

**DIALOG SEMICONDUCTOR PLC**

**TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

Revised: February 2019

## 1. **MEMBERSHIP**

- 1.1 The committee shall be appointed by the board, on the recommendation of the Nomination committee and in consultation with the Chairman of this committee. The committee shall consist of not less than three members and all members shall be independent non-executive directors. A quorum shall be two members.
- 1.2 The Chairman of the committee shall be appointed by the board and shall be an independent non-executive director. The Chairman of the board may also serve on the committee as a member, if he was considered independent on appointment as Chairman, but the Chairman of the board may not chair the committee.

## 2. **SECRETARY**

The Company Secretary or his nominee shall act as the secretary of the committee.

## 3. **FREQUENCY OF MEETINGS**

Meetings shall be held when necessary for the carrying out of the duties of the committee or at such times as the Chairman of the committee shall require and at least four times a year. If it is considered necessary by the committee to meet more than six full days in any year then prior board approval must be obtained.

## 4. **DUTIES**

### 4.1 **Duties in Respect of Remuneration**

- 4.1.1 The committee in carrying out its duties under these terms of reference will have regard to the Company's Corporate Governance Code.
- 4.1.2 The committee in carrying out its duties under these terms of reference will aim to give the Chief Executive and his first reports ("**Executive Management**") every encouragement to enhance the Company's performance and to ensure that they are fairly rewarded for their individual contributions.
- 4.1.3 The committee shall consider and make recommendations to the board in respect of:
- (a) the remuneration of the Chief Executive including salary, any performance related remuneration, share options, pension arrangements and other benefits and on a more general level the remuneration package of Executive Management;
  - (b) the terms of employment of, and terms of the service contract (including the contractual notice period) for the Chief Executive;
  - (c) the terms of appointment of, and the fees payable to, non-executive directors of the Company or any subsidiary undertaking;
  - (d) the overall amount of any options/conditional share awards for employees of the Company and its subsidiary undertakings. Subject to paragraphs 4.1.3(a), (b) and (c) above, the amounts awarded to individuals will be decided at the discretion of the Chief Executive;

- (e) review and note annually the remuneration trends across the group, oversee any major changes in employee benefit structures throughout the group and review the ongoing appropriateness and relevance of the remuneration policy;
- (f) the terms of any equity award scheme or incentive scheme, profit sharing scheme or scheme for profit related pay (whether for the benefit of executive directors or others employed by the Company or any subsidiary undertaking);
- (g) ensure that contractual terms on termination of any executive and any payments made, are fair to such individual and the Company, that failure is not rewarded and that the duty of the individual to mitigate his or her loss is fully recognised in any settlement on termination; and
- (h) any other matter referred to it by the board or the Chairman of the board.

4.2 The Chief Executive must not be present when the committee considers the matters set out at 4.1.3(a) and (b) above relating to him/her.

## 5. **AUTHORITY**

5.1 The committee has the sole authority to retain or obtain the advice of a compensation consultant, legal counsel or other adviser and shall be directly responsible for the appointment, compensation and oversight of the work of any such advisor retained by the committee.

5.2 The committee has sole authority to approve all such advisors' fees and other retention terms. The Company shall provide for appropriate funding, as determined by the committee, for the payment of reasonable compensation to such advisor retained by the committee.

5.3 The committee may select such advisers, or receive advice from any other adviser, only after taking into consideration the following independence factors:

5.3.1 the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

5.3.2 the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

5.3.3 the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

5.3.4 any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;

5.3.5 any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

5.3.6 any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with a member of Executive Management of the Company.

6. **REPORTING RESPONSIBILITIES**

- 6.1 The committee Chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.2 The minutes of meetings of the committee shall be available to all members of the board unless a conflict of interest exists.
- 6.3 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

7. **OTHER**

At least once a year the committee shall review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

8. **COMPENSATION**

The committee members will be reimbursed for usual out of pocket expenses incurred. The Chairman of the committee and committee members will receive a fee as determined by the board from time to time in addition to his directorship fee.