



**Terms of Reference – Remuneration Committee  
of The Board of The Berkeley Group Holdings plc (the "Company")**

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*References to "the Committee" shall mean the Remuneration Committee.  
References to "the Board" shall mean the Board of Directors.*

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**1. Constitution**

- 1.1 The Remuneration Committee shall be formed under the provisions of the Company's Articles of Association and shall conduct itself as prescribed therein.
- 1.2 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the Company Secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

**2. Membership**

- 2.1 The Committee shall be made up of at least three members, all of whom are independent non-executive directors. The Chairman of the Committee shall be appointed by the Board, who shall determine the period for which the Committee Chairman will hold office. Before such appointment the Chairman appointee should have served on a remuneration committee for at least 12 months or have other appropriate experience to enable him or her to fulfil the role effectively. Other members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.
- 2.2 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional three year periods, provided members remain independent as determined by the Board.
- 2.3 In the absence of the Committee Chairman, the remaining members present at a meeting shall elect one of their number present to chair the meeting. The Chairman of the Board may be a member if he or she was considered to be independent on appointment as Chairman of the Board, but shall not be Chairman of the Committee.

**3. Secretary**

- 3.1. 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 the recording of Committee minutes and ensuring that the Committee receives access to advice and resources, 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 two members present in person or by audio or video conference. A Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions

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vested in, or exercisable by, the Committee.

**5. Attendance**

- 5.1 Only members of the Committee have the right to attend Committee meetings. However other individuals and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 5.2 No person (including directors or the chair of the board of the Company) 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. Meetings**

- 6.1. The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require to carry out the duties of the Committee.
- 6.2 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman or any of its members.
- 6.3 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 5 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, but Committee papers may be forwarded at shorter notice with the approval of the Chairman of the Committee.

**7. Voting arrangements**

- 7.1 Subject to paragraphs 7.2 and 7.3, 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 audio or video conference.
- 7.2 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 at the meeting.
- 7.3 Except where he or she has a personal interest, the Committee Chairman shall have a casting vote.
- 7.4 The Committee Chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters related to them.

**8. Minutes of Meetings**

- 8.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings,

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including the names of those present and in attendance.

- 8.2. The Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed by the Chairman of the Committee, to Non-Executive Directors of the Board, unless a conflict of interest exists or, in the opinion of the Chairman of the Committee, it would be inappropriate to do so.

**9. Annual General Meeting**

- 9.1. The Chairman of the Committee shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions on remuneration principles and practice (including details on engagement with shareholders on significant matters).

**10. Responsibilities**

The Committee shall:

- 10.1. determine and agree with the Board the broad policy for the remuneration and benefits, including pension rights and compensation payments, of the Group Chairman, the Group Chief Executive, and the Executive Directors. The remuneration of the Senior Independent Director and the Non-Executive Directors shall be a matter for the Chairman of the Board and the Executive Directors of the Board. No director shall be involved in any decisions as to their own remuneration. The Committee shall also monitor the level and structure of remuneration for divisional heads;
- 10.2. in determining such policy, take into account all factors which it deems necessary, including those set out in paragraph 10.12. The objective of such policy shall be to ensure that members of the executive management of the Company 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;
- 10.3. review the ongoing appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- 10.4. within the terms of the agreed policy and in consultation with the Group Chief Executive, the Committee shall determine as appropriate:
- 10.4.1. the total individual remuneration package of the Chairman of the Board and each Executive Director including where appropriate, base salary, bonuses and benefits in cash or in kind, profit sharing and incentive remuneration arrangements, share options and other share based incentives;
- 10.4.2. targets for any performance related incentive schemes operated by the Company and approve the total annual payments made under such schemes;

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- 10.4.3. 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 levels of participation in such plans, the overall amount of such awards, the individual awards to Executive Directors and other Senior Executives and the performance targets to be used;
- 10.4.4. the scope of pension arrangements for each executive, having regard to the alignment of pension contributions rates, or payments in lieu, for Executive Directors 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;
- 10.5 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;
- 10.6 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;
- 10.7 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;
- 10.8 approve the terms of service contracts, the duration of which shall not exceed one year's notice period, for Executive Directors and any material amendments to those contracts;
- 10.9 determine the policy for, and scope of, termination payments and compensation commitments for each Executive Director and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance; and
- 10.10 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;

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- 10.11 when determining remuneration schemes and the remuneration policy, consider the use of discretion by the Committee to override formulaic outcomes;
- 10.12 in determining Executive Director remuneration policy, packages and arrangements, give due regard to:
  - 10.12.1 any relevant legal and regulatory requirements, the provisions and recommendations in the UK Corporate Governance Code 2018 (the "Code"), the UK Listing Authority's Listing Rules and associated guidance;
  - 10.12.2 the need to promote the long-term sustainable success of the Company and the alignment to the Company purpose and values clearly linked to the successful delivery of the Company's long-term strategy, without paying more than is necessary, having regard to the views of shareholders and other stakeholders;
  - 10.12.3 the need to support the strategy of the Company and how the policy reflects and supports the long-term strategy;
  - 10.12.4 the Company's risk appetite and risk management strategy, ensuring that the remuneration policy is aligned to the Company's risk policies and systems, its purpose and values, support the strategy and promote long-term strategic goals;
  - 10.12.5 any shareholding requirements, including the promotion of long-term shareholdings by executive directors that support alignment with long-term shareholder interests, a total vesting and holding period of at least five years, and a formal policy for any post-employment shareholding requirements for executive directors that encompass both unvested and vested shares; and
  - 10.12.6 address the factors set out in Provision 40 of the Code, including clarity, simplicity, risk, predictability, proportionality and alignment to culture;
- 10.13 note annually the remuneration trends and any major changes in employee benefit structures across the Company or Group;
- 10.14 review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- 10.15 oversee any major changes in remuneration and employee benefit structures throughout the Group;

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10.16 establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which are necessary to help it fulfil its proper obligations but the Committee should avoid designing pay structures based solely on benchmarking to the market or the advice of remuneration consultants.

## **11. Reporting**

11.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and, once approved by the Chairman, the minutes of Committee meetings shall be circulated to Non-Executive Directors of the Board/made available on request, unless a conflict of interest exists or, in the opinion of the Chairman of the Committee, it would be inappropriate to do so.

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 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 on significant matters related to the Committee's areas of responsibility.

11.4 The Committee shall ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled.

11.5 The Committee shall produce in a timely manner an annual report to shareholders of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure that it is put to shareholders for approval on an advisory basis at the Annual General Meeting each year. The report shall disclose the membership of the Committee, describe its work, processes and activities and provide disclosure in accordance with the Companies Act 2006, Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Listings Rules, the Code and any other relevant statutory, regulatory or governance codes, setting out:

11.5.1 an annual statement by the Committee's Chairman and annual report on Directors' remuneration;

11.5.2 the number of meetings of the Committee and individual attendance by members;

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- 11.5.3 the matters listed in Provision 41 of the Code and other information recommended by the Code and associated guidance; and
- 11.5.4 incorporate the directors' remuneration policy when it must be submitted for approval in accordance with Paragraph [11.6] 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;
- 11.6 The Committee shall submit the Directors' remuneration policy for approval on a binding basis by the Board and shareholders:
  - 11.6.1 every three years;
  - 11.6.2 in any year in which there is a change to the policy, other than a change that is detrimental to the participants;
  - 11.6.3 if shareholder approval was not obtained when last submitted; and
  - 11.6.4 if majority shareholder approval was not achieved on the last submitted annual remuneration report.
- 11.7 If the Committee has appointed remuneration consultants, identify in the annual report the name of the consultants and state whether they have any connection with the Company or individual directors.
- 11.8 These Terms of Reference shall be made available on application to the Secretary and published on the Company's website.

**12. Other**

The Committee shall:

- 12.1 keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants;
- 12.2 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 Company Secretary;
- 12.3 give due consideration to relevant laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share incentive plans, including but not limited to the Companies Act 2006, the principles and provisions of the Code, the requirements of the Listing Rules, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules, and any other applicable guidelines and rules, as appropriate.

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- 12.4 work and liaise as necessary with all other Board committees, including the Nomination Committee, in respect of any remuneration package to be offered to any new appointee of the Board, ensuring that the interaction between committees and the Committee and the Board is reviewed regularly;
- 12.5 The Committee shall, at least once a year, review its own performance, 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.

**13. Authority**

The Committee is authorised by the Board to:

- 13.1 seek any information it properly and reasonably requires from any employee of the Group in order to perform its duties;
- 13.2 call any employee of the Group to be questioned at a Committee meeting as and when required
- 13.3 carry out all duties set out in these Terms of Reference, to have unrestricted access to the Company's documents and information and, in connection with its duties, to obtain, at the Company's expense, any appropriate independent legal or other professional advice on any matter within its Terms of Reference to enable it to fulfill its proper obligations as it considers necessary;
- 13.4 secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense;
- 13.5 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 of The Berkeley Group Holdings plc at its Board meeting of 16 June 2021.