

## **International Workplace Group plc**

### **Remuneration Committee – Terms of Reference**

**(Approved by the Board at a meeting held on 27 February 2019)**

#### **1. Constitution and responsibility**

- 1.1 The Board of International Workplace Group plc (the “**Company**”) has resolved to establish a committee of the board known as the Remuneration Committee (the “**Committee**”) in accordance with the articles of association of the Company. These terms of reference replace any previous terms of reference for any remuneration committee of the Board.
- 1.2 The Committee will be responsible for overseeing and providing independent judgment on all elements of the remuneration of the Company’s executive directors, the first layer of management below board level and the Company Secretary (the **First Line Executives**), and the Chairman of the Board, including pension rights, compensation payments, and exit payments.
- 1.3 The remuneration of the non-executive directors, except for the Chairman of the Board, will be a matter for the Board (subject to the articles of association of the Company and the current directors’ remuneration policy).
- 1.4 Any decisions made by the Committee in relation to the remuneration of the Chairman and the executive directors of the Board must be made within the scope and terms of the current directors’ remuneration policy for executive directors as approved by ordinary resolution of the shareholders of the Company.

#### **2. Membership**

- 2.1 Members of the Committee will be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee will be made up of at least three members, all of whom should be independent non-executive directors. If so determined by the Board, the Chairman of the Board may be a member of the Committee provided he or she was considered independent on appointment as Chairman.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.3 Appointments to the Committee will be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.
- 2.4 The Board will appoint the Committee Chairman who will be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present will elect one of themselves to chair the

meeting. The Committee Chairman will normally have served as a member of a remuneration committee for at least 12 months before his or her appointment.

- 2.5 The Board will regularly review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals.
- 2.6 If executive directors or First Line Executives are involved in advising or supporting the Committee, that role should be clearly separated from their role within the business and care should be taken to recognise and avoid conflicts of interest.

### **3. Secretary**

The Company Secretary or their nominee will act as the Secretary of the Committee.

### **4. Quorum**

The quorum necessary for the transaction of business will be two. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5. Meetings**

The Committee will meet at least twice a year and at such other times as the Chairman of the Committee requires.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee will be summoned by the Secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed by all Committee members, the Secretary will ensure that notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and any supporting papers, are provided to each member of the Committee, any other person required to attend and all other non-executive directors, where practicable no later than 5 working days before the meeting.

### **7. Minutes of Meetings**

- 7.1 The Secretary will minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings will be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## 8. Annual General Meeting

The Chairman of the Committee will attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## 9. Duties

The Committee will:

- 9.1 determine and agree with the Board the remuneration policy (including benefits, pension arrangements and termination payments) and terms of employment for the Company's Chairman, the executive directors, the Company Secretary and the First Line Executives. No director, the Chairman or First Line Executive will be involved in any decisions as to their own remuneration;
- 9.2 in determining the policy, take into account all factors which it deems necessary, including the views of shareholders and other stakeholders, the risk appetite of the Company and alignment with the Company's purpose, values and long-term strategic goals. The objective of the policy will be to promote the long term sustainable success of the Company and 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;
- 9.3 ensure that a significant proportion of remuneration is structured to link rewards to both corporate and individual performance;
- 9.4 when determining the remuneration policy for executive directors and the First Line Executives have regard to workforce remuneration and related policies across the Company and its subsidiaries (the **Group**), to ensure the alignment of incentives and reward with the Company's culture;
- 9.5 ensure, so far as appropriate and practicable, that information is available to enable operating companies to explain to their employees how executive remuneration aligns with wider Company pay policy;
- 9.6 review and have regard to the six key factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture (as required by the Corporate Governance Code) when determining executive director and First Line Executive remuneration policy and practices, and to include a description of how the Committee addressed these factors in the Company's annual report;
- 9.7 review the operation, effectiveness and on-going appropriateness and relevance of the remuneration policy, especially when reviewing annual salary increases;
- 9.8 approve the design of, and determine targets for, any performance related pay schemes operated by the Company ensuring that performance related elements (including non-financial metrics where appropriate) are transparent, stretching and rigorously applied;

monitor the operation of any performance related pay schemes and approve the total annual payments made under such schemes. The Committee will retain discretion to adjust the formulaic outcome of any performance related element of remuneration to ensure it appropriately represents underlying performance;

- 9.9 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 and First Line Executives and the performance targets (including non-financial metrics where appropriate) to be used and, where appropriate, operate the provisions in any plans for malus or clawback;
- 9.10 determine the policy for, and scope of, pension arrangements for each executive director and the First Line Executives;
- 9.11 consider and determine the Company's policy on other provisions of the service agreements of the executive directors and the First Line Executives (in particular the term and any notice period) and 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;
- 9.12 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and First Line Executive including bonuses, incentive payments and share options or other share awards, share ownership requirements (including the development of a policy for post-employment shareholding requirements encompassing both unvested and vested shares), determining an appropriate balance between fixed and performance-related elements, and immediate and deferred remuneration;
- 9.13 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in any published guidelines or recommendations regarding the remuneration of directors of listed companies and the operation of share schemes (in particular the principles and provisions of the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance) which the Committee considers relevant or appropriate;
- 9.14 review and note annually the remuneration trends across the Company or Group;
- 9.15 oversee any major changes in employee benefits structures throughout the Company or Group;
- 9.16 agree the policy for authorising claims for expenses from the directors;
- 9.17 ensure that all provisions regarding disclosure of information including pensions, as set out in the Companies Act 2006, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules and the UK Corporate Governance Code (each as amended from time to time), are fulfilled including the disclosure on the Company's website of the particulars of any payment for loss of office

made or to be made to a person ceasing to be a director of the Company and any payments to be made to a person after ceasing to be a director of the Company;

- 9.18 approve the directors' remuneration report which will form part of the Company's annual report, including (when required) the Company's policy on directors' remuneration, and to identify any performance measures or targets that are considered commercially sensitive for the purposes of disclosure and to ensure that such report and policy are put to shareholders for approval as required;
- 9.19 work with the Nomination Committee to ensure that the remuneration of any proposed new director of the Company is in accordance with the Company's directors' remuneration policy and to agree the terms of appointment and remuneration of such proposed new director;
- 9.20 approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of an executive director and any other terms and conditions to apply on termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the Board);
- 9.21 ensure that it is in a position to justify all of its actions and proposed courses of action;
- 9.22 consider and make recommendations to the Board concerning any area within its remit where action or improvement is required, including in relation to the disclosure of details of remuneration packages and structures in addition to those required by law or by the UK Listing Authority or the London Stock Exchange; and
- 9.23 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary restraints imposed by the Board and considering any other connection that they may have with the Company or the Group: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee will have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **10. Reporting Responsibilities**

- 10.1 The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee will 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 will approve an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure that:
  - (a) a description of the Committee's work and of any remuneration consultants used and their relationship with the company is provided, as required by the Corporate Governance Code;

(b) the directors' remuneration policy is put to shareholders by ordinary resolution, for approval by a binding vote at an Annual General Meeting or other company meeting at least once every three years, or earlier when considered necessary or appropriate in accordance with the requirements of the Companies Act 2006;

(c) the directors' remuneration report (with the exception of the directors' remuneration policy) is put to an advisory vote of shareholders at by ordinary resolution each Annual General Meeting in accordance with the requirements of the Companies Act 2006; and

(d) whenever a director leaves office, a statement is published on the Company's website as soon as reasonably practicable, in accordance with the requirements of section 430(2B) of the Companies Act 2006.

## **11. Liabilities**

The Committee is reminded that each member of the Committee will be jointly and severally liable to indemnify the Company or member of the Group for any loss resulting from a remuneration payment or payment for loss of office to a director of the Company (including a prospective or former director of the Company) authorised by the Committee, if that payment is not consistent with the approved directors' remuneration policy in existence at the time or has not been approved by resolution of the members of the Company. The Court may relieve a member of the Committee of such liability if, having regard to all the circumstances of the case, the member of the Committee can show that he or she acted honestly and reasonably.

## **12. Other**

The Committee will periodically 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**

13.1 The Committee is authorised by the Board to undertake any activity and investigate any matters within its terms of reference and seek any information it requires from any employee of the Company in order to perform its duties.

13.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.

13.3 These terms of reference may be amended from time to time by the Board.