

NCC GROUP PLC
("Company")

REMUNERATION COMMITTEE: TERMS OF REFERENCE
(approved 28 March 2019 and effective 1 June 2019)

1. Definitions

In these terms of reference:

"**Board**" means the board of directors of the Company;

"**Code**" means the UK Corporate Governance Code, and related guidance and good practice suggestions, as amended from time to time; and

"**Committee**" means the remuneration committee of the Board.

"**Executive(s)**" means Executive Directors, the Company Secretary, and members of the Executive Team – ie the layer of senior management immediately below Board level.

2. Purpose

The purpose of the Committee is to establish a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual executive directors, the Company Secretary and all other members of the executive committee.

3. Membership and attendance

3.1 Members of the Committee shall be appointed by the Board in consultation with the chairman of the Committee. The Committee shall be made up of at least three members all of whom shall be independent non-executive directors. The chairman of the Board may also be a member of (but not chair) the Committee if he or she was considered independent on appointment as chairman.

3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the Chairman, Chief Executive Officer, the Chief Financial Officer, other directors and Executive Team members, the Chief People Officer and external advisers) may be invited to attend for all or part of any meeting, as and when appropriate but such invitees have no right of attendance.

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

3.4 The Board shall appoint the chairman of the Committee, who shall be an independent non-executive director. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Board shall not be eligible to be appointed as chairman of the Committee. Before appointment as chair of the Committee, the appointee should have served on a remuneration committee for at least 12 months.

4. Secretary

The secretary of the Company or his/her nominee shall act as 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 secretary of the Company 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.

5. Quorum

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

6. Frequency of meetings

The Committee shall meet at least three times a year and at such other times as the chairman of the Committee shall think fit.

7. Notice of meetings

- 7.1 Meetings of the Committee shall be convened by the secretary of the 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) shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors no later than three 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. Decisions and minutes of meetings

- 8.1 Decisions of the Committee will be made by majority vote. In the event of an equality of votes the chairman of the Committee will have a second or casting vote.
- 8.2 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 8.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless in the opinion of the chairman of the Committee it would be inappropriate to do so.

9. AGM

The chairman of the Committee shall attend the Company's annual general meeting prepared to respond to any questions on matters within the responsibility of the Committee's activities.

10. Duties

The Committee shall:

- 10.1 determine and agree with the Board the framework or broad policy for the remuneration (including pension rights and any compensation payments) of the Company's Chief Executive Officer, Chairman, the executive directors, the Company Secretary, and the members of the executive management team. The remuneration of non-executive directors shall be a matter for the Chairman and executive members of the Board. Neither the Chairman of the Board nor any director or manager shall be involved in any decisions as to his/her own remuneration.
- 10.2 in determining such policy, take into account all factors which it deems necessary, including the workforce remuneration and related policies applying to other staff across the business and the alignment of incentives and rewards with Company culture. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The policy should also have regard to the risk appetite of the Company and should 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 designed to promote the long-term success of the Company;
- 10.3 review the ongoing appropriateness and relevance of the Company's remuneration policy;

- 10.4 (in relation to executives) approve the design of, and determine the targets for, any performance related pay schemes operated by the Company, and approve the total annual payments made under such schemes;
- 10.5 when making determinations as to the extent that performance targets have been satisfied under the Company's incentive plans, liaise as appropriate, with the Audit Committee;
- 10.6 review the design of all employees' share schemes and other incentive plans for approval by the Board and, where appropriate, the shareholders. For any such schemes/plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and other members of the executive management and the performance targets to be used;
- 10.7 determine the policy for, and scope of, pension arrangements for each executive director and other members of the executive management, noting that executive pension rates should be aligned with the workforce;
- 10.8 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, while dealing fairly with cases where a departure is not due to poor performance;
- 10.9 within the terms of the agreed policy and in consultation with the Chief Executive Officer as appropriate, determine the total individual remuneration package of each executive director and executive team member (including bonuses, incentive payments and share options or other share awards) ensuring that:
 - 10.9.1 remuneration packages are sufficient to attract, retain and motivate executive directors and executive team members of the quality required, while avoiding paying more than is necessary for this purpose; and
 - 10.9.2 performance-related elements of remuneration form a significant proportion of the total remuneration package, and are designed to align their interests with those of the shareholders; and
 - 10.9.3 care is taken to recognise and manage conflicts of interest when receiving views from the executive directors or senior management.
- 10.10 in determining such remuneration policy, packages and arrangements, give due regard to any relevant legal requirements and the provisions and recommendations in the Code, the Listing Rules of the UK Listing Authority, and associated guidance;
- 10.11 review and note annually the remuneration trends and employment conditions across the group, especially when determining annual salary increases. This includes engagement with the workforce to explain (in the Directors' Remuneration Report) how executive remuneration aligns with the wider company pay policy;
- 10.12 be aware of and advise on any major changes in employee benefits structures throughout the group;
- 10.13 agree the policy for authorising claims for expenses from the Chief Executive Officer and the Chairman of the Board (the Chairman of the Board shall not be party to any discussions relating to approval procedures for his expense claims);
- 10.14 ensure that all legal and regulatory provisions regarding disclosure of remuneration (including pensions) are fulfilled;
- 10.15 to obtain, review and have regard to the conditions of service and remuneration levels of competitor companies, but not so as to cause remuneration to rise without a corresponding improvement in performance;
- 10.16 liaise with the Nomination Committee of the Company to ensure that the remuneration of newly appointed executives is within the Company's overall policy;

- 10.17 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 10.18 obtain reliable, up to date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- 10.19 monitor Executive Directors' progress against the Share Ownership Guidelines policy and view this policy on a periodic basis to ensure that it remains appropriate;
- 10.20 agree and keep under review a formal policy for post-employment shareholding requirements for vested and unvested shares;
- 10.21 be mindful of (i) possible monetary outcomes, and (ii) external perceptions arising from its decisions; and
- 10.22 consider the use of discretion to override formulaic outcomes in respect of variable pay and take an active decision whether or not to exercise such discretion as part of the annual remuneration process.

11. Reporting responsibilities

- 11.1 The chairman of the Committee shall report formally 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 in the context of the scope of its responsibilities.
- 11.3 The Committee shall produce an annual report consisting of (i) an Annual Statement from the chairman of the Committee, (ii) an Annual Report on Remuneration setting out how the Company's remuneration policy was implemented during the year and the Committee's duties and activities during the year and (iii) a Directors' Remuneration Policy (which may be excluded from the annual report when not being put to a binding vote at an AGM of the Company at least once every three years), which will form part of the Company's annual report and accounts, and ensure that, at each AGM, such report is laid before, and voted on by, shareholders.
- 11.4 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 connection with the Company.
- 11.5 The Chairman of the Committee, or, in his/her unavoidable absence, an appointed deputy shall attend the Company's Annual General Meeting to answer shareholders' questions.

12. Self-appraisal

The Committee shall, at least once a year, review its own performance, 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:

- 13.1 to seek any information it requires from any employee of the Company in order to perform its duties; and
- 13.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.