

Category:	Corporate						
Full Title of meeting:	Remuneration and Nomination Committee (RNC)						
Frequency of meetings:	3 per annum			Usual duration:	2 hours		
Distribution of record:	Restricted						
Record Type:	Agenda	X	Minutes	X	Action List	X	Notes
Supporting Doc	<a href="#">General Committee Terms</a>						

## TERMS OF REFERENCE

### 1. Purpose

- 1.1 The purpose of the remuneration and nomination committee is to ensure effective governance by identifying and recommending candidates for board positions, developing succession plans, and assessing board performance. They establish and review executive compensation policies, link remuneration to performance, and ensure compliance with legal and regulatory requirements. These committees help attract and retain talented individuals while aligning their interests with those of the stakeholders.

### 2. Membership

- 2.1 The Chair of the board shall not chair the committee when it is dealing with the matter of succession to the Chairship of this committee.

### 3. Frequency of meetings

- 3.1 The committee shall meet at least three times a year at appropriate times and otherwise as required.

### 4. Duties

#### 4.1 Nomination

The committee shall

- regularly 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.
- give full consideration to succession planning for directors, other senior executives and for certain critical roles 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.
- keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise.
- 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

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prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:

- use open advertising or the services of external advisers to facilitate the search.
- consider candidates from a wide range of backgrounds.
- 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.
- for the appointment of a Chair, the committee should prepare a job specification, including the time commitment expected and, with the agreement of the Jersey Appointments Commission, will invite the Shareholder to participate in any nominations panel established for the appointment of Chairman or Chief Executive Office.
- A proposed Chair's other significant commitments should be disclosed to the board before appointment and any changes to the Chair's commitments should be reported to the board as they arise.
- 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.
- 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.
- review the results of the board performance evaluation process that relate to the composition of the board.
- 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.
- The committee shall also make recommendations to the board concerning.
  - formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chair and chief executive.
  - suitable candidates for the role of senior independent director.
  - membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chair of those committees.
  - 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 the knowledge, skills and experience required.
  - the re-election by shareholders of directors under 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).

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- any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract.
- the appointment of any director to executive or other office.

#### 4.2 Remuneration

The committee should carry out the duties detailed below for the shareholder, as appropriate. The committee shall:

- Have responsibility for setting the remuneration policy for all executive directors and the company's chairman, 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 director or senior manager shall be involved in any decisions as to their own remuneration.
- Recommend and monitor the level and structure of remuneration for senior management.
- 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 views 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.
- When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- Review the on-going appropriateness and relevance of the remuneration policy.
- 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 chairman and other designated senior executives including bonuses, incentive and payments.
- 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.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.

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- 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 (in accordance with the provisions in Schedule A of the Code).
- Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 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.
- Oversee any major changes in employee benefits structures throughout the company or group.
- Agree the policy for authorising claims for expenses from the directors.
- Work and liaise as necessary with all other board committees.

## **5. Reporting responsibilities**

- 5.1 The committee will report on a regular basis to the Board on its activities, decisions and recommendations.
- 5.2 The committee shall produce a report on its activities to be included in the company's annual report, the process used to make appointments and explain if external advice or open advertising has not been used.
- 5.3 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 2008 and the Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM. 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.
- 5.4 Through the Chair of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

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