

**FORTERRA PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

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Members:	Chairman of the Committee Chairman of the Board All Independent Non-Executive Directors
Chairman:	Independent Non-Executive Director
Observers:	Non-Executive Director appointed by LSF9 Concrete UK Limited (in accordance with the terms of the relationship agreement)
Attendees (as may be invited by the Committee):	Chairman of the Board Chief Executive Officer Chief Financial Officer Head of human resources Company secretary
Frequency of meetings:	At least two meetings per annum

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**1. MEMBERSHIP**

- 1.1 The remuneration committee (the “**Committee**”) of the board of directors (the “**Board**”) of Forterra plc (the “**Company**”, together with its subsidiary undertakings, the “**Group**”) shall be comprised of at least two members, all of whom shall be independent Non-Executive Directors. In addition to the two members, the chairman of the Company may be a member of, but not chair, the Committee if he or she was independent on appointment as chairman of the Board. The Chairman of the Board may Chair the Committee on an interim basis until additional appropriately skilled Independent Non-Executive Directors are appointed to the Board. Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee of the Company and in consultation with the chairman of the remuneration committee of the Company.
- 1.2 Only members of the Committee have the right to attend and vote at meetings of the Committee. Observers shall have the right to attend meetings of the Committee. Other individuals such as the Chief Executive Officer, the Chief Financial Officer and the head of human resources of the Group and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chairman of the Board, if he or she is a member of the Committee) continue to be independent.

- 1.4 The Board shall appoint the chairman of the Committee who shall be an independent Non-Executive Director. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

## **2. SECRETARY**

The Company secretary or his or her nominee shall act as the secretary of the Committee and will ensure that members of the Committee and each Observer receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **3. QUORUM**

- 3.1 The quorum necessary for the transaction of business shall be two. 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.
- 3.2 Meetings of the Committee may be held telephonically or by any other means whereby the participants are able to communicate effectively with each other.

## **4. MEETINGS**

The Committee shall meet at least twice a year and at such other times as may be required.

## **5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be communicated to each member of the Committee and each Observer, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall, wherever practicable, be provided to Committee members and to other attendees as appropriate, at the same time.
- 5.3 Papers required by the Committee may be provided electronically.

## **6. MINUTES OF MEETINGS**

- 6.1 The secretary shall minute the proceedings, decisions and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 Draft minutes of meetings of the Committee shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the chairman of the Committee it would be inappropriate to do so.

## **7. ANNUAL GENERAL MEETING**

The chairman of the Committee should attend the annual general meeting of the Company (“AGM”) prepared to answer any shareholder questions on the Committee’s activities.

## **8. DUTIES**

8.1 The Committee should carry out the duties below for the Company and the Group as a whole, as appropriate.

8.2 The Committee shall:

- (a) have responsibility for setting the remuneration policy for all Executive Directors and the chairman of the Board, including pension rights and any compensation payments, if any. The Board itself or, where required by the articles of association of the Company, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the articles of association of the Company. No Director or senior manager shall be involved in any decisions as to their own remuneration;
- (b) in determining the remuneration policy in accordance with paragraph 8.2(a), take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, the Financial Conduct Authority’s Listing Rules and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company’s strategic long-term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company. Such performance-related elements should be transparent, stretching and rigorously applied;
- (c) recommend and monitor the level and structure of remuneration for senior management;
- (d) when setting remuneration policy for Executive Directors, review and have regard to pay and employment conditions across the Company or the Group especially when determining annual salary increases. The Committee should judge where to position the Company relative to other companies, but should use such comparisons with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and should avoid paying more than is necessary;
- (e) review the ongoing appropriateness and relevance of the remuneration policy;
- (f) within the terms of the agreed policy and in consultation with the chairman of the Board and/or Chief Executive Officer, as appropriate, determine the total

individual remuneration package of the chairman, each Executive Director, Company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;

- (g) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- (h) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (i) 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 (in accordance with the provisions in Schedule A of the UK Corporate Governance Code);
- (j) 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, Company secretary and other designated senior executives and the performance targets to be used. Such plans should include suitable clawback arrangements;
- (k) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (l) 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;
- (m) oversee any major changes in employee benefits structures throughout the Group;
- (n) agree to the policy for authorising claims for expenses from the Directors; and
- (o) work and liaise as necessary with all other board committees.

## **9. REPORTING RESPONSIBILITIES**

- 9.1 The chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the “**Regulations**”) and UK Corporate Governance Code, are fulfilled.

- 9.4 The Committee is also required to help prepare the directors' remuneration report of the Company. The remuneration report comprises a forward looking policy report and a report on how the remuneration policy was implemented in the previous year. Both parts of the report must be approved by the Board. An ordinary resolution to approve the implementation policy must be put to the shareholders at each AGM, although this resolution is advisory only and not binding. A binding ordinary resolution to approve the policy section of the report must be put to shareholders at: (i) the first AGM the Company; (ii) every third AGM after that time; and (iii) at any AGM following an AGM at which the advisory resolution on the implementation report was not passed. The information which must be included in the remuneration report is set out in the Regulations made under the Companies Act 2006.
- 9.5 If the Committee has appointed remuneration consultants, the Company's annual report should identify such consultants and state whether they have any other connection with the Company.
- 9.6 Through the chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **10. OTHER MATTERS**

### **10.1 The Committee shall:**

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Rules and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- (d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. AUTHORITY**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Adopted at the board meeting of the Company held on 11 April 2016.