

Remuneration Committee – Terms of reference

- MEMBERS:- Mr I Elliott (Chairman of the committee, and senior non-executive director)
Mr D Rogers (non-executive director)
Mr Mike Holt (non-executive director)
Ms Margaret Amos (non-executive director)
- PRESENT:- Mr J Homer (Chief Executive)
Mr D Taylor (Secretary)
Mr R Moyle (Executive Chairman)

Remuneration Committee - Terms of Reference

The Remuneration Committee is a Committee of the Board of Directors of North Midland Construction PLC (the Board), from which it derives its authority.

Membership

Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.

The Committee shall (unless the Company meets the “smaller company” criteria of the UK Corporate Governance Code) comprise at least three members, all of whom shall be independent non-executive directors. In the event that the Company meets the “smaller company” criteria of the UK Corporate Governance Code, the Committee shall comprise at least two independent non-executive directors. The Chairman of the Company can also be a member of the Committee.

The chairman of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee. In the absence of the chairman of the Committee, the members present shall select one of their number present to chair the meeting. The chairman of the Company shall not be eligible to be appointed as chairman of the Committee.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Finance Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

Secretary

The Company Secretary or their nominee shall act as 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 Company Secretary 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.

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.

Meetings

The Committee shall meet at least twice a year and at such other times as the Committee Chairman shall require. Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

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.

The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

Notice of meetings

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 before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Minutes of meetings

The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Annual general meetings

The Committee Chairman shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

Duties

For the Chairman of the Board and all executive directors, the Committee shall:

- (a) agree the framework and/or broad policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, basis of bonus and bonus awards and participation in and awards under share, incentive and benefit plans not available to all employees, and the targets for any performance related pay schemes;
- (b) agree terms for cessation or termination of employment and ensure that 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;
- (c) authorise execution by the Company of all relevant documents;
- (d) determine the policy for executive directors of the Company accepting appointments as non-executive directors of other organisations (and agreeing such appointments).

Within the terms of the agreed policy and in consultation with the Chairman of the Board and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of each executive director (and any other senior executive that it is agreed should fall within its remit) including salary, bonuses, pensions, benefits, incentive payments and share options or other share awards. For this purpose, senior executives will include the Executive Committee.

No director shall be involved in any decisions as to his or her own remuneration. In order to ensure their independence, the Committee shall also review and recommend to the Board the remuneration of the Company Secretary.

In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions and recommendations of the UK Corporate Governance Code and the UK Listing Authority's Rules and associated guidance.

The Committee shall:

- (a) review the ongoing appropriateness and relevance of the remuneration policy. The objective of the policy shall be to promote the long-term success of the Company. Performance elements should be transparent, stretching and rigorously applied. Incentives should be compatible with risk policies and systems;
- (b) approve share incentive and benefits plans not available to all employees and which do not require shareholder approval, and recommend to the Board such plans which require shareholder approval. The Committee shall also administer such plans including agreeing or amending the rules, authorising the establishment of trusts and changes, agreeing when to operate such a plan, authorising the giving of financial assistance, the terms of each operation and selecting the people to participate, agreeing

- performance conditions and whether they have been achieved; and approving and authorising execution of all relevant documents;
- (c) ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
 - (d) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - (e) obtain reliable, up-to-date information about remuneration in other companies;
 - (f) liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
 - (g) approve remuneration arrangements and payments only within the terms of the existing remuneration policy or as separately approved by the company's shareholders.
 - (h) have full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations; and
 - (i) receive an annual report that provides a review of workforce remuneration and related policies so that these can be appropriately taken into account when setting executive director remuneration.

The remuneration of non-executive directors shall be a matter for the Group Chairman and the executive members of the Board. No director or executive shall be involved in any decisions as to their own remuneration.

Reporting responsibilities

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall ensure that (if applicable) the provisions regarding disclosure of information (including pensions) as set out in the Large and Medium Sized Companies and Groups (Accounts & Reports) Regulation 2008 and the UK Corporate Governance Code are fulfilled and shall produce a report of the company's remuneration practices to be included in the Company's annual report and accounts 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 connection with the Company.

The Committee shall submit for approval by the Board and the shareholders at the AGM a directors' remuneration policy above:

- at least every three years; or earlier if applicable
- in any year where there is a material change to the remuneration policy; or
- in other case of any minor amendment to the remuneration policy, prior to the payment under any policy which are affected by the minor change; or
- if shareholder approval was not achieved when the remuneration policy was last submitted; or
- if majority shareholder approval was not achieved on the last occasion that the directors' remuneration report was put to shareholders for approval at the AGM.

Other

The terms of reference and effectiveness of the Committee shall be kept under review and the necessary recommendations made to the Board.

Authority

The Committee is authorised:

1. through the Company Secretary to seek information it requires from any employee of North Midland Construction PLC in order to perform its duties;
2. in consultation with the Company Secretary, where necessary to fulfil its duties, to obtain any outside legal or other professional advice including the advice of independent remuneration consultants and to secure the attendance of external advisers of its meetings;
3. to obtain appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
4. To delegate any of its powers to one or more of its members or the Company Secretary.

The Company Secretary attends every meeting, as required.

ADOPTED BY THE BOARD ON 12 DECEMBER 2018