

## **WITAN INVESTMENT TRUST PLC**

### **Terms of reference of the Remuneration and Nomination Committee approved by the Board on 6 February 2018**

#### **1. Constitution, Purpose and Principle**

The Remuneration and Nomination Committee (the ‘Committee’) is established by the Board to assist the directors in carrying out the responsibilities listed below.

#### **2. Authority**

The Committee is authorised by the Board to:

- investigate any activity within its terms of reference;
- have access to all relevant information of the Company.

#### **3. Membership**

3.1 The Committee shall comprise three non-executive directors. Members of the Committee shall be appointed by the Board.

3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other Directors, the Chief Executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

3.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the Committee.

3.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. In the absence of the Committee Chairman 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 Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

#### **4. Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

#### **5. Quorum**

The quorum necessary for the transaction of business shall be any two directors.

#### **6. Frequency of meetings**

The Committee shall meet at least twice a year and otherwise as required.

#### **7. Notice of meetings**

7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later

than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **8. Minutes of meetings**

8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Minutes should be circulated to all other members of the Board only when this has been agreed by the Committee.

## **9. Annual General Meeting**

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **10. Duties**

The Committee should carry out the duties below for the Company and the Group as a whole, as appropriate.

### **Nomination matters**

The Committee shall:

10.1 annually review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;

10.2 give full consideration to succession planning for directors and the Chief Executive in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

10.3 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

10.4 review the results of the Board performance evaluation process that relate to the composition of the Board;

10.5 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;

10.6 work and liaise as necessary with all other Board Committees.

In connection with the appointment of new directors the Committee shall

10.7 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

10.8 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

10.8.1 use open advertising or the services of external advisers to facilitate the search;

10.8.2 consider candidates from a wide range of backgrounds;

10.8.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;

10.9 for the appointment of a Chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;

10.10 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;

10.11 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

The Committee shall also make recommendations to the Board concerning

10.12 formulating plans for succession for directors and in particular for the key roles of Chairman and chief executive;

10.13 suitable candidates for the role of senior independent director;

10.14 membership of the Audit and Risk Committees, and any other Board Committees as appropriate, in consultation with the Chairman of those Committees;

10.15 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required;

10.16 the re-election by shareholders of directors under the annual re-election provisions of the UK Corporate Governance Code (the "Code") or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);

10.17 any matters relating to the continuation in office of any director;

10.18 the appointment of any director to executive or other office.

### **Remuneration matters**

The Committee shall:

10.19 Recommend for approval by the Board the remuneration policy for all directors, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. No executive director or senior manager shall be involved in any decisions as to their own remuneration.

10.20 Recommend for approval by the Board the level and structure of remuneration for senior Company staff, determine the level and structure of remuneration for other Company staff and monitor the level and structure of remuneration for all Company staff.

10.21 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to interests 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. A significant 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.

10.22 When considering remuneration policy for directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases.

10.23 Review the on-going appropriateness and relevance of the remuneration policy.

10.24 Within the terms of the agreed policy and in consultation with the Chairman, recommend for approval by the Board the total individual remuneration package of the Chief Executive, including bonuses, incentive payments and share options or other share awards.

10.25 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.

10.26 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

10.27 Recommend for approval by the Board the design of, and determine targets for, any performance-related pay schemes to be operated by the Company and the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code).

10.28 Review the design of any share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used.

10.29 Recommend for approval by the Board the policy for, and scope of, pension arrangements for the Chief Executive and staff.

10.30 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.

10.31 Oversee any major changes in employee benefits structures throughout the Company or group.

10.32 Review and recommend for approval by the Board the annual Remuneration Policy Statement of Witan Investment Services Limited.

10.33 Work and liaise as necessary with all other Board Committees.

## **11. Reporting responsibilities**

11.1 the Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

11.2 the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 the Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.

11.4 the report referred to in 11.3 above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

11.5 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 2013 and the Code, are fulfilled. In particular, the Committee will produce a report on the Company's Remuneration Policy which will be subject to shareholder approval at least every three years or when amended; and an Annual Remuneration report setting out how the Remuneration Policy has been implemented, which will be subject to advisory shareholder approval each year. 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.

11.6 Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **12. Other matters**

The Committee shall:

12.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

12.2 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;

12.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;

12.4 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.

## **13. Authority**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.