



HELICAL PLC
(the “Company”)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. Constitution and Role

- 1.1 The role of the Remuneration Committee (“Committee”) is to assist the Board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and that executive remuneration is aligned to company purpose and values and linked to delivery of the company’s long-term strategy,
- 1.2 In particular the Committee shall consider:
- remuneration policies, including base pay, long and short-term incentives, post-employment shareholding requirements and use of the Committee’s discretion;
 - remuneration practice and its cost to the Company;
 - recruitment, service contracts and severance policies;
 - pension arrangements and other benefits;
 - the engagement and independence of external remuneration advisers; and
 - a review of workforce remuneration and related policies and the alignment of incentives and rewards with culture.
- 1.3 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.4 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.
- 1.5 The remuneration of the Senior Independent Director and Non-Executive Directors shall be a matter for the Chairman of the Board and Executive Directors to be decided at a meeting of the Board, within the limits set in the Articles of Association. No Director or senior manager shall be involved in any decisions as to their own remuneration.

2. Membership

- 2.1 The Remuneration Committee (“Committee”) members shall be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Chairman of the Remuneration Committee.
- 2.2 The Committee shall comprise a Chairman and at least two other Directors, all of whom are independent Non-Executive Directors. The Chairman of the Board may qualify as a member of the Committee (providing that he or she was considered independent at the time of appointment as Chairman of the Board) but is not eligible to be appointed as Committee Chairman.
- 2.3 The Board shall appoint the Committee Chairman and determine the period for which the Committee Chairman will hold office. In the absence of the Committee Chairman or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting

- 2.4 The Committee Chairman shall review the membership of the Committee annually, as part of the annual performance review of the Committee.

3. Secretary

- 3.1 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee (“Secretary”) and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

4. Quorum

- 4.1 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.

5. Frequency of Meetings and Attendance

- 5.1 The Committee shall meet not less than twice a year and at such times as the Committee Chairman shall require.
- 5.2 Meetings of the Committee shall be summoned by the Secretary at the request of any Committee member.
- 5.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Finance Director and any relevant senior management may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 5.4 No person (including Directors, the Chairman of the Board or senior members of the management team of the Company (for the purpose of these terms of reference ‘senior members of the management team’, which includes the Company Secretary, shall be defined as members of the Executive Committee)) shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.

6. Minutes of Meeting

- 6.1 The Secretary or his or her nominee shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other Board members unless in the opinion of the Committee Chairman it would be inappropriate to do so.
- 6.3 The Committee Chairman should ascertain, at the beginning of each meeting, the existence of any conflicts of interest which shall be minuted accordingly.
- 6.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7. Annual General Meeting

- 7.1 All Committee members shall attend the Annual General Meeting and the Committee Chairman (or other appropriate Committee member) shall be available to respond to any shareholder questions on the Committee’s activities.

8. Duties

- 8.1 The Committee shall carry out the following duties for the Company and advise the Board appropriately.

Remuneration and Pay Practices

- 8.1.1 The Committee shall:
- (a) determine and agree with the Board the framework or policy for the remuneration of the Chairman of the Board, the Executive Directors and senior members of the management team (namely members of the Executive Committee).
 - (b) subject to paragraph 8.1.5 (b), in determining the remuneration policy, consider:
 - (i) all relevant legal and regulatory requirements, the provision and recommendations of the prevailing UK Corporate Governance Code and associated guidance;
 - (ii) the need to promote the long term sustainable success of the Company and the alignment to the Company purpose and values, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that the Executive Directors and senior members of the management team are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
 - (iii) the strategy of the Company and how the policy reflects and supports the long-term strategy;
 - (iv) the Company's risk appetite and risk management strategy ensuring the remuneration policy is aligned to the Company's risk policies and systems and long-term strategic goals; and
 - (v) any shareholding requirements, including vesting and holding periods, and post-employment shareholding requirements for Executive Directors and senior members of the management team that encompass both unvested and vested shares.
 - (c) when determining Executive Director remuneration policy and practices, address the following factors:
 - (i) clarity;
 - (ii) simplicity;
 - (iii) risk;
 - (iv) predictability;
 - (v) proportionality; and
 - (vi) alignment to culture.
 - (d) when determining remuneration schemes and the remuneration policy, consider the use of discretion by the Committee to override formulaic outcomes;
 - (e) review, annually, the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
 - (f) within the agreed terms of the remuneration policy, determine the total remuneration package for the Chairman of the Board and the total individual remuneration package for each Executive Director and approve the total remuneration package for senior members of the management team, as appropriate (taking into consideration, to the extent applicable, base salary, profit sharing and specific incentive remuneration schemes or arrangements, participation in share option schemes and share ownership plans, pension arrangements, including the level of contributions by the Company and other bonuses and benefits in cash/in kind);
 - (g) ensure, where relevant, that any payments made to a Director 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; and

- (h) exercise any discretion or judgment on remuneration outcomes in accordance with any incentive schemes and the remuneration policy, taking account of Company and individual performance, and wider circumstances.

Share based remuneration and bonus arrangements

8.1.2 The Committee shall:

- (a) recommend for approval by the Board 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 the Executive Directors and senior members of the management team 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, aligned to the Company purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value;
- (c) consider whether the Executive Directors and senior members of the management team shall be eligible for annual bonuses;
- (d) recommend for approval by the Board the design of, and determine 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 and senior members of the management team;
- (e) exercise independent judgement and discretion when authorising outcomes under all incentive arrangements, taking account of Company and individual performance, and wider circumstances;
- (f) design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements;
- (g) consider and review the risk implications in respect of the design, implementation and operation (including payout) of remuneration arrangements across the Company. This may involve liaising with the Audit & Risk Committee in relation to setting performance objectives in the context of incentive packages and monitoring potential conflicts of interest in respect of executives with risk and/or compliance responsibilities. Should there be any disagreements arising in relation to the interaction between remuneration and risk, the final decision will reside with the Remuneration Committee; and
- (h) ensure that all incentive arrangements are aligned to the Company's risk policies and systems, its purpose and values, support the strategy and promote long-term sustainable success.

Pensions

8.1.3 The Committee shall:

- (a) Review the pension arrangements for the Executive Directors and senior members of the management team and consider:
 - (i) the alignment of pension contribution rates, or payments in lieu, for Executive Directors and senior members of the management team with those available to the workforce; and

- (ii) the pension consequences and associated costs to the Company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for directors close to retirement, when compared with workforce arrangements;

Service contracts and severance

8.1.4 The Committee shall:

- (a) approve the terms of the service contracts, the duration of which shall not normally exceed one year's notice period, for Executive Directors and senior members of the management team and any material amendments to those contracts;
- (b) determine the policy for, and scope of, termination payments and compensation commitments for each Executive Director and senior members of the management team and ensure that poor performance is not rewarded and 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.

Workforce remuneration and related policies

8.1.5 The Committee shall:

- (a) review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- (b) when setting the policy for Executive Director and senior members of the management team remuneration, take into account the matters in 8.1.5 (a);
- (c) engage with the workforce to explain how decisions on executive pay reflect wider Company pay policy; and
- (d) oversee any major changes in remuneration and employee benefits structures throughout the Company.

Remuneration Consultants

8.1.6 The Committee shall:

- (a) to help it to fulfil its obligations and enable it to judge where to position the Company relative to other companies, have 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 responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

Shareholder Approval

8.1.7 The Committee shall:

- (a) produce a report to shareholders annually on matters relating to executive 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) (Listing Rules) and any other relevant statutory, regulatory or governance codes and incorporate:
 - (i) an annual statement by the Committee Chairman and annual report on Directors' remuneration (together, annual remuneration report); and

- (ii) the Directors' remuneration policy when it must be submitted for approval in accordance with paragraph 8.1.7(b) below 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 for approval on a binding basis by the Board and 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 on an advisory basis by the Board and shareholders annually; 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 at any Annual General Meeting ('AGM') or general meeting, as the case may be, and agree with the Board any appropriate disclosure.

Other matters

8.1.8 The Committee shall:

- (a) keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants;
- (b) obtain reliable, up to date information about remuneration in other companies deemed to be within the Company's peer group in the Real Estate Sector;
- (c) consider such other matters as are referred to the Committee by the Board; and
- (d) work and liaise as necessary with all 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 responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

9.2 The Committee shall:

- (a) report to the Board on workforce reward, incentives and conditions, and support the Board's monitoring of the alignment of Company policies and practices with culture and strategy;
- (b) make whatever recommendations to the Board it deems appropriate on any area where action or improvement is needed;
- (c) ensure that provisions regarding disclosure of information, including pensions, as set out in the prevailing Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations and the Code, are fulfilled;
- (d) produce a report of the Company's remuneration policy and practices to be included in the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM;

- (e) if the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company or individual Directors;
- (f) ensure, through the Chairman of the Board, that the Company maintains contact, and the Committee Chairman seeks engagement, as required, with the Company's major Shareholders and representative bodies on significant matters related to the Committee's areas of responsibility;
- (g) prepare and adopt a report on the Committee's work and activities for inclusion in the Company's annual report setting out:
 - (i) the number of meetings of the Committee and individual attendance by the members; and
 - (ii) the matters listed in the Code as set out below:
 - an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics
 - reasons why the remuneration is appropriate using internal and
 - external measures, including pay ratios and pay gaps
 - a description, with examples, of how the Remuneration Committee has addressed clarity, simplicity, risk, predictability, proportionality and alignment to culture
 - whether the remuneration policy operated as intended in terms of Company performance and quantum, and, if not, what changes are necessary
 - what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes
 - what engagement with the workforce has taken place to explain
 - how executive remuneration aligns with wider company pay policy; and
 - to what extent discretion has been applied to remuneration outcomes and the reasons why; and
- (h) make publicly available the Committee's terms of reference by placing them on the Company's website.

10. Other Matters

- 10.1 The Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
 - (b) 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 as required;
 - (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed companies and formation and operation of share schemes including, but not limited to, the Companies Act 2006, the principles and provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association, Institutional Shareholder Services, Glass Lewis, the GC100 and Investor Group and any other applicable rules, as appropriate;
 - (d) work and liaise as necessary with all other Board committees, including the Nominations Committee in respect of any remuneration package to be offered to any new appointee to the Board; and

- (e) arrange for periodic reviews of its own performance and, at least annually, 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.

11. Authority

- 11.1 The Committee is authorised by the Board to:
 - (a) 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 legal or professional advice on any matter within its terms of reference as it considers necessary;
 - (b) to seek any information it requires from any employee of the Company in order to perform its duties;
 - (c) obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and such advisers may attend meetings as necessary;
 - (d) call any employee of the Company to be questioned at a Committee meeting as and when required, and all such employees are directed to co-operate with any request made by the Committee; and
 - (e) 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.
- 11.2 In connection with its duties, the Committee is required by the Board to consider selection, appointment and the setting of the terms of reference and appointment of remuneration consultants, at the Company's expense.
- 11.3 Although the Committee can seek the advice and assistance from any of the Company's executives, it will ensure that this role is clearly separated from their role within the business.

Last updated and approved by the Board of Directors of Helical plc on 7 February 2019.