

DEVRO plc (“the Company”)

Executive Directors’ Remuneration Committee Terms Of Reference

1. Membership

- 1.1 The Executive Directors’ Remuneration Committee (“the Committee”) shall comprise of at least two members, each of whom shall be appointed by the Board of Directors of the Company (“the Board”).
- 1.2 All members of the Committee shall be non-executive directors who are free from any business or other relationship which could interfere with the exercise of their independent judgement.
- 1.3 In addition to the Committee members appointed pursuant to paragraphs 1.1 and 1.2 above, a non-executive Chairman may be a member of the Committee provided he/she was independent when he/she first joined the company.
- 1.4 The Board should appoint one of the Committee members, who has served on a remuneration committee of a UK listed company for at least 12 months, (but not the non-executive Chairman) as the Committee Chairman.

2. Secretary

- 2.1 The Company Secretary shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two.

4. Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.
- 5.2 The Chief Executive shall have the right to address any meeting of the Committee, other than a meeting at which his own terms are being finalised; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 6.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board.

7. Annual General Meeting

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

8. Duties

- 8.1 The Committee shall:

- 8.1.1 determine an overall strategy for remuneration and set the policy for the remuneration of the executive directors and the senior management population. The senior management population is defined as the company secretary, executive committee and such other individuals as the Board designate;
- 8.1.2 in determining the remuneration policy and implementation of that policy take into account all factors that it deems necessary including:
 - 8.1.2.1 relevant legal and regulatory requirements, investor guidelines and the provisions and recommendations of the UK Corporate Governance Code and associated guidance;
 - 8.1.2.2 the Group wide remuneration policy and employment conditions throughout the Group, including, but not limited to, considering the relationship between Executive Directors' packages and those of their direct reports and of the wider workforce;
 - 8.1.2.3 the policy's clarity, simplicity, risk alignment, predictability, proportionality and alignment with culture; and
 - 8.1.2.4 the views of shareholders and stakeholders;

- 8.1.3 ensure the remuneration policy is compatible with risk policies and systems;
- 8.1.4 ensure the remuneration policy has robust clawback policies in place;
- 8.1.5 take into account that the objective of the policy is to promote the long-term sustainable success of the Group and therefore ensure the policy is aligned with the Company's purpose, long-term strategic goals and values and supports the desired culture of the Group;
- 8.1.6 recognise and manage potential conflicts of interest, in particular when receiving views from members of the executive management or consulting with the Chief Executive about its proposals;
- 8.1.7 within the terms of the agreed policy, determine the total individual remuneration package of each executive director and member of the senior management population;
- 8.1.8 review the design of all variable pay plans for approval by the Board and shareholders and ensure the plans promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests;
- 8.1.9 for all variable pay plans ensure there is scope for discretion to be applied by the Committee in relation to any payments under such plans;
- 8.1.10 determine awards under the Devro plc 2009 Deferred Share Bonus Plan;
- 8.1.11 determine metrics and targets for any performance related bonus schemes for executive directors and member of the senior management population as well as any payments thereunder;
- 8.1.12 determine metrics and targets for, and all awards under, the Devro 2013 Performance Share Plan for executive directors, and the senior management population and the overall amount and structure of awards to wider Group employees;
- 8.1.13 determine the policy for and scope of pension arrangements for executive directors and the senior management population, taking into account pension contribution rates for the wider workforce;
- 8.1.14 determine the policy for service agreements for executive directors and the senior management population, and termination payments including specific payments under the policy;
- 8.1.15 determine that all provisions regarding disclosure of remuneration including pensions, as set out in Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations") and the UK Corporate Governance Code are fulfilled;
- 8.1.16 assist the Board in producing a remuneration report to shareholders setting out the Company's policy and disclosure on senior remuneration as required by the Regulations and other associated legislative or regulatory requirements. The Committee shall ensure that each year the

remuneration report to shareholders (excluding the directors' remuneration policy) is put to an advisory shareholders' vote at the Annual General Meeting and that at least every three years the Directors' Remuneration Policy is put to a binding shareholders' vote at the Annual General Meeting;

- 8.1.17 review the Group wide remuneration policy including the pay and employment conditions elsewhere in the Devro Group and the alignment of incentives and rewards with the culture of the Group. Ensure the policy for the executive management is aligned with the Group wide remuneration policy. Provide input into any proposed changes to the Group wide remuneration policy or any specific part thereof; and
- 8.1.18 consider what (if any) engagement with the workforce is appropriate to explain the alignment between the executive remuneration pay policy and the wider workforce pay policy.

9. Authority

- 9.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company or the Devro Group in order to perform its duties.
- 9.2 In connection with its duties the Committee is required by the Board to select, set the terms of reference and appoint Remuneration Consultants, at the Company's expense.
- 9.3 In connection with its duties the Committee may seek legal, tax, and/or accounting advice at the Company's expense.

Approved at Board meeting, 7 December 2018