

## STOCK SPIRITS GROUP PLC

### REMUNERATION COMMITTEE TERMS OF REFERENCE

The following are the terms of reference of the Remuneration Committee (the “**Remuneration Committee**”) of **Stock Spirits Group PLC** (the “**Company**”) and its subsidiaries (together, the “**Group**”). The Remuneration Committee has been delegated responsibility from the board of directors of the Company (the “**Board**”) for the determination of the terms and conditions of employment, remuneration and benefits of each of the chairman of the Board, executive directors, members of the executive and the Company Secretary (together the “**Senior Executives**”). The Remuneration Committee also has delegated responsibility from the Board for the determination of all aspects of share-based incentive arrangements.

#### 1. Membership

- 1.1 The Remuneration Committee shall be appointed by the Board and shall comprise at least three members.
- 1.2 All members of the Remuneration Committee shall be independent non-executive directors. In addition, the chairman of the Company may be a member (if he/she was considered independent on appointment as chairman), but not chair, of the Remuneration Committee.
- 1.3 The Board shall appoint the chairman of the Remuneration Committee, who shall also be an independent non-executive director (the “**Chairman**”), and determine the period for which they hold office. In the absence of the Chairman, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position.
- 1.4 Only Remuneration Committee members have the right to attend Remuneration Committee meetings. However, the Remuneration Committee may invite any directors or other executives of the Company, including the Chief Executive Officer or any external professional advisors to attend all or part of any meetings as and when appropriate. An executive will not attend when their own remuneration is under discussion.
- 1.5 Appointments to the Remuneration Committee shall be for a period of up to three years, which are extendable by no more than two additional three-year periods, so long as the director continues to be independent and still meets the criteria for membership of the Remuneration Committee.
- 1.6 Members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman.
- 1.7 The Company Secretary is the secretary of the Remuneration Committee (the “**Secretary**”).
- 1.8 If not already a member of the Remuneration Committee, the chairman of the Audit Committee shall be required to attend at least one meeting of the Remuneration Committee per year.

**2. Quorum**

- 2.1 The quorum necessary for the transaction of business shall be two members of the Remuneration Committee (both of whom must be independent non-executive directors).
- 2.2 A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

**3. Frequency of meetings**

- 3.1 The Remuneration Committee shall meet at least twice a year and at such other times as otherwise required. Meetings can be convened by telephone when necessary.

**4. Notice of meetings**

- 4.1 Meetings of the Remuneration Committee shall be summoned by the Secretary at the request of any of its members.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Remuneration Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting. The Chairman shall have the sole discretion to reduce the above notice period to whatever the Chairman considers appropriate in the circumstances.
- 4.3 The Secretary shall ensure that the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**5. Minutes of meetings**

- 5.1 The Secretary shall minute the proceedings and decisions of all Remuneration Committee meetings, including the names of those present and in attendance.
- 5.2 The members of the Remuneration Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 5.3 Draft minutes of Remuneration Committee meetings shall be circulated promptly to the Chairman and, once agreed, to all members of the Remuneration Committee and, unless it would be inappropriate to do so, to all other members of the Board.

**6. Annual general meeting**

- 6.1 The Chairman shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Remuneration Committee's activities and responsibilities.

## **7. Responsibilities**

### **Policy**

- 7.1 The Remuneration Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Senior Executives. The remuneration of non-executive directors shall be a matter for the chairman of the Board and the executive directors subject to the constraints contained in the Company's Articles of Association. No director or manager shall be involved in any decisions as to their own remuneration.
- 7.2 The Remuneration Committee will determine the policy for and scope of service agreements, termination payments and compensation commitments for the Senior Executives. The Remuneration Committee shall ensure that contractual terms on termination are observed, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 7.3 The Remuneration Committee will agree the policy for authorising claims for expenses from the Directors.

### **Other**

- 7.4 The Remuneration Committee shall:
- (A) within the terms of the agreed policy determine on an annual basis the total individual remuneration package of each Senior Executive, including salary, incentive payments (including annual bonus and long term incentives), pension and other benefits in kind;
  - (B) approve the design of, and determine targets for, any performance related pay schemes operated by the Company for Senior Executives, including the application of relevant performance criteria;
  - (C) determine, each year, whether awards will be made under the Company's share-based incentive plans and, if so, the overall amount of such awards, the individual award to Senior Executives and the performance targets to be used. Such determination shall take account of dilution limits and headroom capacity within the relevant share-based incentive plans and the financial impact;
  - (D) review the design and implementation of all share-based incentive plans for approval by the Board and, where required, shareholders;
  - (E) review and note the remuneration of senior employees within the risk and compliance functions annually;
  - (F) be aware of, and oversee any major changes in employee benefit structures throughout the Company or Group;
  - (G) obtain reliable, up to date information about remuneration in other companies and market practice generally. The Remuneration Committee shall have full authority

(within any budget restrictions imposed by the Board) to commission any reports or surveys which it deems necessary;

- (H) review its terms of reference on an annual basis and recommend any changes it considers necessary to the Board for approval; and
- (I) make available the Remuneration Committee's terms of reference.

7.5 In determining remuneration packages and arrangements, the Remuneration Committee shall:

- (A) give due consideration to relevant legal and regulatory requirements including but not limited to:
  - (i) the provisions of the UK Corporate Governance Code;
  - (ii) the requirements of the UK Listing Authority's Listing Rules and associated guidance;
  - (iii) the Financial Conduct Authority's Remuneration Code, albeit recognising that the Company is not bound by this;
  - (iv) regulatory requirements including any applicable rules and guidance issued by regulatory bodies; and
- (B) take into account remuneration trends across the Company, including the differential between the total remuneration at the highest and lowest groups within the Company.

7.6 In determining remuneration packages and arrangements, including the performance criteria for performance-related plans, the Remuneration Committee shall have particular regard to any concerns raised by the Board on the implications of the remuneration policy for risk and risk management and take account of the Audit Committee's annual review of risk appetite for the Company. The objective of such policy shall be to attract, retain and motivate Senior Executives of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.

7.7 A significant proportion of the remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote long-term success of the Company.

7.8 On request, the Remuneration Committee shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed Senior Executives is within the Company's overall policy.

## **8. Reporting responsibilities**

- 8.1 The Chairman shall report to the Board on the Remuneration Committee's proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 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.
- 8.3 The Remuneration Committee shall produce an annual report describing, amongst other things, the Company's remuneration policy, practices, attendance and frequency of the Remuneration Committee meetings to be included in the Company's annual report and accounts and ensure each year that it is put to shareholders for approval at the annual general meeting.
- 8.4 The Remuneration Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Remuneration 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.
- 8.5 Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **9. Other matters**

- 9.1 The Remuneration Committee shall have access to sufficient resources in order to carry out its duties, including access to other Group functions for assistance as required. Accordingly, the Remuneration Committee is authorised by the Board to:
  - (A) set the terms of reference for any remuneration consultants at the Company's expense;
  - (B) select, appoint, retain and terminate any remuneration consultants to be used to assist the evaluation of any Senior Executives' remuneration, including sole authority to approve the remuneration consultant's fees and other retention terms. Where remuneration consultants are appointed a statement shall be made available (and included in the annual report) as to whether they have any other connection with the Company; and
  - (C) obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference.
- 9.2 The Remuneration Committee shall 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.

- 9.3 The Remuneration Committee shall arrange for periodic reviews of its performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.4 The Remuneration Committee must give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, 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 the National Association of Pension Funds and any other applicable rules, as appropriate.

These terms of reference were reviewed and approved by the Board on 21 May 2018