

HOSTMORE PLC (THE “COMPANY”)

Terms of Reference of the Remuneration Committee

1. Membership and quorum

- 1.1 The Hostmore plc Remuneration Committee (the “**Committee**”) shall be appointed by the Hostmore plc Board (the “**Board**”) on the recommendation of the Nominations Committee and in consultation with the Chair of the Committee and shall consist of not less than three members.
- 1.2 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 the director still meets the criteria for membership of the Committee.
- 1.3 Unless the Board approves otherwise, all members shall be independent non-executive Directors of the Company. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair. The Chair of the Board shall not chair the Committee.
- 1.4 Unless the Board approves otherwise, before appointment as Chair of the Committee, the appointee should have served on a remuneration committee (either at the Company or another company) for at least 12 months.
- 1.5 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 who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Committee Chair.
- 1.6 A quorum shall be two members. A duly convened meeting of the Committee is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 1.7 The General Counsel and Company Secretary or his or her nominee shall act as the secretary of the Committee.
- 1.8 The General Counsel and Company Secretary or his or her nominee will arrange or make available a suitable induction process for new members of the Committee as well as ongoing training where appropriate and agreed with the Committee.

2. Procedural Matters

- 2.1 It is not necessary for all members of the Committee to be present in the same physical location, provided that each member can communicate with the others.
- 2.2 Decisions will be taken on a majority basis.
- 2.3 The Chair will have a casting vote in case of deadlock.

3. Notice of meetings

- 3.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.

3.2 The Secretary of the Committee shall give notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed 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 but this is without prejudice to the ability of the Secretary of the Committee to circulate further materials in advance of the meeting should the circumstances so require.

4. **Attendance at meetings**

4.1 Directors, other employees of the Company and external advisors may attend meetings by invitation.

4.2 No individuals should be in attendance when their own individual remuneration or benefits are being considered.

5. **Frequency of meetings**

Meetings shall be held no less than twice a year with additional meetings as appropriate.

6. **Authority**

6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have access to sufficient resources in order to carry out its duties and is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

6.2 The Committee is authorised by the Board to obtain legal or professional advice at the Company's expense (but within any budgetary restraints imposed by the Board) on any matters within its terms of reference. Outsiders with relevant experience and expertise may attend meetings of the Committee if the Chair of the Committee considers this necessary.

7. **Duties**

7.1 The duties of the Chair shall be:

- (a) to provide oversight of employee engagement surveys and outcomes, across different pay grades;
- (b) to consider feedback raised via any 'employee voice' mechanism developed by the Board;
- (c) to consider what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company policy; and
- (d) to act as the designated non-executive director for engagement with the Company's workforce.

7.2 The duties of the Committee shall be:

- (a) Remuneration Policy

- (i) to determine the remuneration policy for the Chair of the Company, executive Directors, executive Board members and other designated senior management including the General Counsel and Company Secretary. The remuneration of the non-executive Directors shall be a matter for the Chair and executive Directors and shall be within the limits set out in the Company's articles of association from time to time. No Director, executive Board member or senior manager shall be involved in any decisions as to their own remuneration. For the avoidance of doubt, if the Chair of the Company serves on the Committee as an additional member, he shall not be involved in any decision as to his own remuneration;
- (ii) whilst there is no maximum salary level, any increases will normally be broadly in line with the wider colleague population. Higher increases may be made under certain circumstances, at the Committee's discretion. For example, this may include:
 - (1) increase in the scope and/or responsibility of the individual's role; and
 - (2) development of the individual within the role.
- (iii) in determining the remuneration policy, to take into account all factors which it deems necessary including:
 - (1) relevant legal and regulatory requirements;
 - (2) the provisions and recommendations of the UK Corporate Governance Code (including the requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture) and associated guidance;
 - (3) alignment to the Company's purpose and values and the link to the successful delivery of the Company's long-term strategy and long-term shareholder interests;
 - (4) the business strategy of the Company and its subsidiary undertakings (together being the "**Group**") and how the policy supports the strategy and promotes long-term sustainable success;
 - (5) the need to attract, retain and motivate executive management of the quality required to run the Company successfully;
 - (6) workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration;
 - (7) feedback from the engagement process with employees;
 - (8) an appropriate balance between fixed and performance related remuneration, and immediate and deferred remuneration (including releasing share awards on a phased basis);

- (9) the Company's risk appetite (including in respect of reputational and behavioural risk) and risk management strategy ensuring that the remuneration policy is aligned to the Company's risk policies and systems and long term sustainable success;
 - (10) the transparency of the performance-related elements, ensuring they are stretching, fairly administered and rigorously applied;
 - (11) that remuneration policies and practices enable the use of discretion to override formulaic outturns; and
 - (12) the malus and clawback provisions applying to the annual bonus scheme and share based remuneration schemes to recover and/or withhold sums or share awards under appropriate specified circumstances;
- (iv) to review the on-going appropriateness and relevance of the remuneration policy and to have regard to pay and employment conditions across the Company, especially when determining annual salary increases; and
 - (v) within the terms of the agreed policy and in consultation with the Chair of the Board and/or Chief Executive, as appropriate, to determine the total individual remuneration package of the Chair of the Board, each executive Director, each executive Board member and other designated members of senior management, including base salary, pension arrangements, benefits, profit sharing, bonuses, incentive schemes, share options or other share awards and arrangements or payments in connection with the individual's appointment.
- (b) **Pensions**
- to determine the policy for, and scope of, pension arrangements for each executive Director, executive Board members and other designated members of senior management, taking into account pension arrangements for the wider workforce. The pension contribution rates for executive Directors, or payments in lieu, should be aligned with those available to the workforce.
- (c) **Bonus and Share Based Remuneration**
- (i) to review the design of all bonus schemes and long-term incentive schemes for approval by the Board and, where required, shareholders;
 - (ii) to determine the targets applicable to any bonus in which executive Directors, executive Board members and other designated members of senior management participate;
 - (iii) to determine each year whether long-term share incentive awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors, executive Board members and other designated members of senior management and the performance targets to be used;

- (iv) to monitor and assess performance against targets for annual bonus and share incentive schemes and determine the pay-outs to individual executive Directors, executive Board members and other designated members of senior management under such schemes. The Committee shall exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances;
 - (v) to design and invoke safeguards, such as malus and clawback provisions, applying to annual bonus and share based remuneration schemes to protect against rewarding failure through the recovery and/or withholding of sums or share awards under appropriate specified circumstances; and
 - (vi) to 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 for at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
 - (vii) as described elsewhere in these terms of reference, the Committee may exercise its discretion to: (i) determine the size of the annual bonus and long-term incentive schemes granted to executive Directors, executive Board members and other designated members of senior management; (ii) set the performance measures and targets attaching to the annual bonus and long-term incentive schemes granted to executive Directors, executive Board members and other designated members of senior management; (iii) amend such performance measures and targets if events occur which result in the original measures and targets no longer being a fair measure of performance; (iv) override the formulaic outcomes of such performance measures and targets to ensure that payments under the annual bonus plan and long-term incentive schemes reflect the underlying performance of the business or of the individual concerned. In addition, the Committee may exercise its discretion in order to make such other non-material decisions affecting the individual's awards in order to facilitate the administration of the annual bonus plan and any long-term incentive scheme, respectively. Any and all decisions will be made within policy maxima and in accordance with the applicable plan rules. Use of discretion will be disclosed in the relevant Directors' Remuneration Report.
- (d) **Service Contracts, Appointments and Severance**
- (i) to approve the terms of the service contracts for executive Directors (under which the duration of notice periods shall not normally exceed one year) and any material amendment to those contracts;
 - (ii) to approve the total individual remuneration package on appointment for any executive Director, the Chair of the Board, executive Board member or other designated member of senior management, including base salary, pension arrangements, benefits, profit sharing, bonuses, incentive schemes, share options or other share awards and arrangements or payments in connection with the individual's appointment; and

- (iii) to ensure that contractual terms on termination, and any arrangements or payments in connection with the individual's cessation of office or employment (including the terms of settlement agreements or similar), are fair to the individual and the Company, that failure is not rewarded, the duty to mitigate loss is fully recognised and that any payments are consistent with the latest Directors' remuneration policy approved by the Company.

(e) **Remuneration Consultants**

- (i) to obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall 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 to help inform decisions regarding remuneration;
- (ii) to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- (iii) to exercise independent judgment when considering advice provided by remuneration consultants.

(f) **Performance Review and Training**

- (i) to periodically review its own performance and, at least annually, review its constitution and terms of reference to ensure its effectiveness and recommend any changes it considers necessary to the Board for approval; and
- (ii) to 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.

(g) **Other Matters**

- (i) to oversee any major changes in employee benefits structures throughout the Company or the Group;
- (ii) to review workforce remuneration and related policies including gender pay gap, the CEO pay ratio and minimum wage;
- (iii) to agree the policy for authorising claims for expenses from the Directors;
- (iv) to make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- (v) to consider other matters referred to the Committee by the Board;
- (vi) to give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the

UK Market Abuse Regulation, the requirements of the FCA's Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules, as well as guidelines published by the Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules, as appropriate;

- (vii) to exercise discretion and/or judgement on remuneration issues in accordance with the Company's remuneration policy; and
- (viii) to work and liaise as necessary with all other Board committees.

8. Reporting to the Board

- 8.1 The Chair of the Committee shall report to the Board at appropriate intervals.
- 8.2 The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 8.3 The minutes of the meetings of the Committee should be available to all members of the Board unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

9. Engagement with shareholders and external reporting responsibilities

- 9.1 The Committee shall produce a report for inclusion in the Company's annual report about its activities, including ensuring that provisions regarding disclosure of information as set out in the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (as amended from time to time) and the UK Corporate Governance Code are fulfilled, including:
 - (a) a statement from the Committee Chair providing a summary of the Company's remuneration policy and the annual report on remuneration;
 - (b) a report of the Company's remuneration policy and practices in the relevant financial year and how the Company intends to implement its remuneration policy in the current financial year; and
 - (c) if shareholder approval is being sought, the Company's remuneration policy.
- 9.2 The Committee shall submit the Company's Directors' remuneration policy for approval by the Company's shareholders on a binding basis:
 - (a) at least every three years;
 - (b) in any year in which there is a change to the Company's Directors' remuneration policy;
 - (c) if shareholder approval was not obtained when last submitted; and
 - (d) if majority shareholder approval was not achieved on the last annual remuneration report submitted by the Company.

- 9.3 The Chair of the Committee, or in his or her absence another member of the Committee, will attend the Company's annual general meeting and answer any shareholder questions about the work of the Committee. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

Approved by the Hostmore plc Remuneration Committee on 5 October 2021

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VERSION CONTROL

Version	Date	Comment
1.0	5 October 2021	Original version.