

Sumo Group plc: Remuneration committee terms of reference – adopted by the Board on 28 November 2018

REMUNERATION COMMITTEE TERMS OF REFERENCE

1. CONSTITUTION

The Committee was constituted by resolution of the board of directors (“Board”) at a full meeting of the Board held on 15 December 2017 in accordance with the articles of association of Sumo Group plc (“Company”).

2. DUTIES AND TERMS OF REFERENCE

2.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company’s chairperson, the executive directors and the members of the Company’s Operating Board including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the Board (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall be made aware of the level and structure of remuneration for senior management below the Operating Board.

2.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the Company without paying more than necessary. The remuneration policy should reflect the Company's appetite for risk and be aligned to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Company.

2.3 When setting remuneration policy for directors and members of the Operating Board the Committee shall review and have regard to the pay and employment conditions across the group, especially when determining salary increases.

2.4 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.

- 2.5 The Committee shall 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 such schemes.
- 2.6 The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee shall determine each year whether awards will be made, and if so, the overall amount of such awards. For executive share incentive plans, the Committee shall also determine the individual awards to executive directors, members of the Operating Board and other participants and the performance targets to be used.
- 2.7 The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and members of the Operating Board.
- 2.8 Within the terms of the agreed policy and in consultation with the chairperson and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the chairperson, each executive director and members of the Operating Board including bonuses, incentive payments and share options or other share awards.
- 2.9 The Committee shall:
- (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised and ensure that all loss of office payments made to any director are consistent with the remuneration policy approved by the Company's shareholders or the payments are otherwise agreed in advance by the Company's shareholders;
 - (b) oversee any major changes in employee benefits structures throughout the group; and
 - (c) agree the policy for authorising claims for expenses from the directors.
- 2.10 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 2.11 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board; and
- 2.12 The Committee shall consider such other matters as may be requested by the Board.

3. MEMBERSHIP

3.1 The Board shall appoint the Committee chairperson who shall be an independent non-executive director. In the absence of the Committee chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chairperson of the Board shall not be chairperson of the Committee.

3.2 The members of the Committee shall be appointed by the Board of directors on the recommendation of the Nomination Committee and in consultation with the chairperson of the Remuneration Committee. All of the members of the Committee should be independent non-executive directors. Appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional periods each up to three years in duration provided the members continue to be independent and otherwise meet the criteria for membership of the Committee.

3.3 The Committee shall have at least two members, all of whom shall be independent non-executive directors. The chairperson of the Board may also serve on the Committee as an additional member, but not the chair the Committee, if he or she was considered independent on appointment as chairperson.

3.4 At the date of approval of these terms of reference the members of the Committee are Andrea Dunstan, Michael Sherwin and Ian Livingstone. The Committee shall be chaired by Andrea Dunstan. A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee save that any additional appointment must still be an independent non-executive director.

4. VOTING ARRANGEMENTS

4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

4.3 Decisions of the Committee will be made by majority vote. Save where he/she has a personal interest, the chairperson will have a casting vote.

5. ATTENDANCE AT MEETINGS

5.1 The Committee will meet at least once a year. The Committee may meet at other times during the year as required.

5.2 Only members of the Committee have the right to attend Committee meetings, but other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate in the opinion of the Committee's chairman or the majority of its members.

5.3 The company secretary or his or her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues. Where the company secretary is also an executive director, the Committee may nominate one of its members to act as secretary for any meeting which the Committee wishes to hold without executive directors being present.

6. NOTICE OF MEETINGS

Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the chairperson.

7. AUTHORITY

The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference. A duly convened meeting of the 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 Committee. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

8. REPORTING

8.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted and the minutes of each meeting, once approved by the chairperson, shall be provided to the Board.

8.2 The Committee chairperson shall report to the Board of directors on its proceedings after each meeting on all matters within its duties and responsibilities.

9. GENERAL MATTERS

- 9.1 The chairperson of the Committee should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 9.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its 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.
- 9.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 9.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.5 The 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 UK Corporate Governance 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 Annual General Meeting. 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.
- 9.6 The Committee shall give due consideration to laws, regulations and published guidelines or recommendations regarding the remuneration of directors of a listed company and the formation and operation of share schemes including, but not limited to, the provisions of the QCA Corporate Governance Code, the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and the London Stock Exchange's rules for AIM Companies, as appropriate.
- 9.7 Through the chairperson of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.