

# SUPERDRY PLC

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## REMUNERATION COMMITTEE TERMS OF REFERENCE

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**Approved on 30 January 2020**

**SUPERDRY PLC (Company No. 07063562)**

**(the "Company")**

**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

**1. PURPOSE**

**Primary Functions**

- 1.1. The Remuneration Committee (the "**Committee**") is an operating Committee of the Board of Directors (the "**Board**") charged with responsibility for determining the framework or broad policy for the remuneration (the "**Policy**") of the Company's Chairman of the Board (the "**Chairman**"), Executive Directors, the Company Secretary and Executive Committee members, and for such other matters as set out in these terms of reference.
- 1.2. The Committee will carry out the duties detailed below for the Company and its subsidiaries (the "**Group**"), as appropriate.
- 1.3. The Committee will:
  - 1.3.1. have responsibility for reviewing workforce remuneration and related policies, incentives and rewards and ensure that these are: (i) aligned with the Group's strategic objectives, the culture and values of the organisation; (ii) considered when setting the Policy for directors; and (iii) promote the long-term success of the Company.
  - 1.3.2. have responsibility for all elements of the remuneration of the Chairman, Executive Directors, the Company Secretary and Executive Committee members, including pension rights and any compensation payments. The remuneration of the non-executive directors shall be a matter for the Chairman and the Executive Directors. No director or senior manager shall be involved in any decisions as to their own remuneration.
  - 1.3.3. in determining the Policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the prevailing UK Corporate Governance Code (the "**Code**") and associated guidance. The objective of the 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. The Policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic 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.
  - 1.3.4. when setting the Policy for directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases.
  - 1.3.5. review the ongoing appropriateness and relevance of the Policy and its alignment with current 'best practice'.

- 1.3.6. within the terms of the agreed Policy and in consultation with the Chairman of the Remuneration Committee (the "**Committee Chairman**") and the Chief Executive Officer, as appropriate, determine the individual remuneration package of the Chairman, each Executive Director, the Company Secretary and each Executive Committee member including bonuses, incentive payments and share options or other share awards.
- 1.3.7. ensure that any payment approved to be made to the Chairman or the Executive Directors is in line with the latest shareholder approved Policy and, if not, that the payment or revised Policy is put to shareholders for approval.
- 1.3.8. exercise independent judgement and discretion when approving remuneration outcomes, taking account of Company and individual performance and wider circumstances.
- 1.3.9. obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee will avoid paying more than is necessary. 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, but within any budgetary constraints imposed by the Board.
- 1.3.10. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 1.3.11. approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments under such schemes.
- 1.3.12. review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee will determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executive Directors, the Company Secretary and Executive Committee members and the performance targets to be used.
- 1.3.13. determine the policy for, and scope of, pension arrangements for each Executive Director, the Company Secretary and Executive Committee members.
- 1.3.14. determine the policy on termination payments and compensation commitments, ensuring 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.
- 1.3.15. approve individual proposals for termination packages in relation to the Chairman, Executive Directors and Executive Committee members, ensuring that they are in line with the latest shareholder approved Policy.
- 1.3.16. oversee any major changes in employee benefits structures throughout the Group.
- 1.3.17. agree the policy for authorising claims for expenses from the directors.
- 1.3.18. take care to recognise and manage conflicts of interest when receiving views from the Executive Directors, the Company Secretary or Executive Committee members, or when consulting the Chief Executive Officer about its proposals.

1.3.19. work and liaise as necessary with all other Board committees.

## **1.4. Reporting**

1.4.1. The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

1.4.3. The Committee shall submit for approval by the Board and shareholders a Directors' Remuneration Policy (to be included in the annual report and accounts, as appropriate):

1.4.3.1. every three years; or

1.4.3.2. in any year in which there is a change relative to the prior year; or

1.4.3.3. if shareholder approval was not achieved when last submitted; or

1.4.3.4. if majority shareholder approval was not achieved on the last submitted Annual Remuneration Report (see 1.4.5 below).

1.4.4. The Directors' Remuneration Policy should include the information on directors' remuneration required to be disclosed by the Companies Act (including regulations made thereunder), the Code, the Listing Rules and any other relevant statutory, regulatory or governance codes.

1.4.5. The Committee will submit for approval by the Board and shareholders an Annual Report on Remuneration to be included in the annual report and accounts, which should include the information on directors' remuneration required to be disclosed by the Companies Act (including regulations made thereunder), the Code, the Listing Rules and any other relevant statutory, regulatory or governance codes.

1.4.6. Through the Chairman, ensure that the Company maintains contact with its principal shareholders on matters concerning remuneration.

1.4.7. The Committee Chairman (or in his/her absence, an alternative member of the Committee) will attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

## **2. THE COMMITTEE**

### **2.1. Membership**

2.1.1. Members of the Committee will be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Committee Chairman. The Committee will be made up of at least 3 members, all of whom will be independent non-executive directors. The Chairman may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman, but will not be present when the Committee deals with the matter of the Chairman's remuneration.

2.1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, other directors, the Director of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

2.1.3. Appointments to the Committee will be for a period of up to three years, which may be extended for two further three-year periods, provided the director (other than the Chairman, if he or she is a member of the Committee) remains independent.

2.1.4. The Board will appoint the Committee Chairman who will be an independent non-executive director. The Committee Chairman will normally have been a member of the Committee (or served on another Remuneration Committee) for at least a year prior to being appointed Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present will elect one of themselves to chair the meeting. The Chairman will not be the Committee Chairman.

## 2.2. **Secretary**

The Company Secretary, or their nominee, will act as the secretary of the Committee (the “**Secretary**”) and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## 2.3. **Quorum**

The quorum necessary for the transaction of business will be 2 members. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 3. **MEETINGS**

### 3.1. **Meeting Frequency and Schedule**

The Committee will meet at least three times a year and at such other times as the Committee Chairman will require.

### 3.2. **Notice of Meetings**

3.2.1. Meetings of the Committee will be summoned by the Secretary, at the request of any of its members.

3.2.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will 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 will be sent to Committee members and to other attendees as appropriate, at the same time.

### 3.3. **Minutes**

3.3.1. The Secretary will minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

3.3.2. Minutes of Committee meetings will be agreed with the Committee Chairman and then circulated promptly to all members of the Committee and to the Chairman and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## 4. **OTHER**

4.1. The Committee will:

- 4.1.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 4.1.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 4.1.3. 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, including but not limited to, the provisions of the Code, the requirements of the Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 4.1.4. 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 to recommend any changes it considers necessary to the Board for approval.

## 5. **AUTHORITY**

### 5.1. The Committee is authorised to:

- 5.1.1. investigate any activity or state of affairs within its terms of reference.
- 5.1.2. seek any information it requires from any employees or officers. In seeking any advice or assistance from any of the Company's executives, to ensure that such role is clearly separated from the executive's role within the business.
- 5.1.3. obtain, at the Company's expense, expert advice from the Company's auditors, professional advisers or otherwise, and to take independent professional advice and to require the attendance of outsiders with relevant experience and expertise, if it considers it necessary.