

## **WILLIAMS GRAND PRIX HOLDINGS PLC ("COMPANY")**

### **REMUNERATION AND NOMINATION COMMITTEE - TERMS OF REFERENCE**

#### **1. CONSTITUTION**

These terms of reference were adopted at a full meeting of the board of directors held on 7 March 2013.

#### **2. DUTIES AND TERMS OF REFERENCE - REMUNERATION**

- 2.1 The Committee shall determine and agree with the board the framework or broad policy for the remuneration of the Company's Chief Executive, the executive directors, the company secretary and 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 executive members of the board. No director or manager shall be involved in any decisions as to their own remuneration;
- 2.2 In determining such policy, the Committee shall take into account all factors which it deems necessary. The objective of such policy shall be 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 Company;
- 2.3 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy;
- 2.4 The Committee shall 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;
- 2.5 The Committee shall review the design of all share incentive plans for approval by the board and shareholders and 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 and other senior executives and the performance targets to be used;
- 2.6 The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 2.7 The Committee shall 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;
- 2.8 Within the terms of the agreed policy and in consultation with the Chief Executive, the Committee shall determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 2.9 In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Smaller Quoted Companies and rules of the Open Market (Entry Standard Segment) of the Frankfurt Stock Exchange and associated guidance;
- 2.10 The Committee shall:

- 2.10.1 review and note annually the remuneration trends across the Company or group;
  - 2.10.2 oversee any major changes in employee benefits structures throughout the Company or group;
  - 2.10.3 agree the policy for authorising claims for expenses from the Chief Executive;
- 2.11 The Committee shall 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 to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- 2.12 The Committee shall consider such other matters as may be requested by the board of directors.

### **3. DUTIES AND TERMS OF REFERENCE - NOMINATION**

- 3.1 The Committee shall:
- 3.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the board compared to its current position and make recommendations to the board with regard to any changes;
  - 3.1.2 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the board in the future;
  - 3.1.3 be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
  - 3.1.4 before appointment is made by the board, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
    - (a) use open advertising or the services of external advisers to facilitate the search;
    - (b) consider candidates from a wide range of backgrounds; and
    - (c) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
  - 3.1.5 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

- 3.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - 3.1.7 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
  - 3.1.8 ensure that prior to the appointment of a director, the proposed appointee is asked to disclose any other business interests that could result in a conflict of interest; and
  - 3.1.9 ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 3.2 The Committee shall also make recommendations to the board concerning:
- 3.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
  - 3.2.2 suitable candidates for the role of senior independent director;
  - 3.2.3 membership of the Audit Committee, in consultation with the Chairman of that committee;
  - 3.2.4 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
  - 3.2.5 the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
  - 3.2.6 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
  - 3.2.7 the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the full board.
- 3.3 To consider such other matters as may be requested by the board of directors.

#### **4. MEMBERSHIP**

- 4.1 The members of the Committee shall be appointed by the board of directors. All of the members of the Committee should be non-executive directors.
- 4.2 The Committee shall have at least two members.
- 4.3 A quorum shall be any two members of the Committee.

## **5. VOTING ARRANGEMENTS**

- 5.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 5.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 5.3 Save where he has a personal interest, the Chairman will have a casting vote.

## **6. ATTENDANCE AT MEETINGS**

- 6.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee.
- 6.2 Other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate.
- 6.3 The Company's General Counsel shall act as the secretary to the Committee and in such capacity may attend, but not vote at, meetings of the Committee.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than 7 days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

## **8. AUTHORITY**

The Committee is authorised by the board of directors to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **9. REPORTING**

Draft minutes of each meeting will be circulated to all members of the Committee. On finalisation and signature by the chairman, the minutes of each meeting will be submitted to the board of directors as a formal record of the decisions of the Committee on behalf of the board of directors.

## **10. GENERAL MATTERS**

- 10.1 Finalised minutes of the meetings of the Committee will be circulated to the members of the board of directors as part of the board papers for each full meeting of the board of directors.

- 10.2 The chairman of the Committee should make himself available at each annual general meeting of the Company to answer questions concerning the Committee's work during the preceding year.
- 10.3 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board of directors for approval.