

STM GROUP PLC REMUNERATION COMMITTEE

TERMS OF REFERENCE

DATED FEBRUARY 2018

STM GROUP PLC

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1. CONSTITUTION

- a. The Remuneration Committee (RemCo, or the 'Committee') is constituted as a committee of the Board of the STM Group.
- b. The Committee's terms of reference may be amended at any time by the Board.

2. AUTHORITY

The Committee is authorised by the Board to:

- a. undertake business within its terms of reference;
- b. seek any information it requires from any employee (all employees are directed to co-operate with any request made by the Committee);
- c. obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

3. MEMBERSHIP

- a. The Committee and its Chair shall be appointed by the Board from amongst its independent Non-Executive Directors and it shall consist of not less than three members.
- b. In the absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting.
- c. Appointments to the Committee shall be for a period of three years and reviewed by the Board.
- d. The Board Company Secretary shall provide secretarial support to the Committee.

4. MEETINGS

- a. The Committee shall meet at key points in the year, and on average will have three meetings per year.
- b. Meetings of the Committee shall be arranged by the Secretary at the request of the Chair.
- c. The quorum necessary for the transaction of the business of the Committee shall be at least two Committee members.
- d. Other Board members or senior management staff may attend meetings at the Committee's invitation.
- e. 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.
- f. Supporting papers shall be sent to the Committee members, the remaining Board members, and other attendees as appropriate, at the same time.

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5. MINUTES OF MEETINGS

- a. The Board Company Secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present.

6. RESPONSIBILITIES

The Committee shall:

- a. oversee the remuneration strategy for the Executive and other senior posts within the organisation, and support the Chief Executive in reviewing overall executive performance;
- b. consider and agree proposals from the Chief Executive about the remuneration of senior executive staff (no director or executive shall be involved in any decision about their own remuneration);
- c. consider proposals from the Chief Executive regarding overall remuneration across the Group, ensuring that the remuneration terms are consistent with the importance of their roles;
- d. in considering these recommendations, have regard to the service's key commitments and performance against them and take into account any other factors which it deems necessary – internal and external comparative information and data and information supplied by external parties;
- e. consider and agree proposals from the Chief Executive about any proposals for major changes to the employee benefit or reward structure.



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