

Terms of Reference – Remuneration Committee

1. Constitution

- 1.1 The Remuneration Committee (the “**Committee**”) was constituted as a committee of the Board of Directors (the “**Board**”) of St. Modwen Properties Plc (the “**Company**” or “**Group**”) in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3 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.
- 1.4 The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

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.
- 2.2 Appointments to the Committee shall be made by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Remuneration Committee.
- 2.3 The Chair of the Committee, who shall be an independent Non-Executive Director, shall be appointed by the Board on the recommendation of the Nomination Committee. Before appointment as Chair of the Committee, the appointee should normally have served on a remuneration committee for at least 12 months. The Chair of the Board shall not be Chair of the Committee. 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, provided that they qualify under these terms of reference to be appointed by the Board to that position.
- 2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two further three year periods, provided the member (other than the Chair of the Board, if he or she is a member of the Committee) remains independent.
- 2.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Group HR Director and other senior managers and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.6 The Secretary of the Committee shall be the Company Secretary or his or her nominee or such person as shall be appointed from time to time by the Committee. The Secretary should ensure 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 & Voting Arrangements

- 3.1 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.
- 3.2 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 electronic methods of communication.
- 3.3 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 on that matter at the meeting.
- 3.4 Except where there is a personal interest, the Committee Chair shall have a casting vote.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as called upon.
- 4.2 Meetings may be conducted by electronic methods of communication and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than three 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.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

7. Engagement with shareholders

- 7.1 The Chair of the Committee should attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities and matters within the scope of the Committee's responsibilities.
- 7.2 In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility, where appropriate.

8. Duties

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate. The Committee shall:

- 8.1 have delegated responsibility for determining the policy for directors' remuneration and setting the remuneration for the Company's Chair, Executive Directors and senior management, being the first layer of management below the Board including the Company Secretary (the '**Executive Committee**'), in accordance with the Principles and Provisions of The UK Corporate Governance Code (the '**Code**'). The remuneration of Non-Executive Directors shall be a matter for the Board within the limits set out in the Company's Articles of Association;
- 8.2 establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests;
- 8.3 establish a directors' shareholding policy, and review at least annually the adherence to it;
- 8.4 design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;
- 8.5 take care to recognise and manage conflicts of interest, in particular when receiving views from members of the Executive Committee or consulting with the Chief Executive about its proposals;
- 8.6 in determining the remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance;
- 8.7 ensure that the policy and practices are operated so that Executive Directors and the Executive Committee are provided with remuneration arrangements and structures which are transparent, easily understood, consistent with the Group's risk appetite, provide a range of predictable outcomes where reward is proportionate to individual performance and aligned to the Group's culture;
- 8.8 review the ongoing appropriateness and relevance of the remuneration policy, having regard to the views of shareholders, the workforce and other stakeholders;
- 8.9 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 each executive director, the Chair and members of the Executive Committee including pension arrangements, bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances;
- 8.10 review the design of all share incentive plans for approval by the Board and, where required, 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 the Executive Directors and the Executive Committee, and the performance targets to be applied;
- 8.11 ensure that contractual terms relating to remuneration are in line with the principles in the Code, and in particular the terms relating to termination are fair to the individual and the Company, do not reward failure and recognise the duty to mitigate loss, and any termination payments are agreed in line with these principles;

- 8.12 ensure that, where relevant, any payments made are permitted under the latest shareholder approved remuneration policy and, if not permitted, that prior to payment, a revised remuneration policy is submitted for shareholder approval;
- 8.13 review workforce remuneration and related policies and take these into consideration when setting the remuneration of the Executive Directors and Executive Committee, including reviewing and noting pay and employment conditions across the Company or Group, when determining annual salary increases;
- 8.14 oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.15 agree the policy for authorising claims for expenses from the Non-Executive Directors;
- 8.16 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.; and
- 8.17 work and liaise as necessary with other Board Committees, ensuring the interaction between committees and with the Board is reviewed regularly.

9. Reporting Responsibilities

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and actions taken.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- 9.4 The Committee shall ensure that provisions regarding disclosure of information, as set out in the relevant legislation and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Company's annual report.
- 9.5 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.
- 9.6 The Directors' Remuneration Report, excluding the Directors' Remuneration Policy Report, will be put to shareholders for an advisory vote of approval at the Annual General Meeting each year. The Directors' Remuneration Policy Report will be put to a binding vote of shareholders at every third Annual General Meeting or on an earlier change of remuneration policy.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to laws, regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and

operation of share incentive plans, the requirements of the FCAs Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate;

- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 at least annually, review its constitution, its terms of reference and its own effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised by the Board

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 to obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference when the Committee reasonably believes it necessary to do so; and
- 11.3 to call any Director or employee to be questioned at a meeting of the Committee as and when required.

Approved by the Board

20 July 2020