

Hilton Food Group

Terms of Reference - Remuneration Committee

Approved by the Board on 25 July 2016.

1. Introduction

- 1.1. The Board of Directors of Hilton Food Group plc (the "Board") hereby constitutes and establishes a Remuneration Committee (the "Committee"). These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the UK Corporate Governance Code and to assist the Committee in achieving best practice in corporate governance for Hilton Food Group and its subsidiaries.

2. Membership

- 2.1. The Committee shall comprise at least two members, all of whom shall be independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee.
- 2.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, senior human resource management and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Committee Chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 2.3. Appointments to the Committee are made by the Board and shall normally be for a period of up to three years extendable by no more than two additional three-year periods, so long as member (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent.
- 2.4. The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not be Chair of the Committee.

3. Secretary

- 3.1. The Company Secretary or their nominee shall act as the Secretary to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two members.

5. Frequency of Meetings

- 5.1. The Committee shall meet at least twice a year and at such times as the Chair of the Committee shall require.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
- 6.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no fewer than five working days prior

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to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all member of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

8. Annual General Meeting

- 8.1 The Chair of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

9. Duties

- 9.1. The Committee should carry out the duties detailed below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

9.2. Remuneration policy

- 9.2.1. Have responsibility for setting the remuneration policy for all Executive Directors, Senior Executives (who will comprise the Executive Team), the Company Secretary and the Company's Chairman, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors within the limits set in the Articles of Association. No Director or senior manager shall be involved in any decisions as to their own remuneration.
- 9.2.2. In determining the remuneration policy take into account all factors which it deems necessary including relevant legal and regulatory requirements, the business strategy of the Company, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to promote the long-term success of the Company without paying more than is necessary, having regard to views of shareholders and stakeholders. The remuneration policy will consider the risk appetite of the Company and alignment to the Company's long term strategic goals. An appropriate proportion of remuneration should be structured so as to link rewards and individual performance and designed to promote the long term success of the Company.
- 9.2.3. Consider an appropriate balance between fixed and performance-related remuneration, immediate and deferred.
- 9.2.4. When setting remuneration policy for Directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases.
- 9.2.5. Review the ongoing appropriateness and relevance of the remuneration policy and consult with significant shareholders as appropriate.
- 9.2.6. Within the terms of the agreed policy and in consultation with the Company Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each Executive Director and other senior executives including the bonuses, incentive payments and share options or other share awards.
- 9.2.7. Ensure, where relevant, that any payments made are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval.

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9.3. Share based remuneration

- 9.3.1. 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.

9.4. Bonus arrangements

- 9.4.1. 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). Review the performance-related elements, ensuring they are transparent, stretching and rigorously applied.

9.5. Pensions

- 9.5.1. Determine the policy for and scope of pension arrangements for each Executive Director and other designated senior executives.

9.6. Remuneration consultants

- 9.6.1. 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 at the expense of the Company but within any budgetary restraints imposed by the Board.
- 9.6.2. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

9.7. Service contracts and severance

- 9.7.1. 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.

9.8. Other duties

- 9.8.1. Oversee any major changes in employee benefit structures throughout the company or group.
- 9.8.2. Monitor and review the level and structure of remuneration of senior management in the context of the pay policy of the Group as a whole, pay and conditions elsewhere in the Group, and the overall cost to shareholders.
- 9.8.3. Agree the policy for authorising claims for expenses from the Directors.
- 9.8.4. Work and liaise as necessary with all other Board Committees.
- 9.8.5. Exercise any discretion or judgement on remuneration issue in accordance with the remuneration policy.

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10. Reporting responsibilities

- 10.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall ensure that provisions regarding disclosure of information, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UK FCA Listing Rules and the recommendations of the UK Corporate Governance Code, are fulfilled.
- 10.4. Prepare a formal report for shareholders to be included in the Company's annual report, which shall include:
 - a) A statement from the Committee Chair providing a summary of the Company's remuneration policy and the annual report on remuneration
 - b) A report of the Company's remuneration policy and practices and the Committee shall ensure that it is put to shareholders for approval at each annual general meeting.
 - c) The Company's remuneration policy and the Committee shall ensure that it is put to shareholders for approval every three years (or such shorter period as may be required by the applicable legislation).
- 10.5. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify in the annual report the name of such consultants and state whether they have any other connection with the Company.
- 10.6. Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

11. Other matters

- 11.1. The Committee shall:
 - 11.1.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
 - 11.1.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
 - 11.1.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed/non 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 UK Listing Authority's Listing Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association, the National Association of Pension Funds, the GC100 and any other applicable rules, as appropriate.
 - 11.1.4. 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.

12. Authority

- 12.1 The Board authorises the Committee to carry out all duties set out in these terms of reference, to have unrestricted access to the Company's employees, documents and information and to obtain, at the Company's expense appropriate professional advice on any matter within its terms of reference as it considers necessary.