

**RAVEN PROPERTY GROUP LIMITED**

**CORPORATE GOVERNANCE**

**Terms of reference of the Remuneration Committee**

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

### 1 MEMBERSHIP

- 1.1 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.
- 1.2 Membership of the Remuneration Committee shall consist of at least three members, each being an independent non-executive director. The chair of the Board may also be a member of, but not chair, the Remuneration Committee provided he or she is considered independent on appointment as chair. The Remuneration Committee shall have the appropriate balance of skills, experience and knowledge of the company to enable them to discharge their duties and responsibilities effectively.
- 1.3 The members of the Remuneration Committee shall be appointed by the Board but on the recommendation of the Nomination Committee and in consultation with the chair of the Remuneration Committee.
- 1.4 A member of the Remuneration Committee shall serve a term of three years which may be extended provided the director still meets the criteria for membership of the Remuneration Committee.

### 2 QUORUM

- 2.1 A quorum shall be two members of the Remuneration Committee. All reasonable efforts shall be made to give notice of meetings of the Remuneration Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend. A duly convened meeting of the Remuneration 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 Remuneration Committee.

### 3 CHAIR

- 3.1 The Board shall appoint one of those of the members of the Remuneration Committee who is an independent non-executive director to be the chair of the Remuneration Committee. The chair of the Remuneration Committee should have previously served on a remuneration committee for at least 12 months prior to his or her appointment. If the chair of the Remuneration Committee is not present at a meeting of the Remuneration Committee, then the remaining members present shall elect one of their number to chair the meeting.
- 3.2 The chair of the Remuneration Committee shall be available to answer through the chair of the annual general meeting, questions on the report on the Remuneration Committee's activities and achievements falling within its terms of reference at the annual general meeting of the company.
- 3.3 The chair of the Remuneration Committee shall report to the Board to enable it to report to the company's shareholders on remuneration matters as specified in the Listing Rules and the UK Corporate Governance Code (the "**Code**").

## 4 **ATTENDANCE**

- 4.1 No one other than the chair of the Remuneration Committee and its members is entitled to be present at a meeting of the Remuneration Committee. Attendance at meetings of the Remuneration Committee by non-members, the chair of the Board (if not a member), the chief executive and other members of the Board shall be at the discretion of the Remuneration Committee.
- 4.2 The chief executive of the company may be invited to attend meetings of the Remuneration Committee to advise its members and shall be invited to discuss the performance of the other executive directors and to make proposals as necessary.
- 4.3 Professional advisers and other persons with relevant experience, including other executive directors of the company and the head of human resources, may attend all meetings or part of a meeting of the Remuneration Committee by invitation provided that no person shall attend during the Remuneration Committee's deliberations concerning that person's own remuneration.
- 4.4 The company secretary shall be the secretary of the Remuneration Committee and shall attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues. The company secretary shall prepare draft minutes of the Remuneration Committee meetings and shall circulate them to all members of the Remuneration Committee and to all members of the Board, unless it would be inappropriate to do so.

## 5 **FREQUENCY OF MEETINGS**

The Remuneration Committee shall meet as the chair, in consultation with the company secretary, shall require and also at regular intervals to deal with routine matters and, in any event, at least twice in each financial year. Any member of the Remuneration Committee may request a meeting if he/she considers that one is necessary or expedient. Formal meetings, for example, in relation to the formal grant of employee share options may be held by telephone.

## 6 **NOTICE OF MEETINGS**

- 6.1 Meetings of the Remuneration Committee shall be called by the secretary at the request of the Remuneration Committee chair.
- 6.2 Meetings may be held by video conference, telephone or by any other manner permitted by the company's constitution.
- 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 Remuneration Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Remuneration Committee members and to other attendees, as appropriate, at the same time.

## 7 **AUTHORITY**

- 7.1 The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. The Remuneration Committee is authorised to seek any information it requires from any employee or director of the company or any consultant or other provider of services to the company. All employees, directors,

consultants and other providers of services are directed to co-operate with requests for information made by the Remuneration Committee including requests to attend meetings of the Remuneration Committee.

7.2 The Remuneration Committee is authorised by the Board to obtain such outside legal or other independent professional advice at the cost of the company as it considers appropriate in relation to matters within its terms of reference and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary or expedient.

7.3 The Remuneration Committee shall have authority to approve and authorise the execution of all documents (including service contracts) and do all things as may be necessary or desirable for the purpose of carrying out its responsibilities.

7.4 The Remuneration Committee shall not be authorised to appoint or terminate the employment of directors or senior executives or to determine the remuneration of non-executive directors. It shall not be responsible for making nominations to the Board.

## 8 **RESPONSIBILITIES**

8.1 The Remuneration Committee should develop a formal and transparent procedure for developing policy on executive remuneration and determining remuneration.

8.2 The Remuneration Committee shall:

(a) determine and agree with the Board the framework and policy for the remuneration of the chair, chief executive, the executive directors and senior management and set the remuneration of each. The remuneration of non-executive directors shall be a matter for the chair and the executive members of the Board, acting in accordance with the company's articles of association and shall not include share awards or other performance-related elements. No director or member of senior management shall be involved in any decisions as to their own remuneration;

(b) in determining such policy, the Remuneration Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, the need to support strategy and promote long-term sustainable success of the company, the provisions and recommendations of the Code and associated guidance. The Remuneration Committee should ensure that appropriate incentives are used to enhance the performance of the executive management and to ensure that they are rewarded in a fair and responsible manner for their individual contributions to the success of the company. The remuneration policy should be aligned to the company's purpose and values, be clearly linked to the successful delivery of the company's long-term strategy and have regard to the risk appetite of the company. Directors should exercise independent judgement and discretion when evaluating the advice of any external third parties and when receiving views from executive directors and senior management;

(c) 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 and senior management remuneration;

(d) ensure that the remuneration of the chair and all non-executive directors shall reflect their time commitment and responsibilities;

- (e) ensure remuneration schemes promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted to executive directors should be released for sale on a phased basis and should be subject to a total vesting and holding period of five years or more;
- (f) ensure that remuneration schemes enable the use of discretion to override formulaic outcomes and include provisions that enable the company to recover and/or withhold sums or share awards and specify the circumstances when it would be appropriate to do so;
- (g) 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 the schemes;
- (h) review the design of and changes to all share incentive plans for approval by the Board and shareholders. The Remuneration Committee shall determine whether awards will be made, the overall amount of the awards, the individual awards to members of the executive management and the relevant performance targets. The Remuneration Committee shall exercise any discretion allowed under the plans on behalf of the Board;
- (i) determine the policy for, and scope of, pension arrangements for each executive director and senior management team member. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements;
- (j) 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;
- (k) agree the terms of appointment and termination of any executive director or other member of senior management and establish a policy on contracts and termination arrangements. Notice or contract periods should be one year or less and if it is necessary to offer longer periods to externally recruited directors, such periods should reduce to one year or less after the initial period;
- (l) develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- (m) within the terms of the agreed policy and in consultation with the chair of the Board and/or chief executive as appropriate, determine the total individual remuneration package of each of the executive directors and senior management including bonuses, incentive payments and share options or other share awards;
- (n) when setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or the group and align to the group's culture;
- (o) be aware of and advise on any major changes in employee benefit structures throughout the company or the group;

- (p) not agree the policy for authorising claims for expenses from the chief executive and the deputy chair of the Board, such authority to be reserved for the chair of the Board;
- (q) ensure that provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- (r) through the chair of the Board, ensure that the company maintains contact as required with its principal shareholders about remuneration;
- (s) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- (t) obtain information about remuneration in other companies of comparable size and complexity that is reliable and up-to-date. The Remuneration Committee should avoid designing pay structures based solely on benchmarking to the market or the advice of remuneration consultants as this could encourage an upward ratcheting effect on executive pay;
- (u) make available its terms of reference explaining clearly its role and the authority delegated to it by the Board; and
- (v) consider any matter specifically referred to the Remuneration Committee by the Board.

8.3 In discharging its duties, the Remuneration Committee should consider the following:

- (a) clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- (b) simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- (c) risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- (d) predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- (e) proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and
- (f) alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.

9           **REPORTING PROCEDURES**

9.1          The Remuneration Committee shall report to the Board after each meeting on all matters within its terms of reference. The Remuneration Committee shall identify any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.

9.2          The Remuneration Committee shall produce a summary of the Remuneration Committee's duties and work, including the membership of the committee, the number of committee meetings held and attendance over the course of the year shall be included each year in the company's annual report. If it has appointed remuneration consultants, provide a statement in the annual report which identifies such consultants and discloses whether or not they have any other connection with the company or individual directors.

10          **OTHER MATTERS**

10.1         The Remuneration Committee shall:

- (a)         have access to the necessary resources for development and updating the directors' knowledge and capabilities, 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;
- (c)         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 Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules sourcebook as well as guidelines published by the Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules, as appropriate; and
- (d)         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.