

BARRATT REDROW PLC
REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. Constitution

- 1.1. The committee is established as a committee of the board and will act in a way which the committee considers to be most likely to promote the long-term success of the company for the benefits of its members as a whole.

2. Membership

- 2.1. The committee shall comprise at least three independent non-executive directors. In addition, the chair of the board may be a member of the committee if he or she was independent on appointment as chair. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chair of the remuneration committee.
- 2.2. The board shall appoint one of the independent members of the committee as chair of the committee, following consultation with the nomination committee. The appointee must have served on a remuneration committee for at least 12 months prior to being appointed as 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 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 committee.
- 2.3. Only members of the committee have the right to attend committee meetings. However, the committee may invite other individuals, such as members of the board, members of management and external advisers, to attend all or part of any meetings as and when appropriate and necessary.
- 2.4. Appointments shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as the member (other than the chair of the Board if they are a member of the committee) continues to be independent.

3. Secretary

- 3.1 The company secretary, or his or her nominee, shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1 The quorum necessary for the valid transaction of business shall be 2. 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.

5. Meetings

- 5.1 The committee shall meet at least twice a year and at such other times as the chair of the committee shall require, and may be held in person or by telephone or videoconference.

6. Notice of Meetings

- 6.1 Meetings of the committee shall be called by the secretary of the committee at the request of the chair.

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6.2 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 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 committee members and 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 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 in the opinion of the committee chair it would be inappropriate to do so.

8. Annual General Meeting

8.1 The chair of the committee shall attend the annual general meeting prepared to respond to any shareholder questions on the committee's activities.

9. Duties

The committee shall carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 9.1 Establish a formal and transparent procedure for developing and monitoring the overall remuneration policy of the company, in particular executive remuneration, and determine the remuneration for executive directors and senior management¹.
 - 9.2 Ensure that remuneration policies and practices support the strategy, promote the long-term sustainable success of the company and are aligned to the company's purpose and values and delivering the long-term strategy.
 - 9.3 Ensure that when determining executive director remuneration policy and practices, they address matters such as clarity, simplicity, risk, predictability, proportionality and alignment to culture.
 - 9.4 Ensure that directors exercise independent judgement and discretion when authorising remuneration outcomes, taking account of the company's and individual performance, and wider circumstances.
 - 9.5 Have overall responsibility for determining and maintaining the remuneration policy for Executive Directors, including bonuses, incentive payments and share options or other share awards, pension rights and any compensation payments, and service contracts.
 - 9.6 Have overall responsibility for setting the remuneration of the:
 - chair of the board;
 - executive directors;
 - Secretary;
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- other members of the executive committee; and
 - any other employee whose remuneration exceeds the “on-target” earnings of the lowest paid regional director.
- 9.7 Ensure that directors’ contracts and/or other agreements or documents which cover director remuneration include malus and clawback provisions that would 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.
- 9.8 Ensure that the remuneration of non-executive directors shall be a matter for the board (or a committee of the board to whom such authority has been delegated) and shall be determined within the limits set in the Company’s Articles of Association.
- 9.9 Ensure levels of remuneration for non-executive directors, as approved by the Group Board, reflect the time commitment and responsibilities of the role and do not include share options or other performance-related elements.
- 9.10 Ensure that no director or manager is involved in any decisions relating to their own remuneration.
- 9.11 Review workforce remuneration and related policies to:
- ensure that the reward, incentives and conditions available to the company’s workforce are taken into account when deciding the pay of executive directors and senior management;
 - enable the committee to explain to the workforce, annually, how decisions on executive directors pay reflect the wider company pay policy;
 - enable the committee to feedback to the board on workforce reward, incentives and conditions, and support the board’s monitoring of whether company policies and practices support culture and strategy.
- 9.12 Be responsible for designing all schemes of performance-related remuneration for executive directors and obtaining board approval for such schemes, and for annually determining whether awards will be made. If awards are made, the committee shall determine the overall amount of such awards, the individual awards to executive directors and senior management it deems appropriate.
- 9.13 Be responsible for determining the performance targets to be used for performance-related remuneration, in accordance with the requirements set out in clauses 9.16 to 9.17 below, whilst ensuring that such schemes include provisions which enable the company to recover sums paid or withhold payments of any sum and specify the circumstances in which it would be appropriate to do so and enable the use of discretion to override formulaic outcomes.
- 9.14 Carefully consider what compensation commitments (including pension contributions and all other elements) their directors’ terms of appointment would entail in the event of early termination. The committee should avoid rewarding poor performance and take a robust line on reducing compensation to reflect a departing directors’ obligations to mitigate loss.
- 9.15 Ensure that notice or contract periods for executive directors are set at one year or less. In the event a longer notice or contract period is necessary for new directors appointed from outside the Group, the committee shall ensure that such periods shall reduce to one year or less after the initial period.

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- 9.16 When designing all schemes of performance-related pay:
- Ensure there is an appropriate balance between fixed and performance-related, immediate and deferred remuneration;
 - Ensure performance conditions, including non-financial metrics, where appropriate, are relevant, stretching and designed to promote the long-term success of the company;
 - Ensure that remuneration incentives are compatible with risk policies and systems;
 - Ensure that upper limits are set and disclosed appropriately; and
 - Consider the directors' eligibility for annual bonus and/or benefits under long-term incentive schemes.
- 9.17 In terms of Share-based remuneration:
- Ensure share options are not offered at a discount save as permitted by the Listing Rules or other applicable regulations;
 - Ensure all new long-term incentive schemes are approved by shareholders and preferably replace any existing schemes, or at least, form part of a well-considered overall plan incorporating existing schemes;
 - Ensure total rewards potentially available are not excessive; and
 - Ensure that the vesting and holding periods are in line with regulatory requirements.
- 9.18 Establish and maintain a policy requiring executive directors and senior management, to hold a minimum number of shares during and post-employment and post vesting/exercise in line with regulatory requirements.
- 9.19 Determine the policy for, and scope of, pension arrangements for each executive director and senior management, ensuring only basic salary is pensionable and that pension contribution rates for executive directors, or payments in lieu, are aligned with those available to the workforce.
- 9.20 Consider the pension consequences and associated costs to the company of basic salary increases and any other changes in pensionable remuneration or contribution rates, especially for those directors close to retirement when comparing with workforce arrangements.
- 9.21 Obtain reliable, up-to-date information about remuneration in other companies. To help 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. However, the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of the remuneration consultants.
- 9.22 Be exclusively responsible for establishing the selection criteria, for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 9.23 Oversee any major changes in employee benefit structures throughout the company or group.
- 9.24 Agree the policy for authorising claims for expenses from the directors.
- 9.25 Undertake appropriate discussions, as necessary, with institutional investors on remuneration policy and practices or any other aspects of executive director remuneration.

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- 9.26 Work and liaise, as necessary, with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.
- 9.27 Have a strategic focus, particularly in terms of understanding talent trends and potential within the organization to support the Board's succession planning work.

10. Reporting Responsibilities

- 10.1 The committee chair shall report formally to the board on its proceedings after each meeting on the nature and content of its discussion, recommendations and action taken.
- 10.2 The committee shall make whatever recommendations to the board it deems appropriate in any area within its remit where action or improvement is needed, and adequate time should be available for board discussion when necessary.
- 10.3 The committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.
- 10.4 The committee shall also ensure that provisions regarding disclosure of information as set 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 company's annual report and accounts.
- 10.5 Ensure that the remuneration policy is presented to shareholders at the AGM, for a binding vote, at least once every three years and that the annual report on remuneration is presented annually for an advisory vote by shareholders.
- 10.6 Through the chair of the committee, ensure the company maintains contact as required with its principal shareholders about remuneration.
- 10.7 If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy shall identify such consultants and state whether they have any other connection with the company or individual directors.

11. Review Performance

- 11.1 The committee shall, at least once a year, review its own performance, 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.

12. Other matters

- 12.1 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.
- 12.2 The committee shall be provided with appropriate and timely training, both in the form of an induction for new members and on an ongoing basis for all members.
- 12.3 The committee shall 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. This includes (but is not

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limited to) the provisions of the Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and the Disclosure Guidance and Transparency Rules and any other applicable rules. In addition, the committee shall also give consideration to any guidelines published by public bodies such as the Investment Association, ISS, Glass Lewis, PIRC and NAPF, as well as those issued by any institutional shareholders.

13. Authority

13.1 In discharging its duties, the committee may obtain at the companies' expense such legal or other professional advice it considers necessary on any matters within its terms of reference.