

REMUNERATION COMMITTEE: TERMS OF REFERENCE

Definitions

“Board”	the Board of Directors of Bakkavor Group plc
“Chairman”	Chairman of the Remuneration Committee
“Code”	the prevailing UK Corporate Governance Code
“Committee”	the Remuneration Committee of Bakkavor Group plc
“Company Chairman”	Chairman of the Board
“Company”	Bakkavor Group plc
“Group”	Company and its subsidiary undertakings
“Nomination Committee”	the Nomination Committee of the Company

1 Constitution and purpose

The Committee’s purpose is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the Company/Group reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company/Group successfully, within appropriate market rates, having regard to the views of shareholders and other stakeholders.

2 Membership

The Committee shall comprise at least three members, all of whom should be independent non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman. Any member who is determined by the Board to no longer be independent shall cease to be a member of the Committee. The Chairman of the Board may be a member of, but not chair, the Committee provided he/she was considered independent on appointment.

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

Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the Company Chairman, if he or she is a member of the Committee) continue to be independent.

The Board shall appoint one member of the Committee to act as its Chairman who shall be an independent non-executive director. The Chairman of the Committee shall not be the Chairman of the Board. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3 Secretary

The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4 Quorum

The quorum necessary for the transaction of business shall be two members.

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5 Frequency of meetings

The Committee shall meet at least twice a year and otherwise as determined by the Chairman of the Committee. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Chairman of the Committee.

Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or by the Board.

Any conflicts of interest of members of the Committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes.

6 Notice of meetings

Unless otherwise agreed, written notice of each meeting confirming the venue, time, date and dial-in details (if required) together with the agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, all non-executive directors and any other person required to attend.

The notice, agenda and supporting papers shall be forwarded to members and other attendees as appropriate, as soon as possible and in any event no later than five working days before the date of the meeting or such other reasonable time considered adequate by the Chairman of the Committee (unless all members of the Committee agree to shorter notice).

7 Minutes of meetings

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

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the Chairman it would be inappropriate to do so.

8 Annual general meeting

The Chairman should attend the annual general meeting where possible, to answer any shareholder questions on the Committee's activities

9 Duties

The Committee shall:

- 9.1 have responsibility for setting the remuneration policy, including pension rights and any compensation payments, for all executive directors, the Company Chairman, Company Secretary and other members of the Management Board. The Company Chairman and the executive directors shall 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;
- 9.2 recommend and monitor the level and structure of remuneration for senior management;
- 9.3 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;
- 9.4 ensure that the remuneration policy is aligned with both the risk appetite of the Company/Group and its long-term strategic goals. The objective of the remuneration policy shall be to attract, retain and motivate members of the Management Board of the quality required to run the Company successfully without paying more than is necessary;
- 9.5 ensure that a significant proportion of remuneration is structured so as to link rewards to corporate and individual performance, and designed to promote the long-term success of the Company/Group;
- 9.6 consider the clarity and simplicity of remuneration arrangements, remuneration risk and predictability of outcomes, the proportionality of outcomes in respect of strategy delivery and long-term performance and alignment to culture;

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- 9.7 review the ongoing appropriateness and relevance of the remuneration policy and consult with shareholders and other stakeholders as appropriate. When setting the remuneration policy and how that policy should be operated for executive directors, Company Secretary and other Management Board members, the Committee shall review and have regard to how it aligns with the Company's culture and also pay and employment conditions across the Company;
- 9.8 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each executive director, the Company Chairman, Company Secretary and other Management Board members including bonuses, incentive payments and share options or other share awards;
- 9.9 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/Group, but within any budgetary restraints imposed by the Board;
- 9.10 approve the design of, and determine targets for, any performance-related pay schemes (which shall be transparent, stretching and rigorously applied) operated by the Company/Group and monitor their operation and approve the total annual payments made under such schemes, including the terms of any malus or clawback arrangements (in accordance with the relevant provisions of the Code);
- 9.11 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, Company Secretary and other Management Board members and the performance targets to be used;
- 9.12 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company/Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 9.13 oversee any major changes in employee benefits structures throughout the Company/Group;
- 9.14 to consider requiring executive directors: (i) to hold a minimum number of shares; and (ii) to hold shares for a period after the vesting or exercise of share-based awards or options;
- 9.15 to consider, determine and approve the provisions of the service agreements of the Management Board and to ensure that any payments that may be made under such provisions are fair to the individual and the Company, do not reward failure, and that the duty to mitigate loss is fully recognised;
- 9.16 to approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Management Board on termination of that person's employment and to ensure such payment or benefit is consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Rules (as defined below) and all other relevant laws and regulations;
- 9.17 to agree the policy for authorising claims for expenses from the directors;
- 9.18 subject to delegation of authority by the Board, to determine whether the disclosure of any information on performance conditions in the Company's annual remuneration report would be commercially sensitive;
- 9.19 to administer all aspects of any executive share scheme and/or all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements);
- 9.20 to have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration and terms and conditions of directors of listed companies and the formation and operation of share schemes (in particular the principles and provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency

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Rules) which the Committee considers relevant or appropriate;

- 9.21 to ensure compliance with all relevant laws and regulations (as amended from time to time) (the **Rules**) regarding disclosure of information relating to directors' remuneration including, where required, the directors' remuneration policy and its implementation, and to produce report(s) on the directors' remuneration and to ensure that the policy and report(s) are put to the shareholders for approval as required by the Rules;
- 9.22 to be aware of and advise the Board on any major changes in employee benefit structures throughout the Company or Group;
- 9.23 to report formally to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 9.24 to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and to commission or purchase any reports, surveys or other information which it deems necessary;
- 9.25 to work and liaise as necessary with all other Board committees; and
- 9.26 to consider any other matters as may be requested by the Board.

10 Reporting responsibilities

- 10.1 The Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit, where action or improvement is needed.
- 10.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the prevailing Large and Medium-sized Companies and Groups (Accounts and Report) Regulations and the Code, are fulfilled and produce a directors' remuneration report to be included in the Company/Group annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.
- 10.4 To submit for approval by the Board and shareholders a directors' remuneration policy (to be included in the Company/Group annual report as appropriate):
- every three years, or
 - in any year in which there is a change relative to the prior year, or
 - if shareholder approval was not achieved when last submitted; or
 - if majority shareholder approval was not achieved on the last submitted annual directors' remuneration report;
- 10.5 If the Committee has appointed remuneration consultants, the annual report of the Company/Group's remuneration policy should identify such consultants and state whether they have any other connection with the Company/Group;
- 10.6 Through the Company Chairman, ensure that the Company/Group maintains contact as required with its principal shareholders about remuneration.

11 Other matters

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The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 11.3 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 11.4 oversee any investigation of activities which are within its terms of reference.

12 Authority

The Committee is authorised to:

- 12.1 undertake any activity within its terms of reference;
- 12.2 request any information from any employee/director/contractor/consultant (or other provider of services, including legal and tax advisers) of the Company/Group in order to perform its duties;
- 12.3 obtain, at the Company's expense, external legal, or other professional advice, on any matter within its terms of reference, and to invite persons giving such advice to attend Committee meetings;
- 12.4 request the attendance of any employee, contractor, consultant or other provider of services to the Group to be questioned at a meeting of the Committee, as and when required;
- 12.5 publish the Company's annual report details of any issues that have not been resolved between the Committee and the Board; and
- 12.6 delegate any of its powers to one or more of its members, the secretary, a sub-committee or such other body as it deems appropriate.