



Head Office
Central House, Beckwith Knowle
Otley Road, Harrogate
North Yorkshire HG3 1UD

Vp PLC

REMUNERATION COMMITTEE – TERMS OF REFERENCE

Approved by the Board on 29 May 2024

Reference to 'the Code' shall mean the UK Corporate Governance Code, published by the Financial Reporting Council in July 2018 (as amended from time to time)
Reference to 'the Committee' shall mean the Remuneration Committee
Reference to 'the Board' shall mean the Board of Directors of Vp plc

I DUTIES

The Committee shall:

- I.1 Determine, agree with the Board and keep under review the remuneration policy for, and set the remuneration of, the Chair of the Company and Executive Directors in accordance with the Principles and Provisions of the Code.
- I.2 Design remuneration policies and practices to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.
- I.3 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- I.4 No Director shall be involved in any decisions as to their own remuneration outcome. The Board should determine the remuneration of the Non-Executive Directors.
- I.5 Within the framework of the overall policy, determine the remuneration package of the Chair of the Company and each Executive Director, including basic salary, participation in short and long-term incentive plans, bonuses and other benefits (in cash or in kind).
- I.6 Within the framework of the overall policy, determine the pension arrangements applicable to Executive Directors, including the level of contributions by the Company.
- I.7 Determine the targets applicable to short and long-term incentive plans in which the Executive Directors participate.
- I.8 Review the design of, and determine the targets for, all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether



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awards will be made, and if so, the overall amount of such awards, the individual awards for Executive Directors, and the performance targets to be used.

- I.9 Monitor and assess any performance conditions applicable to any long-term incentive awards granted under any schemes or plans adopted by the Company. Ensure that performance conditions are fully explained, aligned to the Company's purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value.
- I.10 Ensure that terms on cessation of Executive Director employment are reasonable and maintain an appropriate balance between fairness and the Company's obligation to mitigate loss. Consider post-employment shareholding requirements.
- I.11 Ensure that the Company complies with its disclosure obligations relating to remuneration as required by law and regulation from time to time and taking account of the relevant provisions of the Code.
- I.12 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 obtain reliable, up to date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations (at the expense of the Company but within any budgetary restraints imposed by the Board).
- I.13 Review workforce remuneration and related policies and the alignment of incentives and rewards with culture.
- I.14 Work and liaise with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- I.15 Review the on-going appropriateness and relevance of the remuneration policy.
- I.16 Ensure, where relevant, that any payments made in respect of any remuneration policy are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval.
- I.17 Agree the policy for authorising claims for expenses from any member of the Board.
- I.18 Review the pension arrangements for the Executive Directors and consider (i) the alignment of pension contribution rates, or payments in lieu, for Executive Directors with those available to the workforce and (ii) the pension consequences and associated risks to the Company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for directors close to retirement, when compared to workforce arrangements.
- I.19 Approve the term of the service contracts, the duration of which shall not exceed one year's notice period, for the Executive Directors and any material amendments to those contracts.



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1.20 Review workforce remuneration and related policies and the alignment of incentives and rewards with culture. Engage with the wider workforce to explain how decisions on executive pay reflect wider Company pay policy. Oversee any major changes in remuneration and employee benefit structures throughout the Company.

2 MEMBERSHIP AND MEETINGS

2.1 The Committee shall be appointed by the Board and shall be made up of at least three members, all of whom are independent non-executive directors.

2.2 A 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

2.3 The Chairman of the Board will normally be invited to attend other than when he is personally the subject under discussion. Other individuals, including external advisors, may be invited to attend for all or part of any meeting as and when appropriate.

2.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

2.5 The Committee shall appoint a Secretary to the Committee.

2.6 Appointments to the Committee shall be for a period of up to three years, such period being extendable by additional three year periods at the discretion of the Committee, so long as members continue to be independent and meet the criteria for membership of the Committee.

2.7 The Committee Chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

2.8 The Committee shall meet at least once each year and at such other times as the Chairman of the Committee shall require.

2.9 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance. Minutes of Committee meetings shall be circulated promptly to all members of the Board.

2.10 The Secretary shall ascertain the existence of any conflicts of interest and minute them accordingly.

2.11 The Committee will make publicly available these terms of reference by placing them on the Company's website, setting out its delegated responsibilities, which should be reviewed and where necessary, updated annually.



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3 ANNUAL GENERAL MEETING

- 3.1 The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any questions from shareholders relating to the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.

4 REPORTING

- 4.1 The Chair of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion where necessary.
- 4.3 The Committee shall provide a description of its work in the Annual Report in line with the requirements of the Code.
- 4.4 The Committee shall:
- (a) produce a report to shareholders annually on matters relating to executive remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules (as published by the Financial Conduct Authority) (the "**Listing Rules**") and any other relevant statutory, regulatory or governance codes and incorporate:
 - (i) an annual statement by the Committee's chair and annual report on directors' remuneration (together, "**annual remuneration report**"); and
 - (ii) the directors' remuneration policy when it must be submitted for approval ("**directors' remuneration policy**") and, in any other case, either the directors' remuneration policy, a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website;
 - (b) submit the directors' remuneration policy for approval on a binding basis by the Board and shareholders:
 - (i) every three years;
 - (ii) in any year in which there is a change to the policy;
 - (iii) if shareholder approval was not obtained when last submitted; and



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- (iv) if majority shareholder approval was not achieved on the last submitted annual remuneration report; and
 - (c) submit the annual remuneration report for approval on an advisory basis by the Board and shareholders at the annual general meeting each year.
- 4.5 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connections it has with the company or individual directors.

5 OTHER MATTERS

The Committee shall:

- 5.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 5.2 be provided with such training as may reasonably be required, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 5.3 give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
- 5.4 oversee any investigation of activities which are within its terms of reference.
- 5.5 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively within the context of the Group's requirements and recommend any changes it considers necessary to the Board for approval.

6 AUTHORITY

- 6.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties after informing the Chief Executive of its intention to do so. It would normally channel such enquiries through the Chairman of the Board.
- 6.2 The Committee is also authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, after informing the Chair of the Company it intends to do so.