

**ENQUEST PLC
(THE "COMPANY")**

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (THE "COMMITTEE")

**(Approved at a meeting of the Board of Directors (the "Board")
held on 25 August 2020)**

1. TERMS OF REFERENCE TO BE MADE AVAILABLE

The Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board. This requirement will be met by publishing these terms of reference on the company website.

2. ROLE

The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that:

- (a) It has a formal and transparent procedure for developing policy on executive remuneration and for determining director and senior management remuneration.
- (b) Remuneration policy and practices of the company support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.
- (c) Executive and senior manager remuneration is aligned to company purpose and values and linked to delivery of the company's long-term strategy.

3. MEMBERSHIP

- 3.1 The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Committee chair. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors. The chair of the Board may also serve on the Committee as an additional member if they considered independent on appointment as chair.
- 3.2 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the Committee) continue to be independent.
- 3.3 The Board shall appoint the Committee chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. The Board shall determine the period for which they shall hold office. In the absence of the appointed Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chair of the Board shall not be eligible to be appointed as chair of the Committee.

- 3.4 In deciding who should take on the role of chair and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals, should be taken into account.

4. **SECRETARY**

The Company Secretary or their 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.

5. **MEETINGS**

- 5.1 **Frequency:** The Committee shall meet at least four times a year and at such other times as the Committee chair shall require.

- 5.2 **Right to attend:** Only the Committee chair and members have the right to attend Committee meetings. However, other individuals (for example, such as the Chief Executive, Chief Financial Officer, Human Resources Director and external advisers) may be invited to attend for all or part of any meeting, as and when appropriate and necessary, and with the agreement of the Committee chair.

- 5.3 No person (including directors, the chair of the Board or senior executives) of the company shall participate at a meeting of the Committee (or during a relevant part of it) at which any part of their remuneration is being directly discussed or participate in any recommendation specifically concerning their remuneration.

- 5.4 **Notice:** Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any of its members. 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 and any other person required to attend, 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.

- 5.5 **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.

- 5.6 **Minutes:** The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all members of the Board unless, exceptionally, a conflict of interest exists or it would otherwise be inappropriate to do so.

6. **ENGAGEMENT WITH SHAREHOLDERS**

The Committee chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

7. DUTIES

The Committee members are reminded of the overarching duties that they have as directors of the Company under the Companies Act 2006. In addition, they have the following specific duties as regards their membership of the Committee. In carrying out these specific duties, the members of the Committee shall have regard to the principles and provisions of the UK Corporate Governance Code (the “Code”).

The Committee shall:

7.1 As regards determining and monitoring policy on and setting levels of remuneration

- (a) Determine and agree with the Board the framework or broad policy for setting remuneration and benefits, including relevant pension provisions, for the Chair of the Board, Chief Executive, all 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 (including members of the Committee) shall be a matter for the Chair and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration.
- (b) Establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- (c) Consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture when determining executive director remuneration policy and practices.
- (d) Design remuneration policy and practice to ensure that levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully and that incentives are provided, as appropriate, to encourage enhanced performance and to reward, in a fair and responsible manner, directors' individual contributions to the long-term sustainable success of the Company and its alignment to the Company's purpose, culture and values.
- (e) Ensure that remuneration policy and practice supports strategy and promotes long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.
- (f) Ensure that the remuneration policy is aligned with the Company's risk appetite, risk management strategy, risk policies and systems and long-term strategic goals.

- (g) Within the terms of the agreed policy and in consultation with the Committee chair and/or Chief Executive, determine the total individual remuneration package of each executive director, the Chair of the Board, and senior managers including annual salary rate, any bonuses, pension provisions and benefits, incentive payments, share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance and wider circumstances.
- (h) Recommend and monitor the level and structure of remuneration for senior management.
- (i) Oversee any major changes in employee benefit structures throughout the company or group.
- (j) Annually review and note remuneration trends and employment conditions across the Company or group.
- (k) Obtain reliable, up-to-date information about remuneration in other companies with a view to determining where to position the Company relative to other companies/peers.
- (l) Review the ongoing appropriateness and relevance of the remuneration policy.
- (m) In determining the policy for the level and make-up of remuneration and the total remuneration packages and arrangements of executive directors and other senior managers, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code as well as the UK Listing Rules and associated guidance.

7.2 **As regards early termination**

- (a) Determine the Company's policy in relation to compensation agreed to be paid to any executive director or other senior managers in connection with early termination of employment and, where appropriate, office as director.
- (b) 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.

7.3 **As regards performance-related pay**

- (a) 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.
- (b) Review the design of all share incentive plans for approval by the Board and, where required, by shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards,

shareholding requirements, the individual awards to executive directors and senior management and the performance targets to be used.

- (c) Ask the Board, when appropriate, to seek shareholder approval for all new long term incentive schemes (as defined in the Listing Rules) as well as any significant changes to existing schemes, save in the circumstances permitted by the Listing Rules.

7.4 **As regards pension arrangements**

- (a) Determine the policy for and scope of pension arrangements for each executive director and the framework of pension benefits for senior managers and the wider workforce.

7.5 **As regards authorising claims for expenses from the Chief Executive and company Chair**

- (a) Agree the policy for authorising claims for expenses from the Chief Executive and Chair of the Company.

7.6 **As regards reporting and disclosure**

- (a) Ensure that all provisions regarding disclosure of directors' remuneration including pensions arrangements, as set out in the Companies Act 2006, in Part 4 of The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, in the Listing Rules and in the Code, are fulfilled.
- (b) The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- (c) The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the Annual General Meeting as necessary.
- (d) Produce the statement required to be included in the annual report of the Company identifying the membership of the Committee and the frequency of, and attendance by members at, Committee meetings over the course of the year.
- (e) Work and liaise, as necessary, with other Board committees, ensuring the interaction between committees and with the Board is regularly reviewed.

7.7 **As regards remuneration consultants**

- (a) The Committee holds full and exclusive authority to establish the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee, at the Company's expense.

- (b) If the Committee has appointed remuneration consultants, the consultants should be identified in the annual report alongside a statement about any other connection they hold with the company or individual directors.

7.8 **As regards workforce**

- (a) Review workforce remuneration and related policies and the alignment of incentives and rewards with culture.

7.9 **As regards general**

- (a) To consider other matters as referred to the Committee by the Board.
- (b) Any area within its remit where action or improvement is needed.

8. **ANNUAL REVIEW**

The Committee shall, at least once a year, review its own performance, constitution and these terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9. **REPORTING RESPONSIBILITIES**

- 9.1 The Committee chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and actions taken.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion, when necessary.
- 9.3 In addition, all evaluations, reviews and decisions of the Committee made in respect of policy on or for setting remuneration shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the company's articles of association.
- 9.4 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.

10. **AUTHORITY AND POWERS**

- 10.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 10.2 The Committee is authorised to obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference and within any budgetary restraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

11. **OTHER MATTERS**

- 11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required.
- 11.2 The 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.