments made to a departing Executive Director, ELT member or Company Secretary are fair to the individual concerned, and to the Company. The Committee should also take a robust line to ensure that a departing Executive Director's failure is not rewarded and that the duty to mitigate loss has been recognised.
- To review and agree a standard form of contract for the Executive Directors and make sure that new Executive Directors are offered and accept the agreed terms.
- To make sure that provisions regarding disclosure of Directors' remuneration as set out in applicable regulations on Directors' remuneration reports and the Code are followed.
- To agree the policy for authorising claims for expenses for the Chairman and Executive Directors.
- To be responsible for the appointment of any remuneration consultants who advise the Committee, establishing the selection criteria for the consultant and setting down the terms of reference for the same.
- To agree with the Board a fair pay policy and principles for the whole of the Company's workforce and monitoring their implementation and alignment with culture, reporting to the Board on an annual basis and meeting other corporate governance requirements as applicable.

### **Reporting Procedures**

The Secretary shall prepare the agenda, papers and minutes of meetings of the Committee for circulation to all members of the Committee, the Chairman of the Board and the CEO. The rights of attendance or to receive papers of any Director who is not a member of the Committee or other guest or adviser shall be in accordance with the procedures and rules established by the Board from time to time.

The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board. These may be made available by placing the information available on the Company's website.

The Committee members shall conduct an annual review of their work and, on a periodic basis, these terms of reference and make recommendations to the Board, as appropriate.

The Committee shall ensure a Directors' remuneration report is prepared in accordance with applicable regulations and included in the annual report that will describe its duties and activities during the year and that the Report is presented to the Company's shareholders for approval at the AGM. The Committee will also ensure that the Directors' Remuneration Policy is taken to shareholders for approval at least every three years.

The Chairman of the Committee shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities, decisions and their responsibilities.