



# HAMMERSON

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HAMMERSON PLC

# Remuneration Committee Terms of Reference



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# Remuneration Committee Terms of Reference

<b>Members</b>	Habib Annous (Chair) Méka Brunel Carol Welch
<b>Secretary</b>	General Counsel & Company Secretary
<b>By invitation</b>	Chief Executive Chief People Officer External Remuneration Adviser

### 1. Purpose

- 1.1 The Remuneration Committee has been established by resolution of the board of directors of the Company (the Board) and is to be known as the Remuneration Committee (the Committee).
- 1.2 The principal purpose of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance and wider circumstances, having regard to statutory and regulatory requirements.
- 1.3 In carrying out its duties, the Committee will act in accordance with relevant legislative and regulatory requirements. In particular, Committee members will take in to account the directors' duties contained in the Companies Act 2006 (the Act) and will, where relevant, consider the factors listed in section 172 of the Act and any other relevant factors.
- 1.4 Subject to paragraph 1.5, in particular, the Committee shall determine:
  - a. remuneration policies, including base pay, long and short term incentives;
  - b. remuneration practice and its cost to the Company;
  - c. recruitment, service contracts and severance policies;
  - d. pension and superannuation arrangements and other benefits; and
  - e. the engagement and independence of external remuneration advisers.
- 1.5 In determining the remuneration policy, the Committee will take into account shareholder views and all other factors which it deems necessary giving due regard to the Companies Act 2006, UK Corporate Governance Code (the Code), the Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and all other applicable regulations and associated guidance.
- 1.6 The remuneration of the senior independent director and non-executive directors of the Board shall be a matter for the Board to be determined within the limits set in the Company's articles of association. No director shall be involved in any decisions as to their own remuneration.



## **2. Membership**

- 2.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair of the Board but may not chair the Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration committee.
- 2.2 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the Chief Executive, Chief People Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.3 The Board shall regularly review the membership of the Committee to ensure that membership is refreshed, members continue to be independent and undue reliance is not placed on particular individuals.
- 2.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director and who shall normally have served on a remuneration committee for at least 12 months prior to their appointment as Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.
- 2.5 The Committee should exercise independent judgement when evaluating the advice of external third parties and when receiving views from executive directors and Group Executive Committee (GEC), whose role in this regard should be clearly separated from their role within the business and care should be taken to recognise and avoid conflicts of interest.

## **3. Secretary**

The General Counsel and Company Secretary or their nominee shall act as the Secretary of the Committee. The Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **4. Quorum**

The quorum necessary for the transaction of business shall be two 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.

## **5. Meetings**

The Committee shall meet at least twice a year and otherwise as required. The Board may request a meeting if it considers that one is necessary. A member of the Committee may request a meeting if it is considered necessary.

## **6. Notice of Meetings**

- 6.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair, the Board or any of the Committee members.



- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be made available to each member of the Committee, any other person required to attend and all other Non-Executive Directors not later than five working days before the date of the meeting or such other reasonable time considered adequate for the appropriate preparation for the business of the meeting. Supporting papers shall be made available to Committee members and to other attendees as appropriate, at the same time. Notices, agendas and supporting papers can be circulated in electronic form unless the recipient has indicated otherwise to the Secretary.

## **7. Minutes of Meetings**

- 7.1. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

## **8. Engagement with Shareholders**

- 8.1. The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities and achievements over the year.
- 8.2. The Committee Chair, as appropriate, shall seek engagement with shareholders on significant matters related to the Committee's activities and areas of responsibility.

## **9. Duties and terms of reference**

The Committee should carry out the duties below for the Company and, as it considers appropriate, for other members of the Group.

The Committee shall:

### **9.1 Remuneration Policy**

- a. determine the remuneration and benefits, including pension rights and compensation payments, of:
  - i. the Chair of the Board of the Company;
  - ii. the executive directors;
  - iii. the General Counsel and Company Secretary; and
  - iv. the GEC;
- b. in determining the remuneration policy, and particularly when determining annual salary increases for directors, consider:
  - i. all relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance; an appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration;



- ii. the need to promote the long-term success of the Company without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that executive directors and GEC are rewarded in a fair and responsible manner and are provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
  - iii. the business strategy of the Group and how the policy reflects and supports the business strategy;
  - iv. the Company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long term strategic goals;
  - v. remuneration trends and pay and employment conditions, including the alignment of incentives and rewards with culture across the Group;
  - vi. whether executive directors should be required to hold a minimum number of shares for a further period after vesting or exercise, including a period after leaving the Company; and
  - vii. the transparency of the performance-related elements, ensuring that they are stretching and rigorously applied;
- b. review at least annually the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders as appropriate;
- c. within the terms of the agreed remuneration policy, determine the total remuneration package for the Chair of the Board of the Company and each element of the total individual remuneration package for each executive director, the General Counsel and Company Secretary and GEC members including (to the extent applicable):
- i. base salary;
  - ii. profit sharing and specific incentive remuneration schemes or arrangements;
  - iii. participation in share option schemes and share ownership plans;
  - iv. pension arrangements, including the level of contributions by the Company; and
  - v. other bonuses and benefits in cash or in kind;
- d. ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval;
- e. exercise any discretion or judgment on remuneration issues in accordance with the remuneration policy;
- f. engage in appropriate discussions as necessary with institutional investors on policy or any other aspects of remuneration.

## 9.2 Share-based remuneration and bonus arrangements

- a. review and approve the design of, and determine the targets for, the operation of all long term incentive schemes, including all schemes involving



the award of shares or the grant of options, in which executive directors, the General Counsel and Company Secretary and GEC members participate. For any such schemes or plans, determine each year whether the awards will be made and, if so, approve the levels of participation in such schemes or plans by those individuals;

- b. monitor and assess any performance conditions applicable to any long term incentive awards granted under any schemes or plans adopted by the Company. Ensure that the performance conditions are fully explained and clearly linked to the enhancement of shareholder value. Consider whether any factors should be taken into account which would make an alternative outcome more appropriate and aligned to the interests of shareholders;
- c. consider whether the executive directors, the General Counsel and Company Secretary and GEC members should be eligible for annual bonuses;
- d. determine the design of, and annual targets and key performance indicators for, any bonus scheme operated by the Company and assess performance against targets and key performance indicators, by the Company, individual executive directors, the General Counsel and Company Secretary and members of the GEC;
- e. design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements; and
- f. ensure that all incentive arrangements are aligned to the Company's risk policies and systems.

### 9.3 Workforce Remuneration and Engagement

- a. review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- b. feedback to the Board on workforce reward incentives and conditions, to support the Board's monitoring of the Group's culture; and
- c. explain to the workforce (which may be via the Chair of the Committee or such other mechanism as the Committee determines from time to time) the appropriateness and relevance of the remuneration policy when it is renewed or amended.

### 9.4 Pensions

Review the pension arrangements for the executive directors, the General Counsel and Company Secretary and GEC members and in particular the pension consequences and associated costs to the Company of basic salary increases and any other changes in pension remuneration.

### 9.5 Remuneration consultants

- a. to help it to fulfil its obligations and to enable it to judge where to position the Company relative to other companies, have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company but within any budgetary restraints imposed by the Board; and



- b. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

#### 9.6 Service contracts and severance

- a. approve the principal terms of the service contracts, the duration of which shall not normally exceed one year's notice period, for executive directors, the General Counsel and Company Secretary and GEC members and any material amendments to those contracts;
- b. determine the policy for, and scope of, termination payments and compensation commitments for each executive director, GEC member and the General Counsel and Company Secretary and ensure that there is a clear policy to link non-contractual payments to performance; and
- c. ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

#### 9.7 Shareholder approval

- a. produce a report to shareholders annually on matters relating to remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules (as published by the Financial Conduct Authority) (the Listing Rules) and any other relevant statutory, regulatory or governance codes and incorporate:
  - i. an annual statement by the Committee Chair and annual report on directors' remuneration; and
  - ii. the directors' remuneration policy when it must be submitted for approval in accordance with paragraph 9.7(b) and, in any other case, either the directors' remuneration policy, a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website;
- b. submit the directors' remuneration policy, as recommended by the Board, for approval by shareholders:
  - i. every three years;
  - ii. in any year in which there is a change to the policy;
  - iii. if shareholder approval was not obtained when last submitted; and
  - iv. if majority shareholder approval was not achieved on the last submitted annual remuneration report;
- c. submit the annual remuneration report for approval by the Board and shareholders at the annual general meeting each year; and
- d. subject to delegation of authority by the Board, engage in appropriate discussions as necessary with shareholders if, in the opinion of the Board, a significant proportion of votes have been cast by shareholders against a resolution to approve the annual remuneration report or directors' remuneration policy or any long-term incentive scheme at any annual general



meeting or general meeting, as the case may be, and agree with the Board any appropriate disclosure.

#### 9.8 Other matters

- a. monitor and review the level and structure of remuneration of the GEC members in the context of the remuneration policy of the Group as a whole, pay and conditions elsewhere in the Group, and the overall cost to shareholders;
- b. keep abreast of external remuneration trends and market conditions, including receiving regular presentations from its external remuneration consultants;
- c. oversee any major changes in remuneration and employee benefits structures throughout the Group;
- d. subject to delegation of authority by the Board, determine whether the disclosure of any information on performance conditions and performance targets would be commercially sensitive;
- e. consider such other matters as are referred to the Committee by the Board; and
- f. work and liaise as necessary with all other committees of the Board.

### 10. Reporting responsibilities

- 10.1 The Committee Chair shall report to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report including the matters referred to in 9.7(a) above and ensure each year that it is put to shareholders for approval at the annual general meeting in accordance with 9.7(b) above. The report shall cover a description of the work of the Committee including:
  - a. an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
  - b. reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
  - c. a description, with examples, of how the Committee has addressed the factors identified in the Code when determining the remuneration policy;
  - d. whether the remuneration policy operated as intended in terms of Company performance and quantum, and, if not, what changes are necessary;
  - e. what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
  - f. what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy;





- g. where remuneration consultants are used, details of the consultants and a statement of any other connection they have to the Company or individual directors; and
- h. to what extent discretion has been applied to remuneration outcomes and the reasons why.

10.4 The Committee shall ensure that provisions regarding the disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008 (as amended) are fulfilled.

10.5 The Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it.

## **11. General matters**

The Committee shall:

- 11.1. have access to sufficient resources to carry out its duties, including access to the General Counsel and Company Secretary and management for advice and assistance as required;
- 11.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. Any individual training is to be discussed and agreed with the General Counsel and Company Secretary;
- 11.3. give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of UK premium listed companies and formation and operation of share schemes including but not limited to the Companies Act 2006, the provisions and recommendations of the Code, the requirements of the Listing Rules, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules as well as other applicable guidelines and rules, as appropriate; and
- 11.4. arrange, at least annually, for an evaluation of its own performance and review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **12. Authority**

The Committee is authorised by the Board to:

- 12.1. carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent external legal or professional advice on any matter within its terms of reference as it considers necessary;
- 12.2. seek any information it requires from any employee or director of the Group to perform its duties;
- 12.3. secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense;
- 12.4. delegate any matter or matters to another committee (including a sub-committee) or person(s) as it deems appropriate;



- 12.5. call any employee or director of the Group to be questioned at a Committee meeting as and when required and all such employees or directors are directed to co-operate with any request made by the Committee; and
- 12.6. have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Adopted by the Board on 7 December 2023