



# **TERMS OF REFERENCE REMUNERATION COMMITTEE**

**ADOPTED BY THE BOARD ON 28<sup>TH</sup> OF MAY 2015**

**ORASCOM CONSTRUCTION PLC**

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## **1. INTRODUCTION**

- (a) The Board shall establish and maintain the Remuneration Committee, as a standing committee of the Board, to assess the remuneration of Directors (including the chairman). The main roles and responsibilities of the Remuneration Committee shall be set out in these written terms of reference (**Terms of Reference**) and be made available on the Company's website.
- (b) The Terms of Reference have been prepared by the Board pursuant to Clause 2 of the By-Laws.
- (c) All capitalised terms and expressions shall have the meanings set out in Clause 11 of the By-Laws, except where a contrary meaning is set out below.

## **2. RESPONSIBILITIES**

The Remuneration Committee shall be responsible for advising the Board in relation to any of the responsibilities and proposed resolutions as referred to in Clause 4.

## **3. COMPOSITION**

- (a) The Remuneration Committee shall comprise at least three (3) members, with a majority of those members being independent Non-Executive Directors. Independence of Directors shall be assessed in accordance with Clause 3.5 of the By-Laws.
- (b) The chair of the Remuneration Committee shall be an independent Non-Executive Director.
- (c) The Chairman of the Board may be a member of the Remuneration Committee, provided that he is not the chair of the committee.
- (d) The Company Secretary shall extend his support and responsibilities to the Remuneration Committee.

## **4. DUTIES AND POWERS**

- (a) The Remuneration Committee shall have the following responsibilities:
  - (i) setting the remuneration for all Executive Directors and the Chairman;
  - (ii) recommending all other Directors' remuneration to the board;
  - (iii) recommending to the Board and monitoring the level and structure of remuneration for Senior Management Members and other key control functionaries such as the risk or compliance officers and auditors;
  - (iv) ensuring that the independence and objectivity of the decision making by such control functionaries is not compromised or impaired by their remuneration structure; and
  - (v) appointing any external consultants in respect of executive Directors' remuneration. Where external consultants are appointed, a statement should be made available of whether they have any other connection with the Company.
- (b) The Remuneration Committee may only exercise such powers as are explicitly attributed or delegated to it by the Board and it may never exercise powers beyond those exercisable by the Board as a whole.

- (c) If the Remuneration Committee makes use of the services of a remuneration consultant in carrying out its duties, it shall verify the independence of that the consultant.

## **5. REMUNERATION POLICY**

- (a) In drawing up the remuneration policy and advice to the Board as mentioned in Clause 4(a) above, the Remuneration Committee shall ensure that the remuneration structure is aligned with the long-term interests of the Company.
- (b) The Remuneration Committee's decisions and recommendations shall be informed by the following remuneration policy:
  - (i) remuneration of key control functionaries of the Company shall not be substantially linked to the profits generated by business or trading units whose activities are subject to monitoring and oversight by those functionaries;
  - (ii) Directors' remuneration should be sufficient to attract and retain Directors of appropriate quality, taking into account the nature, scale and complexity of the business of the Company. Directors' remuneration shall be designed to enable effective direction and leadership to the Company in managing its business and affairs successfully;
  - (iii) the performance-related elements of remuneration should form an appropriate proportion of the total remuneration package of Executive Directors and should be designed to promote the long term interests and viability of the Company by aligning their interests with those of shareholders and other key stakeholders and to give these Directors appropriate incentives to perform at the highest levels;
  - (iv) levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their respective roles and the objectivity of judgement in their decision making required by them;
  - (v) the Company should avoid paying more than is necessary when it attempts to incentivise its Directors.
  - (vi) in considering whether to grant share options to Non-Executive Directors, a Company shall consider whether the granting of the share options will impair the objectivity or independence of the Non-Executive Directors' decision making; and
  - (vii) generally, where Non-Executive Directors' remuneration include share options, rights resulting from the exercise of share options should be subject to appropriate retention and vesting periods, until at least one year after the Non-Executive Director leaves the Board.
- (c) The Company's Annual Report shall contain sufficient information relating to the overall remuneration policy and strategy of the Company. It shall demonstrate that the remuneration, particularly of the Executive Directors and Senior Management Members properly links rewards to corporate and individual performance and outcomes and that any performance-based remuneration granted is structured in such a way so as to not induce inappropriate risk taking by such individuals.

## **6. MEETINGS**

- (a) The Remuneration Committee shall meet as often as required for a proper functioning of the Remuneration Committee. The Remuneration Committee shall meet at least once per year.
- (b) Meetings of the Remuneration Committee shall be called by the Company Secretary and chair of the Remuneration Committee.

- (c) Appropriate notice of the meetings shall be made to the Remuneration Committee's members and the agenda for the meeting shall be circulated to the Remuneration Committee's members at least seven (7) business days before the date of the meeting.
- (d) The chair of the Remuneration Committee shall set the agenda for meetings, chair the Remuneration Committee meetings and ensure and actively promote the proper functioning of the Remuneration Committee.

## **7. REPORTING TO THE BOARD**

- (a) Where the Board makes a request for information from the Remuneration Committee, the Remuneration Committee shall provide the Board with a report of its deliberations, findings and recommendations. The reports of meetings of the Remuneration Committee are distributed among all members of the Board as soon as possible after the meeting concerned.
- (b) The reports of the meetings of the Remuneration Committee shall be circulated to all Non-Executive Directors as soon as possible after a meeting.
- (c) At the request of the Board, the chair of the Remuneration Committee shall provide the Board with information and findings that materialise through the discussions of the Remuneration Committee.
- (d) The chair of the Remuneration Committee shall be available in the Annual General Meeting to answer any shareholder questions relating to the duties and responsibilities of the Remuneration Committee.
- (e) Every Non-Executive Director has unrestricted access to all records of the Remuneration Committee.

## **8. MISCELLANEOUS**

- (a) The Remuneration Committee shall periodically review the Terms of Reference and report its conclusions to the Board. Where appropriate, the Remuneration Committee shall recommend any proposed changes to the Board.
- (b) The Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Remuneration Committee.