

**PERSIMMON PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

*References to "the Committee" shall mean the Remuneration Committee.*

*References to "the Board" shall mean the Board of Directors.*

*References to "the Code" shall mean the UK Corporate Governance Code.*

These revised Terms of Reference were adopted by the Board on 26 February 2021.

**1. Membership**

- 1.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member if considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Human Resources Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for up to two further periods of three years, provided the director still meets the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director who has served on a Remuneration Committee for at least twelve 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 Chairman of the Board shall not be Chairman of the Committee.

**2. Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

**3. Quorum**

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

**4. Meetings**

The Committee shall meet at least twice a year and otherwise as required.

**5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chairman.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be sent to Committee members and to other attendees, as appropriate, not less than five working days before 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 Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly the Chairman of the Committee. Once approved, minutes should be circulated to the Committee and to all other members of the Board, unless it would be inappropriate to do so in the Chairman's opinion.

## **7. Engagement with Shareholders**

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

## **8. Duties**

The Committee shall

- 8.1 have delegated responsibility for determining the policy for directors' remuneration and for setting remuneration for the Company's Chairman, executive directors, the senior management below the Board including the Company Secretary in accordance with the Principles and Provisions of the Code. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration.
- 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 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of the remuneration policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders.
- 8.4 The remuneration policy shall be designed to support strategy and promote the

long-term sustainable 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 ; enable the use of discretion to override formulaic outcomes and include provisions that would enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

- 8.5 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- 8.6 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 8.7 Within the terms of the agreed policy and in consultation with the Chairman and/or the Chief Executive, as appropriate, determine the total individual remuneration package of each executive director, the Company's Chairman and Senior managers 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 judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances.
- 8.8 have full authority to appoint remuneration consultants, including setting their terms of reference 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. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management.
- 8.9 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 executive directors and senior managers and the performance targets to be used.
- 8.10 Review workforce remuneration and related policies.
- 8.11 Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.
- 8.12 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 such schemes (in accordance with the Code).
- 8.13 The Committee shall develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- 8.14 The Committee shall ensure that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised.

## **9. Reporting responsibilities**

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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 legislation and the Code are fulfilled and that a report on the directors' remuneration policy and practices in is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.
- 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.

## **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 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 guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate
- 10.4 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 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.

26 February 2021

Based upon ICSA model terms of reference