

**Crest Nicholson Holdings plc**  
**Terms of Reference for the Remuneration Committee**

**1. CONSTITUTION**

The Remuneration Committee (the **Committee**) of Crest Nicholson Holdings plc (the **Company**, together with all its subsidiary undertakings, the **Group**) is established by the board of directors of the Company (the **Board**) as a committee of the Board with the authority, powers and duties set out in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it thinks fit. Amendment to these Terms of Reference requires the approval of the Board.

**2. MEMBERSHIP**

- 2.1 The Committee shall comprise at least three members, each of whom shall be independent non-executive directors. The chairman of the Board (the **Chairman**) may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman of the Board. Members of the Committee shall be appointed by the Board or on the recommendation of the Company's Nomination Committee in consultation with the chairman of the Committee.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer of the Company, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee and continues to be independent.
- 2.4 The Board (or the Nomination Committee on its behalf) must, from time to time, review the composition of the Remuneration Committee to ensure that membership of the Committee rotates amongst the Company's independent non-executive directors.
- 2.5 The Board shall appoint the Committee chairman who shall be an independent non-executive director. 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 eligible to be appointed as chairman of the Committee.

- 2.6 If any member of the Committee is unable to act for any reason, the Committee chairman may appoint any other independent non-executive director of the Company to act as his/her alternate.

### 3. **SECRETARY**

- 3.1 The Company Secretary or his or her nominee shall act as the secretary of the Committee (the **Secretary**).

- 3.2 The Secretary shall attend all Committee meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to be given full and proper consideration of the issues.

- 3.3 The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.

### 4. **QUORUM**

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

- 4.2 A member of the Committee shall not be counted in the quorum where decisions are made or discussions are to take place concerning such member's remuneration.

### 5. **MEETINGS**

The Committee shall meet at least twice a year and otherwise as required by the chairman of the Committee.

- 5.1 Any member of the Committee may request a meeting if he or she considers that one is necessary or expedient.

### 6. **NOTICE OF MEETINGS**

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

6.2 All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

6.3 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 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.

## **7. MINUTES OF MEETINGS**

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

7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

## **8. ANNUAL GENERAL MEETING**

The chairman of the Committee shall attend the Company's Annual General Meeting to answer any shareholder question on the Committee's activities.

## **9. DUTIES**

9.1 The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

9.2 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

9.3 The Committee shall not decide upon the remuneration of the non-executive directors, which shall be decided upon by the Board in accordance with the limits set out in the constitutional documents of the Company.

9.4 The Committee shall have the specific duties set out in this paragraph 9. In carrying out these specific duties, the Committee and its members should consider Principles P, Q and R of the UK Corporate Governance Code (the **Code**) and their detailed Provisions alongside any applicable guidance issued by the Financial Reporting Council.

#### 9.5 Remuneration Policy

The Committee shall:

- (a) determine, monitor and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, executive directors, other senior executives as it is designated to consider (please see Schedule A) or any other employee with special or unusual circumstances. The remuneration of non-executive directors (including members of the Committee) shall be a matter for the Chairman and the executive members of the Board (or, where required by the Company's articles of association, the shareholders). No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy on executive remuneration, 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 and shareholder views. The objective of such policy shall be to attract, retain and motivate the executive management of the Company of the quality required to run the Group successfully, and to provide appropriate incentives to encourage enhanced performance in a fair and responsible manner, rewarding their individual contributions to the success of the Company. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- (c) when setting remuneration policy for executive directors and such other senior executives, ensure the reward, incentives and conditions available to the wider workforce are taken into account, enabling the Committee to explain how decisions on executive pay reflect wider company pay policy;

- (d) review the ongoing appropriateness and relevance of the remuneration policy and consult with significant shareholders and stakeholders as appropriate;
- (e) exercise any discretion or judgment on remuneration issues in accordance with the remuneration policy;
- (f) 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 the Chairman, each executive director and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- (g) obtain reliable, up-to-date information about remuneration in other companies with a view to determining where to position the Company relative to other companies. 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, within any budgetary restraints imposed by the Board; and
- (h) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- (i) review and feedback to the Board on reward, incentives and employment conditions across the Company or Group, monitoring whether company policies and practices support culture and align with the Company's purpose, values and strategy. Particular regard to employment conditions across the Group should be given when determining annual salary increases for Executive Directors.

## 9.6 Share Based Remuneration

The Committee shall:

- (a) oversee all the equity-based incentivisation plans operated by the Group and determine the grant of an award to the executive directors and such other senior executives as it is designated to consider, its material terms and the exercise of any discretion, having regard to market practice within the Group's business sector and the need to incentivise and retain the best people while aligning their interests with those of the Group's shareholders; and

- (b) Monitor and assess any performance conditions applicable to any long term incentive awards granted under any scheme adopted by the company and determine the circumstances in which it would be appropriate for the Company to recover sums paid or withhold payment of any sum

## 9.7 Bonus Arrangements

The Committee shall:

- (a) approve the design of, and determining targets for, any performance related pay schemes operated by the Company or Group and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code);
- (b) approve the payment made under such schemes to the executive directors and such other senior executives as it is designated to consider

## 9.8 Pension and Benefit Arrangements

The Committee shall:

- (a) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives and consider the pension consequences and allocated costs to the Company of basic salary increases and other changes in remuneration especially for directors close to retirement;
- (b) oversee any major changes in employee benefits structures throughout the Company or Group; and
- (c) agree the policy for authorising claims for expenses from the directors.

## 9.9 Termination

The Committee shall:

- (a) determine the Company's policy in relation to compensation agreed to be paid to any executive director or other senior managers in connection with early termination of employment and, where appropriate, office as director; and

- (b) 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.

## 10. REPORTING RESPONSIBILITIES

10.1 The Committee chairman shall report formally to the Board on its proceedings as appropriate on all matters within its duties and responsibilities.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3 The Committee shall produce an annual report on matters relating to executive remuneration to be included in the Company's annual report, including:

- (a) An annual statement by the Committee's Chairman;
- (b) The directors' remuneration policy; and
- (c) An annual report on directors' remuneration.

10.4 The Committee shall submit the directors' remuneration policy for approval by the Board and shareholders at the Annual General Meeting, (a) every three years and (b) in any year which there is a change to the policy.

10.5 The Committee shall submit the annual report on directors' remuneration for approval by the Board and shareholders each year at the Annual General Meeting.

10.6 the annual report referred to in 10.3 must (a) identify the membership of the Committee and the frequency of, and attendance by members at, Committee meetings over the course of the year, (b) describe how annual performance evaluation of the Board, its committees and individual directors has been conducted, and (c) include a description of the work of the Committee.

10.7 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website. If the Company appoints remuneration consultants to advise it, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the company.

10.8 The Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **11. OTHER MATTERS**

11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

11.2 The Committee shall 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.

11.3 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11.4 The Committee shall give due consideration on an ongoing basis to relevant laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the Code and requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, as appropriate.

11.5 The Committee shall work and liaise as necessary with all other Board committees.

## **12. AUTHORITY**

The Committee is authorised by the Board, at the Company's expense, to:

- (a) investigate any activity within its terms of reference;
- (b) seek any information it requires from any employee or director of the Group, or any consultant or other provider of services to the Group, in order to perform its duties. All Company employees are directed to co-operate with requests for information made by the Committee, including requests to attend meetings of the Committee;
- (c) seek and obtain outside legal or other independent professional advice;
- (d) within any budgetary constraints imposed by the Board, appoint remuneration consultants, commission any reports, surveys or information which it deems necessary to help fulfil its obligations; and
- (e) secure the attendance of external advisers at its meetings.



## Schedule A

### Remuneration Committee – Designated Senior Executives

<b>Job Role</b>	<b>Grade</b>
Land & Planning Director	Board
Company Secretary	Board
Operations Director	Board
Executive Managing Director	Board
Managing Director	Executive 1
Group Financial Controller	Executive 2
Group HR Director	Executive 2