

**Victrex plc ('The Group') Remuneration Committee
Terms of Reference
Approved October 2017**

The Remuneration Committee ('the Committee') is a committee of the board of directors of Victrex plc ('the Board'), from which it derives its authority and to which it regularly reports.

1 Duties

- 1.1 The Committee will determine and agree with the Board, the framework and policy for the remuneration of; the Chairman, the Chief Executive, other executive directors of the Board, the Group Company Secretary, all other members of the Executive Leadership Team ('the ELT') and any other individual for whom they are designated as having responsibility to consider from time to time.
- 1.2 Once such framework is approved by the Board, the Committee will have delegated responsibility for evaluating the performance of and setting the specific remuneration packages for the Chairman, the Chief Executive, the other executive directors of the Board, the Group Company Secretary and all other members of the ELT:
 - basic salaries;
 - annual bonus payments, including the determination of specific targets;
 - participation in share incentive and option schemes;
 - to determine performance targets set at the time of any grant of share incentives or share options to executive directors, which must be satisfied in order for the grant to vest and be responsible for determining the extent to which the conditions have been satisfied at the end of the performance period;
 - to consider the adequacy of share incentive and option schemes, (including consideration of changes in rules of existing plans) or adoption of alternative plans from time to time for submission to shareholders for approval;
 - participation, policy and scope of pension arrangements;
 - other benefits in kind;
 - service contract terms and any proposed changes thereto;
 - severance payments, ensuring that any 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.

In determining such packages and arrangements the Committee shall give due regard to the provisions of the UK Corporate Governance Code as well as the UK Listing Authority's Listing Rules and associated guidance. The objective of the remuneration policy shall be to ensure that members of the executive management of the Group are provided with appropriate remuneration structure (including incentives as may be appropriate) to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. When setting remuneration policy for directors, the Committee shall review and have regard to the remuneration trends across the Group and the external market as required.

- 1.3 The executive Directors of the Board will have delegated responsibility for evaluating the performance and setting the specific remuneration packages for those senior executives who directly report to such executive Directors within the overall framework established pursuant to 1.1 above, excluding those individuals subject to Committee evaluation in accordance with point 1.2 above.
- 1.4 The Committee will be aware of and advise on any major changes in employee benefit structures throughout the Group.
- 1.5 The Committee will agree the policy for authorising expense claims from the Chairman and Chief Executive.
- 1.6 Where a Board director resigns (or has their contract terminated) under whatever circumstances, the Committee (on the instructions of the Board) shall publish a statement setting out what payments the Board director has received or may receive in future. This statement will be published as soon as reasonably practicable following termination of employment.
- 1.7 Where consultants are appointed to advise the Committee on executive remuneration matters, a statement should be made available (e.g. in the Annual Report) of whether they have any other connection with the Group. The Committee shall have delegated responsibility to consider the terms of engagement and fees which might be paid to the consultants from time to time, on which the Committee shall report to shareholders each year in the Annual Report.

2 Membership and Meetings

- 2.1 The Committee shall consist exclusively of the Non-Executive Directors appointed by the Board of the Group who, in the opinion of the Board, are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board Chairman may be a member of the Committee but not its chair.
- 2.2 The quorum for a meeting will be two members. The Board will appoint the Chairman of the Committee.

- 2.3 Executive directors and other employees may be invited to attend meetings of the Committee, but they will not be able to vote on any issues, and will not attend when their own remuneration is being discussed. The Remuneration Committee will consult the Chief Executive about their proposals relating to the remuneration of other Executive Directors.
- 2.4 The Committee may seek advice from such internal and external advisers, as it thinks fit. The Remuneration Committee will be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 2.5 The Secretary of the Committee will be the Group Company Secretary, or in their absence a person appointed on an ad-hoc basis for each meeting.
- 2.6 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, and shall circulate the minutes of meetings of the Committee to all members of the Board, unless it would be inappropriate to do so.
- 2.7 The Committee will make available these terms of reference, setting out its delegated responsibilities, which should be reviewed and where necessary, updated annually.
- 2.8 On an annual basis, the Committee shall conduct an effectiveness review.

3 Annual Report and AGM

- 3.1 The Committee will ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Regulations and the Code are fulfilled. These include:
- (i) A statement by the chair of the Committee.
 - (ii) The Group's policy on directors' remuneration (the 'Remuneration Policy').
 - (iii) Information on how the remuneration policy was implemented in the financial year being reported on (the 'Implementation Report').
- 3.2 The Committee will propose the Remuneration Policy Report on Directors' remuneration to be included in the Annual Report and shareholders will have a binding vote on a resolution to approve this at the AGM. The Remuneration Policy will be put to a shareholder resolution at least every three years or sooner should the Committee wish to make changes to the policy.
- 3.3 The Committee will propose the Implementation Report on directors' remuneration to be included in the Annual report and shareholders will have an advisory vote on a resolution to approve this. If the resolution is not passed in a year where the Remuneration Policy was put to a shareholder vote, the Committee shall consider putting the Remuneration Policy to a shareholder vote either at the AGM in the following year, or, subject to approval of the Board, sooner at a shareholder General Meeting.

- 3.4 The Committee will report the frequency of, and attendance by members at Committee meetings in the Annual Report.
- 3.5 The Chairman of the Committee, or a nominated member of the Remuneration Committee, shall attend the AGM to be available to answer questions at the AGM.