



# LAND SECURITIES GROUP PLC

## REMUNERATION COMMITTEE – TERMS OF REFERENCE

Approved by the Board on 23 March 2023

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**Note:** References to “the Committee” shall mean the Remuneration Committee; references to “the Board” shall mean the Board of Directors; references to “the Company” shall mean Land Securities Group PLC; references to “the Group” shall mean the Company and its subsidiaries and references to “the Directors” shall mean the Directors of the Company.

The expression “Remuneration” shall include salary, non-cash benefits, bonuses, pensions, long-term incentives (including share options and share awards) and contract terms and conditions.

#### **1 Purpose**

- 1.1 The primary function of the Committee is to recommend to the Board the remuneration strategy for the Executive Directors and senior management and to determine within that framework a remuneration policy aligned to the long-term success of the Group. The Committee also oversees workforce policies and practices, including pay and incentives across the wider workforce below senior management. Additionally, and having due regard to the financial and commercial position of the Group, the Committee should ensure that the Chair, Executive Directors and senior management are fairly rewarded for their individual contributions to its overall performance.

#### **2 Membership**

- 2.1 The Committee is established as a Committee of the Board and shall consist of at least three members, all of whom shall be independent Non-executive Directors. In addition, the Chair of the Board may serve on the Committee as an additional member if he or she was considered independent on appointment as Chair. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Committee Chair.
- 2.2 The Board shall appoint a Committee Chair, who shall be an independent Non-executive Director. The Committee Chair must have served on a remuneration committee for at least 12 months before taking the chair. The Chair of the Board shall not be the Chair of the Committee. 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.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief People Officer and external advisers may be invited by the Committee Chairman to attend for all or part of any meeting, as and when appropriate.
- 2.4 Appointments to the Committee shall be for an initial period of up to three years extendable by no more than two additional three year periods, provided the Director continues to be independent.

#### **3 Secretary**

- 3.1 The Company Secretary, or their nominee, shall act as the Secretary of the Committee.



## **4 Proceedings**

4.1 Meetings and proceedings of the Committee shall be governed by the provisions of the Articles of Association. The Committee shall meet at least three times a year and otherwise as required. Meetings of the Committee shall be convened by the Company Secretary at the request of the Committee Chair.

4.2 Agendas and relevant papers shall be circulated to all members of the Committee and, in whole or in part as appropriate, to other invited attendees in good time in advance of each meeting.

## **5 Quorum**

5.1 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.

## **6 Minutes of meetings**

6.1 The Secretary shall minute the proceedings and decisions of all Committee meetings.

6.2 Minutes of Committee meetings shall be available to all members of the Committee and to all other members of the Board, unless (as determined by the Committee Chair) it would be inappropriate to do so.

## **7 Engagement with shareholders**

7.1 The Committee Chair should attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders (and the major shareholder representative bodies where appropriate) on significant matters related to the Committee's areas of responsibility.

## **8 Responsibilities of the Committee**

The Committee shall:

8.1 determine an overall strategy for remuneration and have responsibility for setting the policy and practices for, and monitoring and recommending the level of, the remuneration of the Executive Directors and the Executive Leadership Team, being the direct reports to the Chief Executive. The remuneration of the Chair shall be a matter for the Committee and Non-executive Directors shall be a matter for the Board within the limits set out in the Company's Articles of Association. No individual shall be involved in any decisions relating to their own remuneration;

8.2 recognise and manage conflicts of interest, in particular when receiving views from members of the Executive Leadership Team or consulting with the Chief Executive about its proposals;

8.3 in determining the remuneration policy and practices, take into account all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and



recommendations of the UK Corporate Governance Code (“Code”) and associated guidance including the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. The objective of such policy shall be to ensure that members of the Executive Leadership Team are provided with remuneration which is designed to promote the long-term sustainable success of the Group with executive remuneration aligned to the Company’s purpose and values, clearly linked to the successful delivery of the company’s long-term strategy, and that the use of discretion to overdrive formulaic outcomes and/or withhold sums or share awards under appropriate specified circumstances. This shall incorporate, as appropriate, performance-related elements which are transparent, stretching and rigorously applied so as to encourage enhanced performance and to, in a fair and responsible manner, reward individual contributions to the success of the Group;

- 8.4 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5 when setting the remuneration policy for the Executive Leadership Team, review and note workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- 8.6 approve the design of and determine the targets for any performance related remuneration schemes or share incentive plans which may be introduced or maintained by the Group and are subject to Board and/or shareholder approval where appropriate. When setting such targets, the Committee shall seek to align those targets with the Group’s strategic objectives and KPIs. The Committee shall also determine whether such targets have been met and approve the total annual pay-outs to be made under such schemes;
- 8.7 exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances;
- 8.8 approve the awards to be made under any share incentive plans and if so, the phasing and overall amount of such awards together with the corresponding vesting and additional holding periods (both during and post-employment), as appropriate, and the minimum shareholding requirements, and post-employment shareholding requirements of Executive Directors;
- 8.9 approve pension arrangements or payments in lieu of pension for the Executive Leadership Team;
- 8.10 determine the policy on provisions that would enable the Company to recover sums paid or withhold the payment of any sum to Executive Directors (whether by way of clawback, malus or otherwise);
- 8.11 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;
- 8.12 agree the policy for authorising claims for expenses from the Executive Directors and the Chair;
- 8.13 take whatever measures it deems necessary to ensure that the calculation of awards or payments under performance related remuneration schemes are reviewed where appropriate by either the Group’s external auditors or by Risk Management and Internal Audit;
- 8.14 Have full authority to appoint remuneration consultants including selection criteria and setting their terms of engagement, and to commission or purchase any reports, surveys or benchmarking/comparator



information which it deems necessary at the expense of the company. However the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;

8.15 oversee any major changes in employee benefits structure throughout the Group; and

8.16 work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.

## **9 Reporting responsibilities**

9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.

9.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the Directors' Remuneration Policy and practices is included in the Annual Report and put to shareholders for approval at the AGM as necessary.

9.5 The Committee shall ensure that the Company maintains contact as required with its principal shareholders about any matter within its remit.

## **10 Other matters**

The Committee shall:

10.1 consider the disclosures relating to the role of the Committee included in the Annual Report and Accounts;

10.2 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

10.3 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;

10.4 give due consideration to laws, regulations and institutional investor guidelines including, but not limited to, the provisions of the Code, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules Sourcebook, the guidelines published by The Investment Association, Glass Lewis, and Institutional Shareholder Services and any other applicable rules/guidelines as appropriate;

10.5 on an annual basis, review and, if necessary, update its own Terms of Reference requesting Board approval for all proposed changes; and



10.6 on an annual basis, review its membership, evaluate its own performance against its Terms of Reference and best practice, using external evaluators where appropriate, to ensure it is operating at maximum effectiveness. Report the results of this review to the Board and recommend any changes it considers necessary.

**11 Authority**

The Committee is authorised by the board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference.