



# MARSTON'S

## MARSTON'S PLC

### Terms of Reference for the Remuneration Committee ("the Committee")

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

#### **1. Membership**

- 1.1 The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 3 members, all of whom shall be regarded as independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, Group HR Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 Appointments to the Committee 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 Chair of the Board, if they are a member of the Committee) continue to be independent.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director and shall have served on a remuneration committee for at least 12 months prior to being appointed to the role. 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. The Chairman of the Board shall not be Chairman of the Committee.

#### **2. Secretary**

- 2.1 The Group 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 the issues.

#### **3. Quorum**

- 3.1 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**

- 4.1 The Committee shall meet at least twice a year and at such times as the Chairman of 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 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, any other person required to attend and all other non-executive directors, no later than 5 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 Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee and, once approved, to all members of the Board and the Group Secretary, unless, exceptionally, it would be inappropriate to do so.

## 7. Engagement with shareholders

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to 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 setting remuneration for the Company's Chairman, Executive Directors, the Group Secretary and other members of 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 Chairman and the executive members of the Board and within the limits set in the Articles of Association. 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 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  
In determining remuneration 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 such 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 views of shareholders and other stakeholders.
- 8.3
- 8.6 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 CEO as appropriate, determine the total individual remuneration package of each Executive Director and other members of the Executive Committee, 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 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.
- 8.9 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 for Executive Directors and other senior managers and the performance targets to be used.
- 8.10 Review workforce and 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.

## **9 9 Reporting Responsibilities**

- 9.1 The Committee Chairman shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be 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 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 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**

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the Group Secretariat for advice and assistance 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 FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
- 10.4 Ensure that a periodic 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**

- 11.1 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.

Approved October 2020