



**UDG Healthcare plc
Remuneration Committee
Terms of reference**

1. Role of the Committee

- 1.1. The role of the Committee is to enable the Board to fulfil its responsibility to shareholders of ensuring that the remuneration policies and practices of the Company reward senior executives fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.
- 1.2. The Committee shall carry out all duties set out in Clause 8 below, and shall have responsibility for:
 - 1.2.1. Remuneration policies and framework;
 - 1.2.2. Remuneration practice and its cost to the Company;
 - 1.2.3. Recruitment, service contracts and severance policies relating to the Senior Executives (as defined below);
 - 1.2.4. Pension and superannuation arrangements and other benefits including oversight of any change to the structure of Group-wide pensions and benefits; and
 - 1.2.5. The engagement and independence of external remuneration advisors.

2. Membership

- 2.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations and Governance Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors of the Company.
- 2.2. The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nominations and Governance Committee and shall be an independent non-executive director.
- 2.3. Members of the Committee, in addition to any other Non-Executive Director whose request to attend has been approved in advance to the Chairman, shall have the right to attend Committee meetings. Other individuals such as the Chairman of the Board, the Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.4. All Directors shall have the right to discuss any matter of relevance with the Chairman.
- 2.5. The Board shall appoint members of the Committee on the recommendation of the Nominations and Governance Committee in consultation with the Chairman. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 2.6. The Chairman shall, in conjunction with the Nominations and Governance Committee, review membership of the Committee annually as part of the annual performance evaluation of the Committee.

3. Secretary

3.1 The Company Secretary, or such other person as the Committee shall consider appropriate, shall be Secretary of the Committee.

4. Quorum

4.1 The 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. All or any members of the Committee may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in quorum accordingly.

5. Notice

5.1 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be circulated to each member of the Committee and any other person invited to attend no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at that time.

6. Meetings

6.1 Meetings shall be called by the Company Secretary at the request of the Committee Chairman.

6.2 The Committee shall meet at least twice per year and additionally as required.

6.3 In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.

6.4 All materials relevant to any Committee meeting shall be made available to all Directors and the availability of materials shall be communicated in advance to all Directors in the appropriate manner in each case, subject to any exceptions as may be deemed appropriate by the Chairman.

6.5 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, and circulate those minutes to members in a prompt manner.

7. Annual General Meeting

7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

8. Duties of the Committee

The Committee shall:

8.1 In determining remuneration policy, take into account all factors, which it deems necessary to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual

contributions to the success of the Group, having regard to risk appetite, aligned to the Group's long term strategic goals and without paying more than is necessary.

- 8.2 Review the ongoing appropriateness and relevance of the remuneration policy in the context of market developments and trends across the Group.
- 8.3 In accordance with the Company's remuneration policy, determine and recommend to the Board the remuneration and incentives (where relevant) of the Chairman of the Board, the Chief Executive, and other executive Board members.
- 8.4 The Committee will in conjunction with the Chief Executive, approve remuneration for the remaining members of the Group's senior executive team including the managing directors of each of the significant divisions of the Group (as determined by the Committee) (such senior executives, together with the Chief Executive and other Executive Board members, the "Senior Executives").
- 8.5 Non-executive director fees shall be a matter for the Chairman of the Board and the Chief Executive. No individual shall be involved in any decisions as to their own remuneration.
- 8.6 Approve the design of, and determine targets for, any performance related pay Schemes in which the Senior Executives participate and approve the total annual payments made under such schemes.
- 8.7 Review the design of 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 level of awards to each individual and the performance targets to be used. To the extent that share incentive arrangements are proposed in the context of a remuneration package for any current or future employee of the Group who is not, or is not proposed to become, a Senior Executive at such time, such arrangements may be discussed, and agreed by the Chairman, the Chief Executive and the Head of Human Resources outside of Committee.
- 8.8 Determine the policy for, and scope of, pension arrangements for each Senior Executive, as determined by the Board.
- 8.9 Ensure that contractual terms for Senior Executives 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.
- 8.10 In determining such packages and arrangements, give due regard to any relevant legal requirements (for example ensuring that disclosure of remuneration is clear and transparent), including, the UK Corporate Governance Code, UK Listing, Prospectus and Disclosure and Transparency Rules, UK's Large & Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 (BIS Regulations), and other guidelines issued by relevant organisations and anything else deemed appropriate by the Committee.
- 8.11 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 for obtaining reliable, up-to-date information about remuneration in other comparable companies.
- 8.12 Agree the policy for authorising expenses for the Chairman and Chief Executive.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all significant matters within its duties and responsibilities.
- 9.2 The Committee shall make recommendations to the Board that it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall produce an annual report on the Company's remuneration policy and practices for submission to the Board. The report will form part of the Company's Annual Report.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance if required;
- 10.2 shall be provided with appropriate and timely training including an induction programme for new members;
- 10.3 review its terms of reference as required;
- 10.4 review its own effectiveness on an annual basis; and
- 10.5 undertake other related duties as agreed with the Board.

11. Authority

The Committee is authorised by the Board to:

- 11.1 investigate any activity within its terms of reference;
- 11.2 obtain, at the Group's expense, independent legal or other professional advice when the Committee believes it necessary to do so;
- 11.3 seek any information that it requires from any employee of the Group in order to perform its duties;
- 11.4 make recommendations to the Board on any area in its remit where action or improvement is necessary to achieve maximum effectiveness; and
- 11.5 ensure the Company and Committee Chairman maintains contact as required with its principal shareholders about remuneration.