

## **Terms of reference for the United Drug plc Remuneration Committee**

### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors of the Company.
- 1.2 The Chairman of the Committee shall be appointed by the Board.
- 1.3 Only members of the Committee have the right to attend meetings. However, other individuals such as the Chairman, if not a member of the Committee, the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.

### **2. Secretary**

- 2.1 The Company Secretary, or such other person as the Committee shall consider appropriate, shall be Secretary of the Committee.

### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members. 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. All or any members of the Committee may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in quorum accordingly.

### **4. Meetings**

- 4.1 The Committee shall meet at least once a year and additionally as required.
- 4.2 In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.
- 4.3 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

## **5. Annual General Meeting**

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

## **6. Duties**

The Committee shall:

6.1 Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman and the executive Directors. The Committee shall recommend and monitor the level and structure of remuneration for senior management as determined by the Board. The remuneration of non-executive Directors shall be a matter for the Board.

6.2 In determining such policy, 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.

6.3 Review the ongoing appropriateness and relevance of the remuneration policy in the context of market developments.

6.4 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.

6.5 Review the design of all share incentive plans for approval by the Board and shareholders. 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.

6.6 Determine the policy for, and scope of, pension arrangements for each executive Director and other senior management (as determined by the Board).

6.7 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.

6.8 Within the terms of the agreed policy and in consultation with the Chairman and Chief Executive as appropriate, 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.

- 6.9 In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the Listing Rules of the Irish Stock Exchange and associated guidance.
- 6.10 Oversee any major changes in employee benefits structures throughout the Company or Group.
- 6.11 Ensure that disclosure of remuneration including pensions, is clear and transparent; and
- 6.12 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 for obtaining reliable, up-to-date information about remuneration in other comparable companies.

## **7. Reporting Responsibilities**

- 7.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make recommendations to the Board that it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 The Committee shall produce an annual report on the Company's remuneration policy and practices for submission to the Board. The report will form part of the Company's Annual Report.

## **8. Other Matters**

The Committee shall:

- 8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance if required;
- 8.2 review its terms of reference and its own effectiveness on an annual basis; and
- 8.2 undertake other related duties as agreed with the Board.

## **9. Authority**

The Committee is authorised by the Board to:

- 9.1 investigate any activity within its terms of reference;
- 9.2 obtain, at the Group's expense, independent legal or other professional advice when the Committee believes it necessary to do so; and

9.3 seek any information that it requires from any employee of the Group in order to perform its duties.