

## SEGRO plc

### Remuneration Committee - Terms of Reference

Approved by the Board of SEGRO plc on 26 July 2022

#### **1. ROLE**

The role of the Remuneration Committee (the Committee) is to determine remuneration policies and practices which promote the long-term sustainable success of the Company, and are aligned with the Company's Purpose and Values and its strategy.

#### **2. CONSTITUTION**

##### **2.1. Membership and Chair**

2.1.1. The membership of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee, from amongst the Independent Non-Executive Directors. The Chair of the Company may serve on the Committee if considered independent on appointment.

2.1.2. The Committee shall comprise at least three Directors.

2.1.3. The Board shall appoint the Chair of the Committee, who shall not be the Chair of the Company and who shall have served on a remuneration committee for a minimum of 12 months prior to appointment. In the absence of the Chair of the Committee, 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.

##### **2.2. Secretary**

2.2.1. The Company Secretary, or nominee, shall act as Secretary to the Committee.

2.2.2. The Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

2.2.3. The Secretary shall be required to keep a proper and timely record of meetings of the Committee and circulate such minutes to all members of the Committee, unless the Committee determines it inappropriate to do so.

#### **3. MEETINGS**

3.1. A quorum necessary for the transaction of business shall be at least two members. A duly convened meeting of the Committee at which a quorum is present shall be authorised to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.2. Only members of the Committee have the right to attend Committee meetings.

3.3. The Chair of the Company, if not a member of the Committee, the Chief Executive, the Group HR Director and external advisers, may be invited by the Chair of the Committee to attend for all or part of any meeting, except when their own remuneration is being discussed.

3.4. The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require, and meetings may be held in person, by telephone or videoconference, or by any combination thereof.

## 4. APPOINTMENT OF ADVISERS

- 4.1. The Committee may, at its discretion, select, appoint and instruct suitably experienced and qualified persons to act as remuneration advisers to the Committee and to attend such meetings as the Committee may decide. The Company shall meet the expense of such advice.
- 4.2. The Committee may commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing remuneration structures based solely on benchmarking to the market or on the advice of remuneration advisers.
- 4.3. The Committee shall identify in the Annual Report any remuneration adviser appointed to the Committee, along with any connection it has with the Company or individual Directors. The Committee should exercise independent judgement when evaluating the advice of external third parties and when receiving views from Executive Directors and senior managers.

## 5. POWERS

- 5.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and may request that the Company Secretary or the Group HR Director obtain this information on its behalf.
- 5.2. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the advice of the Company Secretary for advice and assistance as required.
- 5.3. The Committee shall give consideration to applicable laws and regulations, including the relevant provisions of the UK Corporate Governance 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 and authoritative best practice guideline for remuneration committees.
- 5.4. The Committee has no authority in relation to the remuneration of the Non-Executive Directors, other than the Chair of the Company. The remuneration of the Non-Executive Directors shall be a matter for the Chair of the Company and the Executive Directors, and shall be determined in accordance with the Articles of Association and be reflective of the time commitment and responsibilities of the role.
- 5.5. No individual shall be involved in any decision as to their own remuneration outcome.
- 5.6. The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of the Directors, the Group HR Director or the Company Secretary, including without limitation, the establishment of sub-committees which are to report back to the Committee.

## 6. RESPONSIBILITIES

The Committee has a responsibility to act in way in which it considers, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole.

The Committee shall:

## 6.1. Remuneration policies and setting remuneration

- 6.1.1. propose, for the approval of the Board and for the recommendation by the Board to shareholders, the remuneration policy for Executive Directors, having regard to alignment with policies for the remuneration of the Leadership team and the wider workforce and the alignment of incentives and rewards with Company culture;
- 6.1.2. implement the remuneration for Executive Directors in accordance with the agreed remuneration policy;
- 6.1.3. approve the design of, and agree targets for, any performance related elements of remuneration for Executive Directors and approve annual payments under such schemes, taking into account Company and individual performance as well as wider circumstances;
- 6.1.4. review the on-going appropriateness of the remuneration policy for Executive Directors and to consult, as appropriate, with significant shareholders on the remuneration policy or other aspects of remuneration for Executive Directors;
- 6.1.5. set the remuneration of the Chair of the Company, appropriately reflecting the time commitment and responsibility of the role;
- 6.1.6. set the remuneration of the Group HR Director and the Company Secretary;
- 6.1.7. review the remuneration of the Leadership team; and
- 6.1.8. review the framework for remuneration of the wider workforce and maintain an awareness of any major change in employee benefit structure throughout the Group.
- 6.1.9. In determining and reviewing remuneration policies, the Committee shall take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and its associated guidance, whilst having regard to:
  - i. the need to attract, retain and motivate Executive Directors of the quality required to run the Company successfully and promote long-term sustainable success, whilst avoiding paying more than is necessary;
  - ii. the alignment with Company's Purpose and Values and successful delivery of the Company's long-term strategy;
  - iii. the position of the Company relative to other companies. The Committee should use comparisons with caution, in view of the risk that they can result in an upward ratchet of remuneration levels with no corresponding improvement in performance;
  - iv. the applicable provisions of the UK Corporate Governance Code including the requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
  - v. the use of discretion to override formulaic outcomes and the application of malus and / or clawback provisions; and
  - vi. the views of shareholders and other stakeholders.

## 6.2. Share Incentive Schemes

- 6.2.1. propose, for the approval of the Board and for the recommendation by the Board to shareholders, all new long-term incentive schemes, which should promote long-term shareholding by Executive Directors and support alignment with long-term shareholder interest;
- 6.2.2. approve the rules and associated guidelines for the granting of awards under any long-term incentive plan, including the performance targets to be used, and approve the annual payments under such plans, taking into account Company and individual performance as well as wider circumstances, and using discretion to override formulaic outcomes where necessary;
- 6.2.3. approve all employee share-based remuneration schemes, including the rules, associated guidelines for granting awards and, where applicable, performance conditions;
- 6.2.4. approve awards of Special LTIPs to employees below Executive Director level, without performance conditions;
- 6.2.5. determine the leaving status of Executive Directors, the Group HR Director and the Company Secretary as permitted by the rules of the long-term incentive plan, the deferred share bonus plan and the all employee share-based remuneration schemes; and
- 6.2.6. exercise malus and / or clawback provisions as applicable, in accordance with the rules of any bonus scheme, long-term incentive plan and deferred share bonus plan.

## 6.3. Shareholding Policy

- 6.3.1. determine the level and nature of shareholding guidelines for Directors , including a formal policy for Executive Directors' post-employment shareholding requirements encompassing both unvested and vested shares; and
- 6.3.2. review the level and nature of shareholding guidelines for the Leadership team.

## 6.4. Pension

- 6.4.1. determine the policy for and scope of pension arrangements for the Executive Directors having regard for that of the workforce.

## 6.5. Termination Payments

- 6.5.1. ensure compensation commitments in directors' terms of appointment do not reward poor performance. The Committee should, within legal constraints, tailor its approach in individual early termination cases to the particular circumstances surrounding the termination.

## 7. REPORTING

- 7.1. The Chair of the Committee shall report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and actions to be taken.
- 7.2. 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 where necessary.
- 7.3. The Committee shall ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the UK Corporate Governance Code are fulfilled and shall produce, for approval by the Board,

a remuneration report and remuneration policy which form part of the Company's Annual Report. It shall ensure that a remuneration report is put to shareholders for approval at the Annual General Meeting each year, and a remuneration policy every three-years, unless otherwise agreed to be sooner by the Committee and the Board.

7.4. There shall be a description of the work of the Committee in the Annual Report, reflecting the obligations set out in the UK Corporate Governance Code.

## **8. OTHER MATTERS**

8.1. The Committee shall oversee any investigation of activities which are within its terms of reference.

8.2. The Chair of the Committee shall attend the Annual General Meeting and shall be available to answer questions from shareholders.

8.3. The Committee shall review regularly its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

8.4. The Committee shall work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.

8.5. These Terms of Reference shall be made available on the Company's website.