

**URBAN&CIVIC PLC**  
(the "Company")

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

Approved by the Board of Directors of the Company on 9 July 2020

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

### 1 MEMBERSHIP

- (a) The board of directors of the Company (the "**Board**") has resolved to establish a committee of the Board to be known as the remuneration committee.
- (b) Membership of the remuneration committee shall consist of at least two 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 he or she was considered independent on appointment as chair. 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.
- (c) Only members of the remuneration committee have the right to attend committee meetings. However, other individuals such as the chair, chief executive or managing director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- (d) Appointments to the committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chair of the Board, if he or she is a member of the committee) continue to be independent.
- (e) The Board shall appoint the committee chair who shall be an independent non-executive director and, before such appointment, the appointee should have served on a remuneration committee for at least 12 months. 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.
- (f) The Board and the committee shall review membership of the committee annually, as part of the annual performance evaluation of the committee.

### 2 SECRETARY

The company secretary or his or her nominee shall act as the secretary of the committee and provide all necessary support to the committee, including ensuring 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

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

### 4 MEETINGS

The committee shall meet at least twice a year and otherwise as required. Meetings may be held by telephone conference or video conference.

### 5 NOTICE OF MEETINGS

- (a) Meetings of the committee shall be called by the secretary of the committee at the request of any member of the committee.
- (b) Unless otherwise agreed by the chair of the committee, 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, any other person required to attend and all other non-executive directors, no later than the earlier of a) the date that is two clear working days between the date of circulation and the date of the meeting or b) the Friday before each meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time (although such notice period may be waived or shortened with the consent of all the members of the committee for the time being).

## 6 MINUTES OF MEETINGS

- (a) The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- (b) The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- (c) 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 in the opinion of the committee chair it would be inappropriate to do so.

## 7 ANNUAL GENERAL MEETING

The committee chair should attend the annual general meeting to answer any shareholder questions on the committee's activities and any questions arising from the annual report of the Company's remuneration policy and the practices which form part of the Company's annual report. He or she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

## 8 RESPONSIBILITIES OF THE COMMITTEE

- (a) The committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.
- (b) The committee shall:
  - (i) have responsibility for considering, agreeing and recommending to the Board an overall remuneration policy and philosophy for the Company's executive directors and setting the remuneration for its executive directors, the Company's chair, the company secretary and senior executives, including pension rights and any compensation payments. The Board itself, or where required by the Company's articles of association, the shareholders should determine the remuneration of the non-executive directors 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;
  - (ii) review the level and structure of remuneration for senior management;
  - (iii) in determining such policy take into account all factors which it deems necessary, including:
    - all relevant legal regulatory requirements, the provisions and recommendations of the 2018 UK Corporate Governance Code (the "**Code**") and associated guidance;
    - the need to support the long-term sustainable success of the Company and the alignment to the Company's purpose and values;
    - the need to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
    - the Company's risk appetite and risk management strategy ensuring that the policy is aligned to the Company's risk policies and systems and long term strategic goals;
    - the strategy of the Company and how the policy reflects and supports the long-term strategy; and
    - any shareholding requirements, including vesting and holding periods, and any post-employment shareholding requirements for

executive directors, the company secretary and senior executives that encompass both unvested and vested shares;

- (iv) when determining executive director remuneration policy and practices, address the following factors set out in Provision 40 of the Code: clarity; simplicity; risk; predictability; proportionality; and alignment to culture;
- (v) when determining remuneration schemes and the remuneration policy, consider the use of discretion by the committee to override formulaic outcomes and include provisions to enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- (vi) when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group, especially when determining annual salary increases;
- (vii) review the on-going appropriateness and relevance of the remuneration policy;
- (viii) 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;
- (ix) recommend for approval by the Board the design of, and determine targets for any performance related pay schemes operated by the Company and, where appropriate, ask the Board to seek shareholder approval for any long term incentive arrangements;
- (x) within the terms of the agreed policy and in consultation with the chief executive and/or managing director, as appropriate, determine the total individual remuneration package of each executive director and other designated senior executives including base salary, pension arrangements, bonuses, incentive payments and share options or other share awards;
- (xi) in implementing the Company's remuneration policy have regard to its objective and take into account, inter alia, the following factors:
  - the individual performance and contribution of the executive directors during the period under review;
  - the performance of the Company relative to other companies and organisations in the property sector with which the Company competes for executive talent; and
  - the remuneration provided by other companies and organisations in the property sector of comparable turnover and market capitalisation having regard to relative complexity and size;
- (xii) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Code, Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, as well as guidance published by the Investment Association and the Pension and Lifetime Savings Association and any other applicable rules, as appropriate;
- (xiii) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the committee shall 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;
- (xiv) review and note annually the remuneration trends across the Company or Group;

- (xv) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- (xvi) approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (xvii) 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 executive directors, company secretary and other designated senior executives and the performance targets to be used;
- (xviii) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (xix) review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration;
- (xx) engage with the workforce to explain how decisions on executive pay reflect wider company pay policy;
- (xxi) review the pension arrangements for the company secretary, executive directors and senior executives and consider:
  - the alignment of pension contribution rates, or payments in lieu, for such individuals with those available to the workforce; and
  - 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;
- (xxii) approve the terms of the service contracts, the duration of which shall not normally exceed one year's notice period, for executive directors, and any material amendments to those contracts;
- (xxiii) determine the policy for, and scope of, termination payments and compensation commitments for each executive director, senior executives and the company secretary and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance;
- (xxiv) liaise with the nomination committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
- (xxv) 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;
- (xxvi) oversee any major changes in employee benefits structures throughout the Company or group;
- (xxvii) agree the policy for authorising claims for expenses from the directors;
- (xxviii) ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- (xxix) work and liaise as necessary with all other Board committees;
- (xxx) 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) and any other relevant statutory, regulatory or governance codes and incorporate:

- an annual statement by the committee's chair and annual report on directors' remuneration (together, annual remuneration report); and
  - the directors' remuneration policy when it must be submitted for approval in accordance with paragraph 8(b)(xxxi) (directors' remuneration policy) 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;
- (xxxi) submit for approval by the Board and shareholders a directors' remuneration policy (to be included in the Company's annual report as appropriate):
- every three years;
  - in any year in which there is a change relative to the prior year;
  - if shareholder approval was not achieved when last submitted;
  - if majority shareholder approval was not achieved on the last submitted Annual Remuneration Report;
- (xxxii) submit the annual remuneration report for approval by the Board and shareholders at the annual general meeting each year;
- (xxxiii) subject to delegation of authority by the Board, engage in appropriate discussions as necessary with shareholders if, 20 per cent. or more 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, including in the annual report.

## 9 REPORTING RESPONSIBILITIES

- (a) The committee chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The committee shall:
- (i) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
  - (ii) 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;
  - (iii) ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code are fulfilled;
  - (iv) 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 annual general meeting. 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;
  - (v) prepare and adopt a report on the committee's work and activities for inclusion in the Company's annual report setting out:
    - the number of meetings of the committee and individual attendance by the members; and

- the matters listed in Provision 41 of the Code and other information recommended by the Code;
- (vi) through the chair of the Board, ensure that the Company maintains contact as required with the Company's major shareholders on significant matters related to the committee's areas of responsibility; and
- (vii) make publicly available the committee's terms of reference by placing them on the Company's website.

## 10 OTHER MATTERS

- (a) Notwithstanding the quorum requirements for the committee, all members of the committee should endeavour to attend all meetings of the committee at which matters of general remuneration policy or the contents of the committee's annual report to shareholders are discussed.
- (b) The committee:
- (i) shall have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - (ii) shall 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;
  - (iii) shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and the EU Market Abuse Regulation as well as guidelines published by the Investment Association and the Pension and Lifetime Savings Association and any other applicable rules, as appropriate; and
  - (iv) shall 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

The Board authorises the committee to:

- a) seek any information it requires from any employee of the Company in order to perform its duties;
- b) 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, outside legal or other professional advice on any matters within its terms of reference; and
- c) 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.