

TRAINLINE PLC

(the *Company*)

REMUNERATION COMMITTEE - TERMS OF REFERENCE

Approved by the board on 10 June 2019

1. The Committee's roles and responsibilities

Executive Group remuneration, policy and practices

- 1.1 To determine the remuneration (including pension rights and any compensation payments) of the Company's chair, the executive directors of the Company, the Company Secretary, and members of the Company's senior management (the *Executive Group*) and to ensure that a formal and transparent procedure for determining such remuneration is in place. The board itself or, where required by the articles of association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the articles of association and the Company's shareholder-approved directors' remuneration policy. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 1.2 To determine a remuneration policy for the Executive Group, taking into account all factors which it deems necessary, including, without limitation, relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and such other guidance as it considers relevant and to ensure that a formal and transparent procedure for developing that policy is in place. The objective of the remuneration policy shall be to support strategy and promote long-term sustainable success; the remuneration of the executive directors should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy.
- 1.3 When determining executive director policy and practices, to address:
 - (a) that remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
 - (b) that remuneration arrangements should avoid complexity where possible and their rationale and operation should be easy to understand;
 - (c) that remuneration arrangements should ensure that the following risks are identified and mitigated: reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans;
 - (d) that the range of possible values of rewards to individuals directors and any other limits or discretions should be identified and explained at the time of approving the policy;
 - (e) that there should be a clear link between individual awards, the delivery of strategy and the long-term performance of the company and outcomes should not reward poor performance; and
 - (f) that incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy.

- 1.4 To consider, monitor and review the ongoing appropriateness and relevance of the remuneration policy (including its level and structure) and consult with significant shareholders and other stakeholders as appropriate.
- 1.5 To consider and determine all elements of the remuneration of the Executive Group and, in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria, monitor their operation, and approve the total payments made under such schemes including the terms of any malus or clawback arrangement.
- 1.6 To review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when determining the remuneration of the Executive Group.
- 1.7 To promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests.

Executive Group service agreements and termination payments/benefits

- 1.8 To consider, determine and approve the provisions of the service agreements of the Executive Group and to ensure that any payments that may be made under such provisions are fair to the individual and the Company, do not reward poor performance, that the duty to mitigate loss is fully recognised, and are consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Rules (as defined in paragraph 1.12) and all other relevant laws and regulations.
- 1.9 To approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Executive Group on termination of that person's employment and to ensure such payment or benefit is consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Rules (as defined in paragraph 1.12) and all other relevant laws and regulations.

Share schemes

- 1.10 To administer all aspects of any executive share scheme and/or all-employee share schemes operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements).

Disclosure of information, reporting and shareholder approval

- 1.11 Subject to delegation of authority by the board from time to time, to determine whether the disclosure of any information on performance conditions in the Company's annual remuneration report would be commercially sensitive.
- 1.12 To ensure that provisions regarding disclosure of information relating to directors' remuneration including, where required by law, the directors' remuneration policy and its implementation, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Companies Act 2006, the Financial Conduct Authority's Listing Rules, the UK Corporate Governance Code and all other relevant laws, regulations and guidance (each as amended from time to time) (the **Rules**), are fulfilled and to produce report(s) on the directors' remuneration.

- 1.13 To ensure that the policy and report(s) referred to in paragraph 1.12 are put to the shareholders for approval as required by the Rules and all other relevant laws and regulations.

Other

- 1.14 Individually to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.
- 1.15 To be aware of and advise the board on any major changes in employee benefit structures in the Company.
- 1.16 To 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 commission or purchase any reports, surveys or other information which it deems necessary.
- 1.17 To agree the policy for authorising claims for expenses from the directors.
- 1.18 To report formally to the board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and to make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 1.19 To have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration and terms and conditions of directors of listed companies and the formation and operation of share schemes (in particular the principles and provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and guidelines published by institutional investors) which the Committee considers relevant or appropriate.
- 1.20 To seek effective engagement through the Committee chair with shareholders on significant matters related to the areas of the Committee's responsibilities.

In relation to the paragraphs 1.1 to 1.20, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company and to remuneration trends across the Company more generally.

2. Composition and quorum

- 2.1 The Committee must have at least three members. Members of the Committee are appointed by the board on the recommendation of the nomination committee in consultation with the chair of the Committee. All members of the Committee must be independent non-executive directors. If the board decides that a member of the Committee is no longer independent, that member will cease to be a member of the Committee. The chair of the board may be a member of, but not chair, the Committee provided he or she was considered independent on appointment.
- 2.2 The board appoints the chair of the Committee. The chair of the Committee should have served on a remuneration committee for at least 12 months before his/her appointment as chair. In the absence of the Committee chair and/or an appointed deputy, the remaining members present may elect one of the independent non-executive directors present to chair the meeting.

- 2.3 Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meeting if it thinks it is appropriate or necessary.
- 2.4 Appointments to the Committee are for a period of up to three years, extendable for two further three-year periods, provided the director remains independent.
- 2.5 The quorum necessary for the transaction of business is two members.
- 2.6 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3. Meeting administration

- 3.1 The Committee must meet as often as it deems necessary but in any case at least twice a year, at such times and places determined by the Committee chair. Additional meetings may be called by the Committee chair. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when the chair considers this to be necessary or desirable.
- 3.2 Meetings of the Committee are called by the secretary of the Committee at the request of the Committee chair.
- 3.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if required) of the meeting must be sent, with an agenda of the items to be discussed and any supporting papers, to each member of the Committee, any other person required to attend the meeting and all other non-executive directors as soon as practicable, and in any event no later than five days before the date of the meeting where practicable.

4. Secretary

- 4.1 The company secretary or such person as the company secretary nominates acts as the secretary of the Committee.
- 4.2 The secretary must ensure that the Committee receives information and materials in a timely manner to enable full and proper consideration to be given to them.
- 4.3 The secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 4.4 Draft minutes of Committee meetings must be sent promptly to all members of the Committee. Once approved, minutes must be sent to all members of the board in due course, unless the chair of the Committee thinks it is inappropriate to do so.

5. Self-evaluation

The Committee must review its own performance, composition and terms of reference at least once a year and recommend to the board any changes it considers necessary or desirable.

6. Reporting

- 6.1 After each Committee meeting, the chair must report formally to the board on the Committee's proceedings.

6.2 The Committee may make such recommendations to the board as it deems appropriate on any area within its remit where action or improvement is desirable.

6.3 The Committee chair must attend the Company's annual general meeting and be available to answer questions on matters within the Committee's area of responsibility, and make a statement on the activities and achievements of the Committee over the year, as directed by the chair of the annual general meeting.

7. Other matters

The Committee must:

- (a) have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required on all Committee matters;
- (b) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) oversee any investigation of activities which are within its terms of reference; and
- (d) work and liaise as necessary with other board committees.

8. Authority

The board authorises the Committee to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information from any employee, contractor, consultant or other provider of services to the Company that the Committee requires to perform its duties, and call any such person to be questioned at a Committee meeting, as and when required;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and invite persons giving such advice to attend Committee meetings; and
- (d) delegate any of its powers to one or more of its members or the secretary of the Committee.