



## **Remuneration Committee**

### **Terms of Reference**

#### **1. Purpose**

The purpose of the remuneration committee is to determine the executive directors' and key management remuneration policies, ensuring that these reward performance that helps achieve shareholder objectives.

#### **2. Constitution**

- 2.1 The Remuneration Committee is a committee of the Bazalgette Tunnel Limited (the Company) Board (the Board).
- 2.2 The Remuneration Committee's terms of reference may be amended at any time by the Board.
- 2.3 The Remuneration Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

#### **3. Membership and appointment**

- 3.1 The Board shall appoint the Remuneration Committee. A majority of the members of the Remuneration Committee shall be independent non-executive directors of the Company. The Remuneration Committee shall comprise not less than three non-executive directors, one of which should be a Shareholder Director.
- 3.2 Each Shareholder Director shall have the right to appoint its Shareholder Director as a member to the Committee.
- 3.3 The Board shall appoint the Chair of the Remuneration Committee from amongst the independent non-executive directors.
- 3.4 A quorum shall be two members, in which case the Chair of the Remuneration Committee is one. A Shareholder Director or independent Non-Executive Director shall have the ability to waive their right to need to be present for quorum requirements or to give a proxy to another Director or Shareholder representative.
- 3.5 Appointments to the Remuneration Committee shall be for a period of up to three years or to the end of the relevant director's term of appointment, whichever is shorter, and may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Remuneration Committee.

#### **4. Secretary**

- 4.1 The Head of HR shall be the Secretary of the Remuneration Committee

#### **5. Attendance at meetings**

- 5.1 No one other than the Remuneration Committee members, independent Non-Executive Directors, Executive Directors and the HR Director shall be entitled to attend Remuneration committee meetings unless by invitation of the Remuneration Committee.

## **6. Frequency of meetings**

- 6.1 Meetings shall be held not less than two times a year or otherwise as required.
- 6.2 At the discretion of the Chair and by exception, decisions may be made by email circular, or similar electronic means, provided all members are copied into the electronic exchange. In such instances, for such a decision to be valid, not less than 75% must reply to the Secretary to confirm their agreement. The Secretary shall be responsible for ensuring that decisions made by email are reported to the next meeting and for retaining an appropriate record.

## **7. Notice of meetings**

- 7.1 Meetings of the Remuneration Committee shall be called by the secretary of the Remuneration Committee at the request of any of its members.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Remuneration Committee, any other person required to attend, no later than three working days before the meeting.

## **8. Minutes of meetings**

- 8.1 The Secretary shall minute the proceedings and decisions of all meetings of the Remuneration Committee, including recording the names of those present and in attendance.
- 8.2 The minutes of Remuneration Committee meetings shall normally be considered at the Board meeting following the Remuneration Committee meeting, unless in the opinion of the Chair of the Remuneration Committee that it would be inappropriate to do so.

## **9. Duties**

- 9.1 The Remuneration Committee shall:
  - 9.1.1 Have responsibility for setting the remuneration policy for all executive directors and the Company's chair, including pension rights and any compensation payments. The Board should determine the remuneration of the non-executive directors 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.
  - 9.1.2 Recommend and monitor the level and structure of remuneration for senior management.
  - 9.1.3 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of guidance. The objective of such policy shall be to attract, reward, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. It may be appropriate for a proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
  - 9.1.4 When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company, especially when determining annual salary increases.
  - 9.1.5 Review the on-going appropriateness and relevance of the remuneration policy.
  - 9.1.6 Within the terms of the agreed policy and in consultation with the chair,

determine the total individual remuneration package of each executive director, the Company chair and other designated senior executives including bonuses and incentive payments.

- 9.1.7 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the Board.
- 9.1.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.
- 9.1.9 Recommend the design of, and determine targets for, any performance-related pay schemes operated by the Company and recommend the total annual payments made under such schemes.
- 9.1.10 Provide reports to the Board as contemplated in paragraph 7.2.
- 9.1.11 Recommend the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 9.1.12 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.
- 9.1.13 Oversee any major changes in employee benefits structures throughout the company.
- 9.1.14 Recommend the policy for authorising claims for expenses from the directors.
- 9.1.15 Work and liaise as necessary with all other Board committees.

## **10. Reporting Procedures**

- 10.1 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.

## **11. Other matters**

- 11.1 The Remuneration Committee shall have access to sufficient resources to carry out its duties, including access to the executive management team of the Company; relevant written materials and other communications; and also access to the Company Secretary for assistance as required.
- 11.2 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.
- 11.3 The Remuneration Committee shall oversee any investigation of activities which are within its terms of reference.
- 11.4 The Remuneration Committee shall arrange for periodic reviews of its own performance and, at least annually, 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.

## **12. Authority**

- 12.1 The Remuneration Committee is authorised by the Board to obtain, at the Company's expense and in consultation with the Chair of the Committee or Chair of the Board, outside legal or other professional advice on any matters within its terms of reference.