



**ICON p.l.c.**

**COMPENSATION & ORGANISATION COMMITTEE CHARTER**

***Adopted 20th July 2001***

***Updated on 17th April 2007, 23 February 2010, 22 February 2011, 20 April 2012, 15 February 2013, 23 July 2013 and 24 July 2018***

**1. PURPOSE**

The primary function of the Compensation & Organisation Committee (the “Committee”) of the Board of Directors (the “Board”) of ICON p.l.c. (the “Company”) shall be to act on behalf of the Board in order to:

- a. set the remuneration of the Company’s chairman (the “Company Chairman”), the Chief Executive (the “CEO”), the Chief Financial Officer (the “CFO”), any other executive directors of the Company, the head of Internal Audit, the Company Secretary, the members of senior management that report directly to the CEO and such other members of senior management as the Committee is designated by the Board to set remuneration for;
- b. approve share option and stock grants issued in accordance with the Share Plans;
- c. oversee appropriate Company organisational structures, responsibilities and accountabilities;
- d. oversee the Company’s overall compensation strategy and programs provided however that the Company’s management shall be responsible for the approval and implementation of the Company’s overall compensation strategy and programs;
- e. oversee the Company’s succession planning process for executive officers and senior management and provide a structured plan and strategic approach to the provision of succession candidates for the CEO role and to oversee the succession planning process for other key senior level positions, provided however that the Board may oversee this succession planning process instead of the Committee; and
- f. oversee the Company’s talent management process with a view to ensuring that the capabilities and leadership necessary for the Company’s continued success are in place provided however that the Board may oversee this talent management process instead of the Committee.

In carrying out its function, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

## **2. MEMBERSHIP**

The Committee shall consist of at least two members as required by The NASDAQ Stock Market LLC ("NASDAQ"). The members will meet the following criteria:

- Each member will be an independent director and eligible to serve as a Committee member under the requirements of NASDAQ and
- Each member, for the period three years prior to and for the duration of his or her appointment, will not have been a member of the Company's management and will not have participated in the preparation of the financial statements of the Company.
- Each member will not have any relationship which, in the opinion of the Board, would (i) make him/ her or her not independent and/or (ii) interfere with the exercise of his or her independent judgement as a member of the Committee. For this purpose each director will disclose to the chair of the Committee (the "Committee Chair") any such relationship when it arises and the Committee Chair shall inform the Board for its determination whether such relationship compromises independence.

The Nominating and Governance Committee shall review the composition of the Committee annually and shall recommend nominees for appointment to the Committee as vacancies or newly created positions occur. A Committee member may be removed by the Board at any time with or without cause.

The Board shall designate the Committee Chair but shall have regard to the views of the Nominating and Governance Committee before doing so. Members shall continue to be members until their successors are elected and qualified or until their earlier resignation or removal. The Secretary of the Committee will be the Secretary of the Company, or such other person as the Board may nominate.

## **3. RESPONSIBILITIES**

To fulfil its responsibilities and duties the Committee shall:

- a. review and approve for those people specifically listed in Section 1(a) and for other members of senior management selected by the Board his or her (i) annual base salary level, (ii) annual incentive compensation (iii) long-term incentive compensation (iv) employment, severance and change-in-control agreements, if any, and (v) pensions payments and arrangements (including, but not limited to, once off or special pensions payments or arrangements) and (vi) any other compensation, ongoing perquisites or special benefit items (including expense reimbursement policies and procedures);
- b. in determining such remuneration arrangements, have regard to any relevant legislative requirements, requirements of the United States Securities and Exchange Commission (the "SEC") or NASDAQ and any other factors that it deems relevant such as, for example, remuneration levels and structures of other companies operating in industries that are the same, similar or related to the industry that the Company operates in;

- c. review and approve corporate goals and objectives which are linked to the compensation of the CEO, the CFO, other executive directors and other executive officers or members of senior management selected by the Committee, including annual performance objectives and taking into account as part of that review and approval process the Company's key objectives, challenges and risks;
- d. evaluate, in executive session, at least annually the performance of the CEO, the CFO, other executive directors and other executive officers or members of senior management selected by the Committee against corporate goals and objectives, including their annual performance objectives, and, based on this evaluation, determine and approve the compensation level (including any discretionary incentive awards or payments) for the CEO, the CFO and the other selected employees, reviewing as appropriate, any agreement or understanding relating to their employment, incentive compensation, or other benefits with the objective of ensuring that they are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company in a manner that takes account of their position in the market place;
- e. review contracts of executive and non-executive directors and such executive officers of the Company as the Committee may determine from time to time where appropriate (i) on appointment; (ii) on amendment; and (iii) on an ad hoc basis as may be deemed appropriate by the Committee Chair;
- f. review and approve the Compensation Discussion and Analysis section of the 20F;
- g. obtain reliable, up-to-date information about remuneration in other companies operating in the same or related industries as the Company and other companies of a similar size to the Company and to take this information into account when making decisions and recommendations and, if appropriate, approve market surveys on compensation and benefits for the senior management;
- h. review on a periodic basis, the Company's management compensation including any management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s) and have appropriate targets, and recommend to the Board any appropriate modifications or new plans or programs;
- i. approve all share option and stock grants in accordance with the Company's share plans and the following procedures:
  - i. all grants should be within an open trading period in accordance with the Company's Share Trading Policy; and
  - ii. the option price should be set by reference to the closing price on the day of grant. The grant date is the date by which the Committee determines the grant will take effect notwithstanding the above requirement to ensure that this date must be within an open trading period.

- j. the Board or the Committee can delegate the authority to grant share options and stock to the Committee Chair subject to the following:
- i. all grants authorised by the delegated Committee Chair should only be for grants to new hires in between Committee meetings and should be recorded the Chair in a written resolution which will then be supplemented by the formal grant documentation duly executed by the Company;
  - ii. as the grant documentation must be sealed, the delegation of authority by the Board or the Committee should include authority for any two directors or any one director and the Company Secretary to affix the Company seal to the grant documentation;
  - iii. the grant date should be the date of resolution by the delegated Committee Chair and the exercise price will be determined by reference to that date;
  - iv. as the authority to make grants is delegated by the Board, there is no requirement for the Committee to ratify the grants that the delegated Committee Chair makes as he/ she will be acting with appropriate authority; and
  - v. all awards to the executive directors may not be made by the delegated Committee Chair and must still be made by the full Committee;
- k. the Board or the Committee can delegate to the CEO and/or the Executive Vice President of HR (acting together or separately) the authority to grant share options and restricted stock subject to the following:
- all grants authorised by the CEO and/or the Executive Vice President of HR should only be for grants to new hires and/or existing employees due to promotion and should be recorded;
  - the CEO and/or Executive VP of HR may only grant up to a maximum of 20,000 units of stock options and restricted share units (in aggregate) in any financial quarter (quarters being January to March, April to June, July to September and October to December);
  - as the grant documentation must be sealed, the delegation of authority by the Board or the Committee should include authority for any two directors or any one director and the Company Secretary and/or other appropriate authorised signatories to affix the Company seal to the grant documentation;
  - the grant date for share options should be the date of resolution by the CEO and/or the Executive Vice President of HR or the future date set out in that resolution and the exercise price will be determined by reference to that date;
  - as the authority to make grants is delegated by the Board, there is no requirement for the Committee to ratify the grants

that the delegated the CEO and/or the Executive Vice President of HR makes as they will be acting with appropriate authority; and

- all awards to executive directors, direct reports of the CEO or awards of performance share units may not be made under the delegated authority of the CEO and/or the Executive Vice President of HR and must still be made by the full Committee;
- l. ensure that the Committee Chair or, in his/ her absence, a duly appointed deputy attends the Company's annual general meeting to answer members' questions about directors' remuneration or organisation issues;
- m. review the extent to which changes or improvements in remuneration or organisation policy, as approved by the Committee, have been implemented;.
- n. ensure that disclosure of remuneration (including pension and share option entitlements) is in accordance with applicable SEC requirements and relevant accounting standards;
- o. periodically review the Company's organisation and management structure;
- p. periodically review and make reports to the Board in relation to succession planning for executive officers and senior management and, more specifically, the Committee will have oversight of the Company's succession plan for the CEO position and other key senior management roles and the Committee should review the talent management process for key senior executives at least annually provided however that the Board may oversee the succession planning and talent management processes instead of the Committee;
- q. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- r. review and reassess the adequacy of this Charter annually, and recommend to the Board amendments as the Committee deems appropriate; and
- s. review, at a corporate level, the total compensation budget for a financial year and the total compensation increase for that financial year against the previous year after such total compensation budget and total salary increase have been approved by the Company's management.

#### **4. APPOINTMENT OF EXTERNAL ADVISORS**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser to the Committee. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors:

- a. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- b. 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;
- c. 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;
- d. any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
- e. any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- f. any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

Notwithstanding the foregoing, the Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under the requirements of the SEC: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of Executive Officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customised for a particular issuer or that is customised based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

In addition, nothing requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. The Committee may select, or receive advice from, any compensation adviser they prefer, including ones that are not independent, after considering the six independence factors outlined above. However, the Committee is not required to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee, and nothing contained in this Section 4 will affect the ability or obligation of a Committee to exercise its own judgment in fulfilment of the duties of the Committee.

## **5. MEETINGS**

The Committee shall meet on a regularly-scheduled basis at least twice per year, or more frequently as the Committee Chair may deem advisable or as circumstances dictate. Meetings of the Committee may be held telephonically in accordance with the provision of the Company's Articles of Association. Two members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee Chair shall set agendas for meetings and determine the Committee's information needs. In the absence of the Committee Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members. In the absence of a meeting,

the Committee may act by unanimous written consent. In other respects the Committee shall establish its own rules of procedure subject to the Articles of Association of the Company. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, senior human resources personnel and external advisors may be invited to attend all or part of any meeting as and when appropriate.

No executive, including the CEO, should attend that portion of any meeting where such executive's performance or compensation is discussed.

## **6. MINUTES**

The Committee will maintain written minutes of its meetings, which will be kept with the minutes of the meetings of the Board.

## **7. REPORTS**

The Committee will report to the Board on its deliberations after each meeting and shall formally summarise its examinations and recommendations to the Board where appropriate or where requested by the Board. The Committee shall also make to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.

## **8. COMPENSATION**

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

## **9. AUTHORITY**

The Committee is authorised to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company for this purpose. The Committee has the power to retain outside counsel, advisers and/or consultants in carrying out its function.