

CALEDONIAN TRUST

PLC

TERMS OF REFERENCE – REMUNERATION COMMITTEE

1. Constitution

This remuneration committee is established by resolution of the board in accordance with the Articles of Association of the Company (“Committee”). In these terms of reference, “Group” means the Company and its subsidiaries from time to time.

2. Membership

- 2.1 The Committee shall consist of at least two directors as appointed by the board.
- 2.2 The chair of the Committee shall be appointed and removed by the board.
- 2.3 If executive directors are involved in advising or supporting the Committee, that role should be clearly separated from their role within the business and conflicts of interest should be recognised and avoided where possible.

3. Duties

The Committee shall carry out its duties for the Company and the Group and shall perform its duties taking into account all relevant laws, regulations and codes of practice. The duties of the Committee shall be to review and determine on behalf of the board and the shareholders:

- 3.1 The framework or broad policy regarding remuneration and the entire individual remuneration packages for each of the executive directors including salaries, bonuses, incentive payments, share options, pensions and determine their relevant terms of employment;
- 3.2 Any pension arrangements for executive directors;
- 3.3 Any termination payments and the severance terms for executive directors ensuring that terms are fair to the individual and the Company and that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 3.4 The provision of, and changes to, benefits under the terms of the service agreements of executive directors;
- 3.5 Any other matters relating to the above referred to the Committee by the board;
- 3.6 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee may

appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company;

- 3.7 The Committee shall endeavour to ensure that the executive directors are provided with appropriate remuneration and other incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group; and
- 3.8 The Committee shall ensure that its terms of reference are publicly available and include an explanation of its role and the authority delegated to it by the board.

4. Authority

- 4.1 The Committee may, at the expense of the Company, investigate the remuneration paid by other companies of a similar size in a comparable industry sector and make such other investigations as it considers relevant to fulfil its terms of reference.
- 4.2 The Committee may seek any information it requires from any employee of the Group in order to perform its duties.
- 4.3 The Committee may, at the expense of the Company, obtain internal or external legal advice or other independent professional advice on any matter within its terms of reference as it considers necessary.
- 4.4 The Committee may take any action in relation to any share-incentive scheme or similar arrangement adopted by the Company in accordance with the terms of that scheme.

5. Reporting

- 5.1 The Committee chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee chair shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.