

**THG**

---

# Remuneration Committee Terms of Reference

---

THG PLC

# 1. Composition and Meetings of Remuneration Committee

- 1.1 The Remuneration Committee shall comprise not less than three non-executive directors of the Company, the majority of whom shall be independent non-executive directors, to be selected by the Board (on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee). The Chair of the Board may also serve on the Remuneration Committee as an additional member if he or she was considered independent upon appointment as Chair.
- 1.2 Appointments to the Remuneration Committee shall be for a period of up to three years extendable by no more than two additional three-year periods.
- 1.3 If any member of the Remuneration Committee is unable to act for any reason, the Chair of the Remuneration Committee may appoint any other independent non-executive director of the Company to act as their alternate.
- 1.4 The Chair of the Remuneration Committee, who shall be an independent non-executive director, shall be appointed by the Board. In the absence of the Chair of the Remuneration Committee, the remaining members present shall elect one of their number 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 Chair of the Remuneration Committee.
- 1.5 The Company Secretary (or his or her nominee) shall be the secretary of the Remuneration Committee and shall ensure that the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 1.6 The quorum for meetings of the Remuneration Committee is any two of its members.
- 1.7 No one other than a Remuneration Committee member is entitled to attend meetings of the Remuneration Committee but others may attend by invitation. Members of Senior Management and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.8 Members of the Remuneration Committee should exercise independent judgement when evaluating advice of external third parties and when receiving views from executive directors and members of Senior Management.

- 1.9 Meetings of the Remuneration Committee are to be held not less than twice a year and at such other times as the Chair of the Remuneration Committee shall require. Any of the Remuneration Committee members may request a meeting of the Remuneration Committee if he or she considers it necessary, to be arranged by the secretary. Unless otherwise agreed by the Remuneration 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 Remuneration Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to the members of the Remuneration Committee and to other attendees, as appropriate, at the same time. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.
- 1.10 No Remuneration Committee member shall participate in any discussion or decision regarding their own remuneration.

---

## 2. Duties of the Remuneration Committee

The duties of the Remuneration Committee are:

- 2.1 to set the remuneration policy for all executive directors and the Chair of the Board, including pension rights and any compensation payments and their cost, and the Board itself 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 - no director shall be involved in any decisions as to their own remuneration;
- 2.2 to ensure that remuneration policies and practices are designed to support strategy and promote long-term sustainable success;
- 2.3 to review the ongoing appropriateness and relevance of the remuneration policy applying to directors' remuneration and seek shareholder approval for it at least every three years;
- 2.4 to 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;
- 2.5 to ensure that remuneration schemes and policies enable the use of discretion to override formulaic outcomes and include provisions that 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;

- 2.6 in determining remuneration policy, to take into account all other factors which it deems necessary, including relevant legal and regulatory requirements, and 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;
- 2.7 to review the design of all share incentive plans for approval by the Board and shareholders and, for any such plans, to determine each year whether awards shall be made and, if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used;
- 2.8 to determine the policy for, and scope of, pension arrangements for each executive director and the Chair of the Board;
- 2.9 to 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;
- 2.10 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 each executive director and the Chair of the Board, including bonuses, incentive payments and share options or other share awards. In addition, the Chair of the Board and/or Chief Executive shall be required to consult with the Remuneration Committee in relation to the remuneration packages of Senior Management. The Remuneration Committee should exercise independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance and wider circumstances;
- 2.11 to review and have regard to pay and employment conditions across the Company/ Group especially when determining annual salary increases;
- 2.12 to review any major changes in employee benefit structures throughout the Company or Group;
- 2.13 to agree the policy for authorising claims for expenses from the directors;
- 2.14 in consultation with the Chair of the Board, to be responsible for establishing the selection criteria and selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- 2.15 to obtain reliable, up-to-date information about remuneration in other companies;
- 2.16 to make 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;
- 2.17 to ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, are fulfilled;

- 2.18 to produce a report of the Company's remuneration and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the annual general meeting and, if the Remuneration Committee has appointed remuneration consultants, the annual report of the Company's remuneration should identify such consultants and state whether they have any other connection with the Company; and
- 2.19 to consider other matters as referred to the Remuneration Committee by the Board.

---

## 3. Remuneration Committee Chair

The Remuneration Committee's Chair shall:

- 3.1 report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the Remuneration 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;
- 3.2 attend the AGM prepared to answer any shareholder questions on the Remuneration Committee's activities; and
- 3.3 ensure that the Company maintains contact, as required, with its principal shareholders about remuneration.

---

## 4. Secretary

The Secretary shall:

- 4.1 minute the proceedings and resolutions of all meetings of the Remuneration Committee, including recording the names of those present and in attendance;
- 4.2 ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly; and
- 4.3 promptly circulate minutes of the Remuneration Committee meetings to all members of the Remuneration Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

---

## 5. Authorisations

The Remuneration Committee is authorised by the Board:

- 5.1 to obtain information it requires (including, without limitation, information on the remuneration of any employee or member of the wider workforce) from any employee of a Group company;
- 5.2 to obtain, at the Company's expense, such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
- 5.3 to obtain, at the Company's expense, but within any budgetary constraints imposed by the Board, remuneration consultants and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties;
- 5.4 to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business; and
- 5.5 to secure the attendance of any person with relevant experience and expertise at Remuneration Committee meetings if it considers this appropriate.

---

## 6. Other Matters

The Remuneration Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 6.2 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;
- 6.3 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; and
- 6.4 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.

Approved by the Board of Directors on 31 March 2021