



## **Bellway p.l.c.**

### **Remuneration Committee**

#### **Terms of Reference**

##### **1. Membership**

- 1.1 The Committee shall consist of at least three members, all of whom shall be independent non-executive directors. The Company Chairman may be a member of the Committee if they were considered to be independent on appointment as Chairman.
- 1.2 Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and in consultation with the Remuneration Committee Chairman and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the Company Chairman, if they are a member of the Committee) continue to be independent.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Group Head of HR and external advisors may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.4 The Committee Chairman shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the current Chairman of the Remuneration Committee. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 1.5 The Committee Chairman shall be appointed by the Board, who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chairman 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 Company Chairman shall not be appointed to chair the Committee.

##### **2. Secretary**

The Group General Counsel and Company Secretary, or their nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **3. Quorum**

The quorum necessary for the transaction of business shall be two members.

### **4. Frequency of meetings**

The Committee shall meet at least twice a year and at such other times as the Committee shall require.

### **5. Notice of meetings**

5.1 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.

5.2 Unless otherwise agreed by the Committee, 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 no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members, and to other attenders, as appropriate, at the same time.

### **6. Minutes of meetings**

6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2 Draft minutes of Committee meetings shall be agreed with the Committee Chairman and then circulated promptly to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chairman. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary.

### **7. Engagement with shareholders**

The Committee Chairman should attend the annual general meeting to answer shareholder questions on the Committee's activities. In addition the Committee Chairman should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

### **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 remuneration for the Company's Chairman, the Executive Directors, the Group General Counsel and Company Secretary and Regional Chairmen and such other members of the executive management as it is designated to consider by the

Board, in accordance with the Principles and Provisions of the UK Corporate Governance Code (Code).

- 8.2 Establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- 8.3 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.
- 8.4 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- 8.5 No director or senior manager shall be involved in any decisions as to their own remuneration outcome.
- 8.6 In determining remuneration policy, take into account all other factors which is deemed necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- 8.7 Review the ongoing appropriateness and relevance of the remuneration policy.
- 8.8 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 of the individuals under the Committee's remit including 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 judgment and discretion when determining remuneration awards, taking account of Group and individual performance, and wider circumstances.
- 8.9 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. However the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 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 for executive directors and senior managers, and the performance targets to be used.

8.11 Review workforce remuneration and related policies.

8.12 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 Chairman shall report to the Board on the main items of business addressed at each Committee meeting.

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 also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Group's annual report and put to shareholders for approval at the AGM as necessary.

9.5 The Committee Chairman shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities and responsibilities.

9.6 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.

## **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 secretariat 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 all relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.

10.4 Ensure that a period evaluation of the Committee's own performance is carried out.

10.5 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.

## **11. Authority**

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.

## **12. Matters outside the Committee's Responsibility**

The remuneration of non-executive directors shall be a matter for the Board Committee on Non-Executive Directors' Remuneration or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.