



## **CORPORATE GOVERNANCE IN THE RANK GROUP PLC**

### **REMUNERATION COMMITTEE – TERMS OF REFERENCE**

#### Constitution and membership

1. The remuneration committee is a committee of the board of The Rank Group Plc (“Rank” or “the Company”) and, as such, is appointed by and reports to the board of Rank.
2. The chairman and members of the remuneration committee shall be appointed from the independent non-executive members of the board of Rank for whom the fee for their appointment as such represents only part of their total income. Members should have no personal financial interest other than as shareholders in the matters to be decided, no potential conflicts of interest arising from cross directorships and no day to day involvement in running the business of the Group. The committee shall consist of not less than three members. The members of the remuneration committee should be listed each year in the committee’s report to shareholders and when they stand for election or re-election, the proxy cards should indicate their membership of the remuneration committee.
3. The secretary of the remuneration committee shall be the company secretary of Rank.
4. All non-executive directors have a right to attend meetings of the remuneration committee and shall be given notice of all meetings.

#### Authority

5. Specific authority is delegated to the committee to decide on all elements of remuneration for the chairman of the Company and the executive directors, including pension rights and any compensation payments.

#### Meetings

6. The committee shall meet at the request of its chairman and a quorum shall be two members; meetings may be held in person or by telephone.
7. In addition to the members of the committee it will be normal for the following to attend meetings save that they shall not be present when their remuneration is under discussion:-
  - the chairman of the Company
  - the chief executive of the Company
  - the human resources director

The chairman of the remuneration committee may also invite others to attend.

## Duties

### 8. The committee shall:-

- (a) determine and agree with the board the framework or broad policy for the remuneration of the company's chief executive, chairman, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the chairman and the executive members of the board. No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy, take into account all factors which it deems necessary. 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;
- (c) review the ongoing appropriateness and relevance of the remuneration policy;
- (d) 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;
- (e) review the design of all 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 and other senior executives and the performance targets to be used;
- (f) determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- (g) 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;
- (h) within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of each executive director, the company secretary and other members of the executive committee including bonuses, incentive payments and share options or other share awards;
- (i) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- (j) review and note annually the remuneration trends across the Company or Group;
- (k) oversee any major changes in employee benefits structures throughout the Company or Group;
- (l) agree the policy for authorising claims for expenses from the chief executive and chairman;
- (m) ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;

- (n) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- (o) 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.

9. In carrying out its duties:-

- (a) the committee should consult the chairman and/or chief executive about its proposals and have access to professional advice inside and outside the Company;
- (b) be sensitive to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
- (c) follow the provisions in Schedule A to the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014.

Reporting

- 10. The chairman of the remuneration committee shall report to the board on the deliberations and activities of the committee at each board meeting following a committee meeting. Minutes of remuneration committee meetings will be circulated with the papers for the subsequent board meeting.
- 11. The chairman of the remuneration committee should attend the Company's annual general meeting to answer shareholders' questions about directors' remuneration and the Company's remuneration policy and should ensure that the Company maintains contact as required with its principal shareholders about remuneration issues in the same way as for other matters.
- 12. The remuneration committee shall prepare a report each year to the shareholders in compliance with Regulation 11 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the United Kingdom Listing Authority Listing Rules.

Approved by the board of directors  
19 August 2015

