

Hammerson plc

Remuneration Committee Terms of Reference

Members	Gwyn Burr (Chair) Judy Gibbons David Tyler
Secretary	Sarah Booth
By invitation	Chief Executive Group HR Director External Remuneration Adviser

1. Purpose

- 1.1 The purpose of the Remuneration Committee (the Committee) is to establish the remuneration policy and determine the remuneration for the Chair of the Board, Executive Directors and the Group Executive Committee (GEC), and review workforce remuneration-related policies and practices across the Group and the alignment of incentive and reward with culture.

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 he or she was considered independent on appointment as Chair of the Board. 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 Committee meetings. However, other individuals such as the Chief Executive, Group HR Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.3 Appointments to the Committee shall be for an initial period of up to three years, which may be extended by no more than two additional three year periods, provided the director still meets the criteria for membership of the Committee.

2.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director and who shall 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.

3. Secretary

3.1 The General Counsel and Company Secretary or her nominee shall act as the Secretary of the Committee.

4. Quorum

4.1 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

5.1 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.

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 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.

7. Minutes of Meetings

7.1 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 make a statement and answer any shareholder questions on the Committee's activities and achievements over the year.
- 8.2 The Committee Chair shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

9. Duties

The Committee shall:

9.1 *Remuneration Policy*

- (a) Determine and agree with the Board the remuneration policy for the remuneration of the Chair of the Board, Executive Directors, the General Counsel and Company Secretary and the GEC. The remuneration of Non-Executive Directors shall be a matter for the Board. No director or manager shall be involved in any decisions as to their own remuneration. Shareholder approval for the remuneration policy shall be sought whenever changes to the policy are agreed and at least every three years;
- (b) in determining such policy, take into account all factors which it deems necessary or desirable, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the Code) and associated guidance. In particular, address the following factors identified in the Code: clarity; simplicity; risk; predictability; proportionality and alignment to support the Company's strategy and culture. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate and stretching incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual personal contributions to the long-term sustainable success of the Company;
- (c) when setting the remuneration policy for directors and other GEC members, review and have regard to workforce remuneration and related policies across the Group and the alignment of incentives and rewards with culture;
- (d) review the on-going appropriateness and relevance of the remuneration policy in light of business strategy and the Group's purpose and values;
- (e) ensure that the Company continues to attract, retain and motivate quality leaders, capable of making a major contribution to the Group's success; and
- (f) develop a formal policy for shareholding requirements for Executive Directors, including post-employment, encompassing both unvested and vested shares and designed to support alignment with long term shareholder interests.

9.2 *Power to Determine Remuneration*

- (a) Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive as appropriate, determine the total individual remuneration package of the Chair, each Executive Director and other GEC members including bonuses, incentive payments and share options or other share awards. Independent judgement and discretion should be exercised when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances;
- (b) review and approve annual remuneration reviews (salary and bonus) for other senior executives whose salary is equal to/exceeds £150,000 per annum and/or has a notice period equal to/exceeding 6 months;
- (c) consider the remuneration for the appointment of executive directors and GEC members, ensuring that commitments made will not lead to reward for poor performance;
- (e) 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;
- (f) consider and approve the application of malus and clawback provisions concerning executive director incentive plans; and
- (g) agree the policy for authorising claims for expenses from the directors.

9.3 *Workforce Remuneration and Engagement*

- (a) Endorse clear principles for pay and reward across the Group;
- (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 each year how decisions on executive pay reflect wider company pay policy.

9.4 *Review of Remuneration Trends*

- (a) review investor liaison on an annual basis;
- (b) review overall bonus payments on an annual basis and relevant metrics; and
- (c) review at least annually, the total individual remuneration packages of each Executive Director and other GEC members.

9.5 *Remuneration Consultants*

- (a) 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, within any budgetary restraints imposed by the Board;
- (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; and
- (c) exercise independent judgement when evaluating the advice of the remuneration consultants and when receiving views from executive directors and senior management.

9.6 *Incentive Schemes*

- (a) Review and approve the design of, and determine targets for long-term and short-term incentive plan performance conditions for Executive Directors and GEC members, ensuring they align with long-term shareholder interests, and approve the total annual payments made under such plans;
- (b) review performance against conditions for the long-term and short-term incentive plans for the previous year;
- (c) ensure that share incentive plans are approved by Shareholders when required;
- (d) approve the adoption of the share-based, option and cash incentive schemes and plans and the adoption of any changes thereto and give delegated powers specifically to the Share Incentive Administration Committee for the granting, vesting and administration of these plans; and
- (e) note awards made under the long-term and short-term incentive plans.

9.7 *Pensions*

- (a) Determine the policy for, and scope of, pension arrangements for each Executive Director and other GEC Members, considering those arrangements as compared to the pension arrangements available to the workforce; and
- (b) consider the pension consequences and associated costs of basic salary increases and other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, when compared with workforce pension arrangements.

9.8 *Benefits*

- (a) Oversee any major changes in employee benefits structures throughout the Company or the Group.

10. **Reporting Responsibilities**

- 10.1 The Committee Chair shall report to the Board on its 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 and ensure each year that it is put to shareholders for approval at the AGM. 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; and
- (g) to what extent discretion has been applied to remuneration outcomes and the reasons why.

- 10.4 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. **Other Matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for 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;
- 11.3 give due consideration to the laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate; and
- 11.4 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 report on such results and recommend any changes it considers necessary to the Board for approval.

12. Authority

- 12.1 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Adopted by the Board on 30 January 2019