

Essentra plc (the "Company")

Remuneration Committee - Terms of Reference

The Board of the Company (the "Board") resolved to establish a committee of the Board known as the Remuneration Committee (the "Committee") at a meeting held on 12 May 2005, when terms of reference were formally agreed. The terms of reference for the Committee were revised and approved by the Board on 18 December 2013.

Purpose

1. Purpose The purpose of the Committee is to ensure that the Company's Executive Directors, the Company Secretary and other senior executives receive appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Company's overall performance having due regard to the interests of the shareholders and to the financial and commercial health of the Company. The Committee should ensure that levels of remuneration are sufficient to attract and retain Executive Directors, a Company Secretary and other senior executives of the quality required to run the Company successfully.

The Committee is also responsible for setting the remuneration for the Company's Chairman.

The primary role the Committee is to make recommendations to the Board on remuneration policy in respect of the Company's Chairman, Executive Directors, the Company Secretary and other senior executives.

Membership and Secretary

2. Composition The Committee members shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The appointments shall be made in accordance with the Company's Articles of Association. The Committee shall comprise a minimum of three members, each of whom shall be an independent non-executive director of the Company. Each member of the Committee shall be free from any relationship that may interfere with the exercise of his or her judgment as a member of the Committee and shall meet the independence requirements of applicable law, regulations and the listing rules of the UK Listing Authority.

3. Committee membership Each member shall hold office as a Committee member for a period of up to three years, which may be extended by no more than two additional three-year periods, so long as members remain independent.

4. Chairman The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee. In the absence of the Chairman of the Committee, the members present at any meeting of the Committee shall elect one of their number to chair the meeting.

5. Secretary The Company Secretary or, with the consent of the Committee, his or her nominee shall be the secretary of the Committee.

6. Attendance Only members of the Committee have the right to attend committee meetings however the Committee may invite any person to attend its meetings and the

Company's Chief Executive and Group HR Director shall normally attend its meetings as and when appropriate and necessary, except when their own remuneration is being discussed. Other than by invitation, no other person is entitled to be present at a meeting of the Committee. No Director, the Company Secretary or any other senior executive shall be present when their own remuneration is being discussed. No Director, the Company Secretary or any senior executive shall be involved in any decision as to their own remuneration.

7. Frequency and Notice The Committee Chairman, in consultation with the Secretary, shall decide the frequency and timing of the Committee's meetings. In any event, meetings shall be held at least three times a year. The Secretary shall send out the agenda and relevant papers for each meeting in a timely manner.

8. Quorum The quorum for meetings of the Committee shall be two members present throughout the meeting.

9. Minutes The Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall prepare minutes of any meeting of the Committee and circulate them to all members of the Committee and once agreed, to all members of the Board, unless a conflict of interest exists.

10. AGM The Chairman of the Committee shall be available to answer questions about the Committee's activities at the Annual General Meeting of the Company.

Authorities

10. Resources The Committee shall be provided with sufficient resources to undertake its duties for and on behalf of the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

11. Advice The Committee is authorised by the Board to obtain internal and external legal or other professional advice, including the advice of independent remuneration consultants, as well as information about remuneration practices elsewhere. The Committee may, if it thinks fit, supply to others information about the Company's remuneration practices and secure the attendance at meetings of third parties with relevant experience and expertise, at the Company's expense. The 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.

15. Reports The Committee shall have authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

12. Support The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

13. Investigation The Committee is authorised to investigate any activity within the scope of its duties and to intervene if the Committee considers it appropriate and/or if the Board instructs it to do so.

16. Delegation The Committee may delegate such of its duties and responsibilities to any one or more members of the Committee as it may deem appropriate having regard to the purpose of the Committee.

17. Duties and responsibilities The Committee shall undertake the following:

- (A) **Remuneration policy** The Committee shall determine and agree with the Board the Company's framework or broad policy for the remuneration of each Executive Director, the Chairman of the Company, the Company Secretary, and such other nominated senior executives as determined by the Board from time to time. No director or senior management shall be involved in any decisions as to their own remuneration;
- (B) **UK Corporate Governance Code ('the Code')**
The Committee shall
- in determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance;
 - ensure that the objective of the remuneration policy is to attract, retain and motivate senior executive management of the quality required to run the Company successfully;
 - have regard to the risk appetite of the Company and alignment of the Company's long-term strategic goals;
 - ensure that a significant proportion of remuneration is structured so as to link rewards to corporate and individual performance designed to promote the long-term success of the Company; and
 - in designing schemes and targets for performance-related remuneration, the Committee aim to align the Executive Directors interests with those of the shareholders and other stakeholders.
- (C) **Review policy** The Committee shall annually review the ongoing appropriateness and relevance of the remuneration policy;
- (D) **Pension arrangements** The Committee shall determine the policy for, and scope of, pension arrangements for each Executive Director, the Company Secretary and other nominated senior executives;
- (E) **Contractual terms** The Committee shall ensure that contractual terms on termination (and any payments made) are appropriate to the circumstances, that failure or poor performance is not rewarded, that any payments are made, if possible, in instalments and that the duty to mitigate loss is fully recognised;
- (F) **Individual remuneration** The Committee shall within the terms of the agreed policy and in consultation with the Chairman and/or the Chief Executive of the Company as appropriate, determine the total individual remuneration package of the Chairman, each Executive Director, the Company Secretary and any other nominated senior executives specified by the Board, including, where appropriate, bonuses, incentive payments and share options or other share awards. Due regard shall be given to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and other relevant guidance;
- (G) **Senior management** The Committee shall recommend and monitor the level and structure of remuneration for nominated senior executives to ensure that it is consistent with the agreed executive remuneration policy;
- (H) **Remuneration trends** In determining such packages and arrangements, the Committee shall be sensitive to pay and employment conditions across the Company and Group, especially when determining annual salary increases;
- (I) **Risk Awareness** The Committee shall adopt a risk-based approach (e.g. consider current and future risk, the cost of capital and liquidity issues) with respect to the

design, implementation and operation (including payout) of remuneration arrangements throughout the Company. The Committee should have oversight of all associated risks arising from the remuneration policy and ensure that remuneration incentives are compatible with the Company's risk management practices.

- (J) **Directors' expenses** The Committee shall agree the policy for authorising claims for expenses from Directors;
- (K) **Bonus and share incentive plans** The Committee shall in relation to any cash bonus and equity incentive plans proposed to be adopted by the Company with the approval of the Committee ("the Plans"):
- determine policy for the grant of awards/options to Executive Directors, the Company Secretary and other nominated senior executives of the Company, to ensure that they are provided with appropriate incentives consistent with the Company's policy as stated in the Remuneration Report for the Company's last audited financial year;
 - agree, based on the recommendation from the Company Chairman, the annual performance rating for the Chief Executive and agree, based on recommendations from the Chief Executive, annual performance ratings for other Executive Directors
 - approve all and any awards/options including the total annual payments to Executive Directors, the Company Secretary and other nominated senior executives, including consideration of the quantum of grants and vesting schedules;
 - set appropriate performance targets in connection with the awards and options;
 - determine whether such performance targets have been satisfied;
 - approve any amendments to the Plans; and
 - exercise any discretion specified in the rules of the Plans and generally oversee the administration of the Plans offered to Executive Directors, the Company Secretary and/or other nominated senior executives;
- (L) **New Incentive plans** The Committee shall review and approve the terms of any new incentive plans for Executive Directors, the Company Secretary and/or other nominated senior executives prior to approval by the Board and, if required, shareholders;
- (M) **Service contracts** The Committee shall review and agree a standard form of contract for the Executive Directors;
- (O) **Disclosure** The Committee shall ensure that all provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Act 2006 and the UK Corporate Governance Code are fulfilled;
- (P) **Performance review** The Committee shall, at least once a year, review its own performance, composition and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval; and
- (Q) **Other matters** The Committee shall consider any other matters referred to it by the Board.

Reporting

18. The Board The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board the Committee deems appropriate on any area within its remit where it believes action or improvement is needed.

19. Annual Report Each year the Committee shall prepare a draft remuneration report for the Board to review, ensuring all the provisions regarding disclosure of information,

including pensions, as set out in the Large and Medium-sized Companies and Groups Regulations 2013 and the Code are fulfilled and produce a report of the Company's remuneration policy and ensure it is put to the shareholders for approval at the Annual General Meeting

20. Terms of Reference The Committee shall make its terms of reference publicly available and review these terms of reference on a regular basis and, if necessary, make recommendations to the Board for their amendment.