

**LUXFER HOLDINGS PLC**

**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

Reference to “the Committee” shall mean the Remuneration Committee.

Reference to “the Board” shall mean the Board of Directors.

Reference to “the Chairman” shall mean the Chairman of the Remuneration Committee from time to time.

Reference to the ‘Articles’ shall mean the Articles of Association of the Company.

Reference to the ‘Group’ shall mean a reference to the subsidiaries of the Company that form the Luxfer Group of companies from time to time.

**CONSTITUTION:** The Remuneration Committee was constituted by resolution of the Board on 23 July 1999.

**MEMBERSHIP:** The Committee shall be appointed by the Board and shall comprise any non-executive directors of the Company and the chairman of the Board if he or she is considered an independent on appointment as chairman of the Board. The members of the Committee shall be independent of the management of Company.

**CHAIRMAN:** The Chairman of the Company (to the extent that he is a non-Executive Director) will be the Chairman of the Committee. In the event that the Chairman of the Company is an Executive Director, the Board shall appoint one of the non-Executive Directors to be Chairman of the Committee. In the absence of the Chairman, the remaining Committee members shall appoint one of themselves as Chairman.  
The quorum for meetings of the Committee is two members of the Committee

**QUORUM:** 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.

**SECRETARY:** The Secretary of the Company will be the Secretary of the Committee. At meetings where the Committee desire to discuss matters confidentially, a non-executive director shall carry out the functions of the secretary.

**AGENDA:** The Secretary in conjunction with the Chairman shall draw up an agenda, which shall be circulated at least five days before each meeting to members of the Committee.

**ATTENDANCE:** The chief executive shall have the right to attend and speak at meetings of the Committee. Others shall have the right to attend and speak by prior arrangement with the Chairman. External advisers may be invited to attend all or part of any meetings as and when appropriate.

No Committee attendee shall participate in any discussion or decision on their own remuneration

**FREQUENCY OF MEETINGS;** Meetings will normally be scheduled annually with the Board timetable and no separate notice given except in relation to additional meetings required to be held in which case a minimum of 5 days notice shall normally be given. If the matter is urgent and cannot wait the provisions of the 'Decisions Taken Between Scheduled Board meetings' will apply construing references to the chairman as reference to the Chairman and references to the Board as references to the Committee.

The Committee shall meet at least twice a year provided that in any event one meeting will be held (i) in January/February of each year to deal with bonus issues; (ii) one meeting immediately before the submission of the Company's annual report and accounts to the Board for approval if at any time the Company is required by any law or regulation to provide a remuneration committee report; and (iii) otherwise at such other times of the year as the Chairman shall require. The Chairman or the Secretary of the Committee shall call a meeting of the Committee if so requested by any Committee member, the Chief Executive or by the Board.

## MINUTES:

The Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interests shall arise when appropriately redacted Minutes may be circulated to a Board member who is conflicted.

## RESPONSIBILITIES:

The Committee shall determine and agree with the Board the framework or broad policy of the Company and the Group, on executive remuneration and its cost and specific remuneration packages for each of the Executive Directors.

In doing so the members of the Committee shall give due regard to the comments and recommendations of the Combined Code as well as the Stock Exchange Listing Rules and associated guidance and any other applicable rules or guidance insofar as they are applicable to the Company and Group.

The objectives of the policy shall be to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company and the Group;

## DUTIES:

Without prejudice to the generality of the foregoing Responsibilities, the Committee shall:

- (a) in determining such policy, take into account factors which it deems necessary;
- (b) approve the design of, and determine targets for, any performance related pay schemes operated by the Company in respect of the Executive Directors which will form the broad framework for performance related pay schemes in the Group;
- (c) review the ongoing appropriateness and relevance of the remuneration policy of the Company and the Group having regard to relevant market comparisons and practice;

(d) ensure that senior executives' remuneration policies and practice facilitate the employment of senior executives and managers and for this purpose the Chief Executive shall make a report to the Committee annually on the current level of pay and benefits of those persons who report directly to the Executive Directors ;

(e) receive evidence on internal and external movements in remuneration, options and other benefits and review and note annually the remuneration trends across the Company and the Group;

(f) to the extent it deems necessary to fulfil its obligations, commission surveys and reports aimed at establishing market position or exploring particular aspects of remuneration and in so doing will be under a duty to do so at reasonable cost;

(g) within the terms of the agreed policy and in consultation with the Chief Executive (where appropriate) determine and approve the total individual remuneration packages including bonuses, share options, pension rights, service contracts and compensation payments of Executive Directors and specific remuneration packages on appointment only of Divisional Managing Directors or equivalent overseas executives (where appropriate);

(h) determine the terms of any compensation package in the event of early termination of the contract of any Executive Director and 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 has been recognised and approve any unusual, excessive or out of the ordinary compensation packages offered to senior executives

(i) in relation to the Company's share option schemes:

- decide whether and, in what amount, grants of options should be made under the Company's share option schemes to eligible employees
- on the grant of any such options, to determine whether the exercise of such options should be conditional on the satisfaction of an objective performance condition, determine if such conditions have been satisfied prior to exercise or if they should be amended, relaxed or waived in

accordance with the discretions granted to the Committee under the terms of any such option schemes;

- to otherwise make any determinations, exercise any discretions, make any decisions and take all such actions pursuant to the provisions of the Company's share option schemes and make any alterations to such schemes as the Committee shall determine in accordance with the provisions of such share options schemes;

(j) review the design of and monitor employee share schemes in light of legislative and market developments and overall remuneration policy oversee any major changes in employee benefits structures throughout the Company and the Group; and

(l) ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

**RECOMMENDATIONS  
TO THE BOARD:**

The Chairman shall report formally to the Board on the Committees proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvements are needed.

If required by law or regulation or a decision of the Board, the Committee shall produce an annual report of the Company's remuneration policy and practices, which will form part of the Company's annual report and ensure that it is put to the shareholders for approval at the AGM. Otherwise, the Committee shall review that part of the annual report to the Company's shareholders setting out the Company's policy on executive directors' remuneration, details of individual remuneration and other terms and conditions.

**AUTHORITY:**

The Committee has authority to exercise all the powers of the Board under the Articles of the Company, to authorise payment of remuneration, pensions or other compensation to the Executive Directors of the Company. The terms of reference of the Committee do not encompass decisions to employ or dismiss Executive Directors.

The Committee is authorised by the Board to seek any information it requires from any employee of the Company and the Group in order to perform its duties.

The Committee shall be entitled to seek appropriate professional advice inside and outside the Company and the Group at reasonable cost.

**NON EXECUTIVES:**

The Board shall have responsibility for settling remuneration packages for non-executive directors and the Chairman of the Board subject to any limits set out in the Company's Articles.