Caffyns plc
Remuneration Committee
Terms of Reference

References to "the Committee" shall mean the Remuneration Committee.
References to "the Board" shall mean the Board of Directors.

Whilst the terms of reference indicate best practice it is noted that the board will be required to explain a number of areas where it does not comply in its Annual Report and Accounts. These are highlighted in [ ].

1. Membership

1.1 The Committee shall comprise of at least three members, the majority of whom shall be independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chairman.

1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the committee) continue to be independent.

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

1.4 The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director who should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chairman 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 Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

The Company Secretary or their 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.

3. Quorum

The quorum necessary for the transaction of business shall be two.

4. Frequency of Meetings

The Committee shall meet at least twice a year, and at such other times as required.

5. Notice of Meetings

5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members.

5.2 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, any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

6.1 The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

6.2 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless in the opinion of the Committee Chairman a conflict of interest exists.

7. Engagement with Shareholders

The Chairman of the Committee shall 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 on significant matters related to the committee's area of responsibility.

8. Duties

The committee shall:

8.1 have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the company's chairman, and executive directors and senior management, including the company secretary, in accordance with the Principles and Provisions of the code.

8.2 establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

8.3 design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long term strategy and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;

8.4 when determining the remuneration policy and practices for executive directors, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;

8.5 no director or senior manager shall be involved in any decisions as to their own remuneration outcome. 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;

8.6 in determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. 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;

8.7 review the ongoing appropriateness and relevance of the remuneration policy.

8.8 within the terms of the agreed policy, in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chair and senior managers including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances;

8.9 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. However, the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;

8.10 review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and the Regional Board, and the performance targets to be used;

8.11 review workforce remuneration and related policies;

8.12 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 chairman shall report to the board on its proceedings after each meeting on the nature and content of its discussions, recommendations and action to be taken.

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 and adequate time should be available for board discussion where necessary.

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 ensure that provisions regarding disclosure of information, including pensions as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and produce a report on the directors' remuneration policy 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 AGM.

9.5 If the committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement whether they have any other connection with the company or individual directors.

10. Other

The committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required;

10.2 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;

10.3 give due consideration to laws, regulations, the provisions of the Code and any 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 Authority's Listing, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook and any other applicable Rules, as appropriate;

10.4 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;

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.