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**Stenprop Limited**  
**(“Stenprop” or the “Company”)**

Terms of reference for the  
Remuneration Committee

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## **1. CONSTITUTION**

In order to avoid potential conflicts of interest, every company should establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, within agreed terms of reference. A formally appointed Remuneration Committee of the board of directors (the “**Board**”) comprising wholly or substantially, of independent non-executive directors, with access to independent surveys and consultants, can be a useful mechanism for facilitating the determination of all the essential components of remuneration and establishing remuneration credibility with stakeholders.

The financial rewards offered by Stenprop should be adequate to attract people of the required caliber, as failure to attract the right people will have a negative impact on the efficiencies of Stenprop and consequently, on the returns to its shareholders. The Company should remunerate fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

## **2. COMPOSITION OF THE COMMITTEE**

- 2.1 The Board shall appoint the Committee chairperson who shall be an independent non-executive director. In the absence of the Committee chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would equally qualify under these terms of reference to be appointed to that position by the Board. The chairperson of the Board shall not be chairperson of the Committee.
- 2.2 The members of the Committee shall be appointed by the Board on the recommendation of the nomination committee (if a nomination committee was constituted by the Board) and in consultation with the chairperson of the remuneration committee. Appointments to the Committee shall be for period of up to three years, which may be extended for no more than two additional three-year periods.
- 2.3 The Committee shall have at least three members, all of whom shall be non-executive directors. The majority of the members shall be independent non-executive directors. The chairperson of the Board may serve on the Committee (but shall not chair the Committee) if he or she was considered independent on appointment as chairperson.

## **3. RESPONSIBILITIES**

The Committee shall determine and agree with the Board the Company’s general policy for the remuneration of the Company’s chairperson, the executive directors and other senior executives including pension rights and compensation payments. In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The Committee will aim to give the executive directors and other senior executives

every encouragement to enhance the Company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.

- 3.1 The remuneration policy should bear in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. It should also promote an ethical culture and responsible corporate citizenship. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company.
- 3.2 When setting remuneration policy for executive directors and other senior executives, the Committee shall review and have regard to the pay and employment conditions across the group, especially when determining salary increases.
- 3.3 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy. It shall, together with the Board, oversee that the implementation and execution of the remuneration policy achieves the objectives of the policy.
- 3.4 The Committee shall 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.
- 3.5 The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determined 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 senior executives and the performance targets to be used.
- 3.6 Within the terms of the agreed policy and in consultation with the chairperson and/or chief executive and/or other non-executive directors as appropriate, the Committee shall determine specific remuneration packages for the chairperson, each executive directors of the Company, the Company Secretary and other senior executives, including but not limited to basic salary, benefits in kind, annual bonuses, if any, performance-based incentives, share incentives, pensions and other benefits. No individual shall be involved in any decisions as to their own remuneration.
- 3.7 The Committee shall review at least on an annual basis the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- 3.8 The Committee shall:
  - ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;

- oversee any major changes in employee benefits structures throughout the group; and
- agree the policy for authorizing claims for expenses from the directors.

3.9 The Committee shall not determine the remuneration or terms of any consultancy agreement of any non-executive director. The remuneration of non-executive directors shall be a matter to be determined by the Board (and/or the shareholders).

3.10 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

3.11 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board.

3.12 The Committee shall consider such other matters as may be requested by the Board and work and liaise as necessary with all other committees of the Board.

#### **4. SHAREHOLDER ACCEPTANCE**

4.1 Every effort should be made to promote acceptance of the necessity for, and benefits of, a realistic realignment of director remuneration. The chairperson, or in his or her absence, an alternate member of the Committee, shall attend the annual general meeting of the Company to answer questions concerning the Committee's work and maintain contact as required with shareholders.

4.2 The Committee shall ensure that provisions regarding disclosure of information, as set out in applicable laws and principles of good corporate governance, are fulfilled and shall produce a remuneration report for inclusion in the Company's annual report. The remuneration report should, to the extent possible, consist of three parts: (i) a background statement; (ii) an overview of the main provisions of the remuneration policy; and (iii) an implementation report containing details of all remuneration awarded to directors during the reporting period.

4.3 The Committee shall liaise with the Board in relation to the preparation of the remuneration report for inclusion in the integrated annual report. The remuneration policy and the implementation report should be tabled every year for separate non-binding advisory votes by shareholders at the annual general meeting.

4.4 The Committee will determine and agree with the Board the measures to take in the event that either the remuneration policy or the implementation report, or both have been voted against

by 25% or more of the voting rights exercised. Such measures shall be included in the remuneration policy and shall provide for taking steps in good faith and with best reasonable efforts towards an engagement process to ascertain the reasons for the dissenting votes and appropriately addressing legitimate and reasonable objections and concerns raised.

## **5. AUTHORITY**

The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **6. MEETINGS AND PROCEDURES**

- 6.1 Unless varied by these Terms of Reference, meetings and proceedings of the Committee shall be governed by the Stenprop's Bye Laws regulating the meetings and proceedings of directors and committees.
- 6.2 Meetings of the Committee shall be held as the Committee deems to be appropriate. However, the Committee should meet at least twice each year. Further meetings may be called by the chairperson of the Committee or any member of the Committee.
- 6.3 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, other than under exceptional circumstances, shall be forwarded to each member of the Committee not less than four working days prior to the date of the meeting. Any supporting documents shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.
- 6.4 Only members of the Committee have the right to attend Committee meetings but other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate. In the ordinary course of events the Committee may invite the chairperson of the Board and the chief executive officer to attend meetings to discuss the performance of other executive directors and to make proposals as necessary.
- 6.5 The Company secretary or his or her nominees shall be 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.

- 6.6 The quorum for a meeting shall be two members present in person or by means of electronic media such as video or telephone conferencing.
- 6.7 Decisions shall be by a simple majority. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 6.8 If a matter that is considered at the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.9 Save where he or she has a personal interest, the chairperson will have a casting vote.
- 6.10 Resolutions in writing signed by all the members of the Committee shall be as valid and effective as a resolution passed at a meeting of the Committee. Such resolutions may be contained in one or more documents in the like form each signed by one or more of the members of the Committee.
- 6.11 The Committee secretary shall take minutes of meetings. Provided there is no conflict of interest and with the consent of the chairman, any director may obtain copies of the Committee's minutes. The Committee chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.12 No Committee attendee shall participate in any discussion or decision in respect of his/her own remuneration.

## **7. GENERAL**

- 7.1 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, 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.
- 7.2 In carrying out its tasks under these terms of reference, the Committee may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 7.3 The Board should ensure that the Committee will have access to professional advice both inside and outside the company in order for it to perform its duties.
- 7.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.

- 7.5 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.6 The Committee shall also serve to evaluate the performance of directors including the chairperson.
- The method of evaluation will be agreed to by the Committee
  - Results of the evaluation will be provided to the chairperson of Stenprop.

## **8. APPROVAL OF THESE TERMS OF REFERENCE**

These terms of reference were last reviewed and approved by the Board on 16 September 2020.