

## Terms of Reference – Remuneration Committee

### 1. Constitution

- 1.1 The Remuneration Committee (the “**Committee**”) was constituted as a committee of the Board of directors (the “**Board**”) of St. Modwen Properties Plc (the “**Company**” or “**Group**”) in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.
- 1.4 The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

### 2. Membership

- 2.1 The Committee shall comprise at least three 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.
- 2.2 Appointments to the Committee shall be made by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee.
- 2.3 The Chairman of the Committee, who shall be an independent non-executive director, shall be appointed by the Board on the recommendation of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two further three year periods, provided the director (other than the Chairman of the Board, if he or she is a member of the Committee) remains independent.
- 2.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, other senior managers and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.6 The Secretary of the Committee shall be the Company Secretary or his or her nominee or such person as shall be appointed from time to time by the Committee. The Secretary should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **3. Quorum & Voting Arrangements**

- 3.1 The quorum necessary for the transaction of business shall be three members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.2 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting whether in person or by electronic methods of communication.
- 3.3 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter at the meeting.
- 3.4 Except where there is a personal interest, the Committee Chairman shall have a casting vote.

### **4. Frequency of Meetings**

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
- 4.2 Meetings may be conducted by electronic methods of communication and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

### **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 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 and any other person required to attend no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

### **6. Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all members of the Board, unless in the opinion of the Chairman of the Committee it would be inappropriate to do so.

### **7. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities and matters within the scope of the Committee's responsibilities.

## 8. Duties

The Committee shall:

- 8.1 determine and agree with the Board the framework or broad policy for, and monitor and recommend the level of, the remuneration of the Company's Chief Executive, Chairman, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider (the '**Executive Team**'). The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board within the limits set out in the Company's Articles of Association. No member of the Executive Team shall be involved in any decisions as to their own remuneration;
- 8.2 recommend and monitor the level and structure of remuneration for the senior leadership team (other than members of the Executive Team);
- 8.3 take care to recognise and manage conflicts of interest, in particular when receiving views from members of the Executive Team or consulting with the Chief Executive about its proposals;
- 8.4 in determining the remuneration policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of the UK Corporate Governance Code and associated guidance and to consider issues of gender pay gap as necessary. The objective of such policy shall be to ensure that members of the Executive Team are provided with remuneration which is designed to promote the long-term success of the Company. This shall incorporate, as appropriate, performance-related elements which are transparent, stretching and rigorously applied so as to encourage enhanced performance and to, in a fair and responsible manner, reward individual contributions to the success of the Company. The remuneration policy shall be compatible with risk policies and systems and be aligned to the Company's long-term strategic goals;
- 8.5 review the ongoing appropriateness and relevance of the remuneration policy for executive directors, having regard to the views of investors and investor advisory bodies;
- 8.6 approve the design of, and determine targets for, any performance related pay schemes operated by the Company for the Executive Team and approve the total annual payments to be made under such schemes;
- 8.7 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 the Executive Team and the performance targets to be applied;
- 8.8 exercise any discretions specified in the rules of the plans and remuneration policy and generally oversee the administration of the plans offered to the Executive Team;
- 8.9 determine the policy on provisions that would enable the Company to recover sums paid or withhold the payment of any sum to executive directors and the circumstances in which it would be appropriate to do so;
- 8.10 determine the policy for, and scope of, pension arrangements for the Executive Team;
- 8.11 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;
- 8.12 within the terms of the shareholder approved policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration

package of the Executive Team including bonuses, incentive payments and share options or other share awards;

- 8.13 ensure, where relevant, that any payments made are permitted under the latest shareholder approved remuneration policy and, if not, that a revised remuneration policy or the proposed payment is submitted for shareholder approval;
- 8.14 review annually the shareholdings of the executive directors in the context of appropriately structured share ownership guidelines;
- 8.15 when setting the remuneration policy for the Executive Team, review and note pay and employment conditions across the Company or Group, especially when determining annual salary increases;
- 8.16 oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.17 agree the policy for authorising claims for expenses from the directors;
- 8.18 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 regularly assess their performance against Committee requirements;
- 8.19 from time to time obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to commission any reports or surveys which it deems necessary, at the expense of the Company but within any budgetary constraints imposed by the Board, to help it fulfil its duties; and
- 8.20 work and liaise as necessary with other Board Committees.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and on how it has discharged its responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UK Corporate Governance Code, are fulfilled and produce, for approval by the Board, an annual Directors' Remuneration Report, made up of an Annual Statement by the Committee Chairman, a Directors' Remuneration Policy Report (which may be excluded from the Directors' Remuneration Report when not being put to a binding vote at an Annual General Meeting of the Company) and an Annual Remuneration Report.
- 9.4 The Directors' Remuneration Report, excluding the Directors' Remuneration Policy Report, will be put to shareholders for an advisory vote of approval at the Annual General Meeting each year. The Directors' Remuneration Policy Report will be put to a binding vote of shareholders at every third Annual General Meeting or on an earlier change of remuneration policy.
- 9.5 Through the Chairman of the Board or the Chairman of the Committee, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about any matter within its remit.

## **10. Other Matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to laws, regulations, and institutional investor guidelines 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 and guidelines published by the Investment Association and the Pensions and Lifetime Savings Association;
- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 review annually its composition, its terms of reference and its own effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 to obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference when the Committee reasonably believes it necessary to do so; and
- 11.3 to call any director or employee to be questioned at a meeting of the Committee as and when required.

Approved by the Board

28 March 2018