

**CORPORATE POLICY**  
**TERMS OF REFERENCE OF THE**  
**REMUNERATION COMMITTEE OF**  
**MEDICLINIC INTERNATIONAL PLC**

References to the “**Committee**” shall mean the Remuneration Committee.

References to the “**Board**” shall mean the Board of Directors.

## **1 MEMBERSHIP**

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee of the Company and in consultation with the chairman of the Committee (the “**Committee Chairman**”). The Committee shall be made up of independent non-executive directors with a minimum membership of three. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman of the Board.
- 1.2 Only members of the Committee, as well as one (1) Shareholder Observer or his alternative (as defined in the relationship agreement entered into between the Company and Remgro Limited on 14 October 2015), have the right to attend Committee meetings. However the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, Group Executive: Reward, external advisers and any other individuals as the Committee deems appropriate may be invited to attend all or part of any Committee meeting as and when necessary.
- 1.3 Subject to the normal re-election of directors, appointments to the Committee shall be for a period of 1 (one) year, which may be extended for a further 1 (one) year period provided the director continues to meet the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director who has previously served on a remuneration committee for at least 12 (twelve) months. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. Neither the Chairman of the Board nor any former executive director of the Company shall be the Committee Chairman.

## **2 SECRETARY**

- 2.1 The Committee shall nominate a Committee secretary (the “**Committee Secretary**”) who need not be the Company Secretary or a member of the Committee. The Committee Secretary shall attend all its meetings and shall prepare and circulate to the Committee members (and invitees, as appropriate) all information and papers no later than 5 (five) business days prior to the meeting to enable them to give full and proper consideration to the issues to be considered at the relevant meeting.

## **3 QUORUM**

- 3.1 The quorum necessary for the transaction of business shall be two members, provided that at least the majority of the members of the Committee are represented. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.
- 3.2 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.
- 3.3 A member of the Committee shall not be counted in the quorum where decisions are to be made or discussions are to take place concerning such member’s remuneration.
- 3.4 All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

## **4 MEETINGS**

- 4.1 The Committee shall meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters and, in any event, not less than twice in each financial year. Any member of the Committee may request a meeting if he/she considers that one is necessary or expedient.

## **5 NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be called by the Committee Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no later than 5 (five) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6 MINUTES OF MEETINGS**

- 6.1 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.2 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 it would be inappropriate to do so.

## **7 ANNUAL GENERAL MEETING**

- 7.1 The Committee Chairman shall attend the Company's annual general meeting to respond to any shareholder questions on the Committee's activities.

## **8 PURPOSE**

- 8.1 The purpose of the Committee is to:
- 8.1.1 set the remuneration of the Company's Chairman of the Board, executive directors and other Executive Committee members, together with such other members of the executive management as it is mandated to consider;
- 8.1.2 demonstrate to the shareholders of the Company that the remuneration of the principal executive directors of the Company and other senior members of the executive management of the Company and its subsidiaries is set by a committee of the Board whose members have no personal interest in the outcome of the decision of the Committee and who will have due regard for the interests of shareholders.

## **9 DUTIES**

- 9.1 The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee shall:
- 9.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman of the Board, executive directors and other Executive Committee members, together with such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board, taking into consideration the Company's Articles of Association.

- 9.1.2 In order to avoid conflicts of interest: (i) no director or manager shall be involved in any decisions as to their own remuneration; and (ii) to the extent that an executive director or non-independent non-executive director is invited to join meetings of the Committee, he/she shall absent himself/herself and take no part in the discussions concerning his/her own remuneration or other benefits or matters within the remit of the Committee;
- 9.1.3 in determining such remuneration policy, the Committee shall:
- (1) take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance;
  - (2) ensure that the remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success;
  - (3) ensure that members of the executive management team are rewarded fairly and responsibly by aligning their remuneration to the Company's purpose, values and culture and linking it clearly to the successful delivery of the Company's long-term strategy and their individual contribution to the success of the Company; and
  - (4) review and have regard to remuneration and related policies for the workforce across the Group and the costs to the Company, including recruitment, services contracts, severance policies, pension and other benefits.
- 9.1.4 review the ongoing appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- 9.1.5 within the terms of the agreed policy and in consultation with the Chairman of the Board and/or Chief Executive Officer and/or the Chief Human Resources Officer, as appropriate, determine the total individual remuneration package (including as relevant, bonuses, pension arrangements, incentive payments, share options or other share awards) of the Chairman of the Board, each executive director and other Executive Committee members, and such other members of the executive management as it is designated to consider;
- 9.1.6 obtain to the extent practicable, reliable, up-to-date information about remuneration in other companies comparable to the Company. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 9.1.7 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 annually assess their performance and independence;
- 9.1.8 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;
- 9.1.9 determine a formal policy for post-employment shareholding requirements on both unvested and vested shares and review its ongoing appropriateness and relevance;
- 9.1.10 review the design of, and any changes to, 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, other Executive Committee members and such other members of the executive management as it is designated to consider, together with the performance targets to be used;
- 9.1.11 determine, monitor and assess performance conditions to be applied under any performance related pay schemes operated by the Company;

- 9.1.12 ensure that remuneration schemes and the remuneration policy include provisions that enable: (i) the Committee to use discretion to override formulaic outcomes, taking into account Company and individual performance, and wider circumstances; and (ii) the Company to recover and/or withhold sums or share awards in specified circumstances;
  - 9.1.13 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives and ensure their contribution rates are aligned with those of the workforce;
  - 9.1.14 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
  - 9.1.15 oversee and advise on any major changes in employee benefit structures throughout the Company or Group;
  - 9.1.16 agree the policy for authorising claims for expenses from the directors of the Company; and
  - 9.1.17 consider any matter specifically referred to the Committee by the Board.
- 9.2 The Committee shall not be authorised to appoint or terminate the employment of directors or senior executives and shall not be responsible for making nominations to the Board.

## **10 REPORTING RESPONSIBILITIES**

- 10.1 The Committee Chairman shall report formally to the Board on all matters within the duties and responsibilities of the Committee, after each meeting.
- 10.2 The Committee shall:
- 10.2.1 report to the Board on workforce reward, incentives and conditions to support the Board's monitoring of the alignment of the company policies and practices with culture and strategy;
  - 10.2.2 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
  - 10.2.3 produce an annual report of the Company's remuneration policy and practices, which will form part of the Company's annual report and ensure each year that it is put to shareholders for approval at the Company's annual general meeting; and
  - 10.2.4 produce a remuneration policy which shall be included in the Company's annual report and ensure it is put to shareholders for approval at the AGM every three years or whenever there is a change to the policy.

## **11 OTHER MATTERS**

- 11.1 The Committee shall:
- 11.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
  - 11.1.2 be provided with appropriate timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - 11.1.3 give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;

11.1.4 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

11.1.5 make publicly available its terms of reference explaining clearly the role of the Committee and the authority delegated to it by the Board.

## **12 AUTHORITY**

12.1 The Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.