

# AEP-Plc

## Terms of Reference for the Remuneration Committee

### Purpose

- To set, review and recommend to the Board for approval the Company's overall remuneration policy and strategy.
- To set, review and approve in respect of the Chairman, Chief Executive and other Executive Directors;
  - The remuneration policy;
  - Individual remuneration arrangements;
  - Individual benefits, including pension arrangements;
  - Terms and conditions of employment;
  - The terms of any compensation package in the event of early termination of contract;
  - Participation in any cash or share based plans operated by the Company from time to time; and
  - The targets for any performance related cash or share based plans operated by the Company from time to time.
- To review and approve in respect of the other Senior Executives and the Company Secretary:
  - The remuneration policy;
  - Individual remuneration arrangements;
  - Individual benefits, including pension arrangements;
  - Terms and conditions of employment;
  - The terms of any compensation package in the event of early termination of contract;
  - Participation in any cash or share based plans operated by the Company from time to time; and
  - The targets for any performance related cash or share based plans operated by the Company from time to time.
- To approve the rules (and any amendment) and launch of, any Company share, share option or cash based incentive plan and the grant, award, allocation or issue of shares, share options or payments under such plan, subject to final approval by the plan Trustee where necessary.
- To approve changes to the Pension Scheme rules (if any) or changes to its funding and management arrangements with all material changes to be recommended to the Board for approval.
- To recommend to the Board for approval the annual Remuneration Report.
- To review, at least once a year, its own performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- To review annually the adequacy of these terms of reference and to report any proposed changes to the Board for review and approval.

**Membership**

Not less than two non-executive Directors, majority of whom shall be independent as defined in the Combined Code.

**Chairman**

To be appointed by the Board. He/she or other committee member shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities. The Chairman of the Board may not be the Chairman of the Committee.

**Attendees**

By invitation.

**Quorum**

Two, one of whom shall be the Chairman of the Committee or his/her nominee.

**Secretary**

Company Secretary or his/her nominee.

**Frequency of meetings**

At least once a year and more frequently if required.

**Agenda and papers**

The agenda and papers shall be available on request to all members of the Board.

**Reporting procedure**

The Committee shall regularly report to the Board on the matters discussed and the minutes of all meetings shall be received by the Board.

**Delegation**

Subject to any guidelines set from time to time by the Board, the Committee may delegate any or all of its powers and authority as it thinks fit to approve the rules (and any amendment thereof) and establish any share, share option or cash based incentive plan and the grant, award, allocation or issue of shares, share options or cash payments under any such share, share option or cash based incentive plan to any employee of the Company.

**Advisers**

The Committee may obtain, and determine the fees for, any outside legal or other independent professional advice, including the advice of independent remuneration consultants, as it considers necessary in connection with its duties and secure the attendance of external advisers at its meetings.