



DWF GROUP PLC  
(the Company)

**Remuneration Committee: Terms of Reference**

(approved at a meeting of the Board of directors of the Company held on 18 January 2019)

**Constitution**

1. A committee of the Board shall be established by resolution of the Board, to be known as the Remuneration Committee.

**Membership**

2. Members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chair of the Remuneration Committee, in accordance with the Company's articles of association.
3. The Remuneration Committee will comprise a minimum of three members, all of whom will be independent non-executive directors. The chairman of the Board may also serve on the Remuneration Committee as an additional member only if he or she was considered independent on appointment as chairman of the Board.
4. The chair of the Remuneration Committee will be an independent non-executive director appointed by the Board on the recommendation of the nomination committee from among the members of the Remuneration Committee. In the absence of the chair of the Remuneration Committee (and/or an appointed alternate member), the members present at any meeting of the Remuneration Committee will elect one of their number 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 will not be chair of the Remuneration Committee.
5. The chair and members of the Remuneration Committee will be listed each year in the annual report of the Company.
6. If any member of the Remuneration Committee is unable to act for any reason, the chair of the Remuneration Committee may appoint another independent non-executive director of the Company or chairman of the Board (agreed by the other members of the Remuneration Committee), to act as that member's alternate.
7. The company secretary or his or her nominee will be the secretary of the Remuneration Committee.
8. The secretary of the Remuneration Committee will forward to all members of the Remuneration Committee all information and papers in a timely manner to enable full and proper consideration of any issues.
9. Each member of the Remuneration Committee should be capable of making a valuable contribution to the Remuneration Committee such that the Remuneration Committee, collectively, has appropriate knowledge, expertise and professional experience concerning remuneration policies and practices.

**Meetings**

10. The Remuneration Committee will meet at least four times in each year and otherwise as the chair of the Remuneration Committee will require.

11. No one other than the chair and members of the Remuneration Committee is entitled to be present at a meeting of the Remuneration Committee. The chair and members of the Remuneration Committee will, however, have the discretion to decide if other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
12. The chairman of the Board and/or the CEO will be invited by the Remuneration Committee to attend meetings to discuss the performance of the CFO and the partner directors and to make proposals as necessary. The Remuneration Committee may consult the other independent non-executive directors in its evaluation of the CEO. The Remuneration Committee shall consult with the partner directors in relation to the remuneration and the annual performance reviews of the partners of the Group.
13. No director or member of the senior management team will be present at any meeting of the Remuneration Committee when his or her own remuneration is being discussed. No director will be involved in any decision as to his or her own remuneration.
14. The quorum for meetings of the Remuneration Committee will be two members present throughout the meeting. A duly convened meeting of the Remuneration 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 Remuneration Committee.
15. Meetings of the Remuneration Committee will be called by the secretary of the Remuneration Committee at the request of any of its members.
16. Unless otherwise agreed, notice of each meeting of the Remuneration Committee confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate will be forwarded to each member of the Remuneration Committee and to each other person invited to attend, no later than five working days prior to the date of the meeting. All reasonable efforts will be made to give notice of meetings of the Remuneration Committee to all members of it and to arrange such meetings so that members are able to attend them.
17. A member of the Remuneration Committee may participate in a committee meeting by telephone.
18. In the event of an equality of votes, the chair of the Remuneration Committee will have a casting vote.
19. The secretary of the Remuneration Committee will prepare minutes of any meeting of the Remuneration Committee, which will include names of those present and in attendance and, after approval and signature by the chair of the Remuneration Committee, will circulate the minutes to all members of the Remuneration Committee and to the chairman of the Board and, once agreed, to all other directors, unless it would be inappropriate to do so.
20. The chair of the Remuneration Committee will be available to answer questions about the committee's activities at the annual general meeting of the Company. All members of the Remuneration Committee will also attend the annual general meeting.

#### Duties

21. The Remuneration Committee should carry out the duties set out below for the Company and its subsidiary undertakings (together, the Group).
22. The Remuneration Committee will consult the chairman of the Board and/or the CEO about its proposals relating to the remuneration of the CEO, the CFO and the partner directors. It will also consult the senior independent non-executive director and the other independent non-executive directors, who are not members of the Remuneration Committee, about its proposals relating to the



remuneration of the chairman of the Board. The remuneration of the independent non-executive

directors shall be a matter for the chairman of the Board, the CEO, the CFO and the partner directors (on behalf of the Board).

23. The duties of the Remuneration Committee will be to:
- (a) consider whether the Group's remuneration strategy is compatible with the Group's risk management policies;
  - (b) make recommendations to the Board regarding the Group's framework or broad policy for the remuneration of the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team giving full consideration to the matters set out in the UK Corporate Governance Code and any other relevant laws and regulations in the jurisdictions where the Group operates;
  - (c) determine (for and on the Board's behalf) the entire individual remuneration package of the chairman of the Board and to recommend and monitor his or her remuneration, giving full consideration to the matters set out in the UK Corporate Governance Code;
  - (d) determine (for and on the Board's behalf) the entire individual remuneration packages for the CEO, the CFO, the partner directors and the senior management team, including pension rights and any compensation payments, and to recommend and monitor the level and structure of their remuneration, giving full consideration to the matters set out in the UK Corporate Governance Code, including approving the following, as may be applicable, in respect of the CEO, the CFO, the partner directors:
    - (i) a service contract (or letter of appointment, as the case may be);
    - (ii) any benefit, pension and/or incentive scheme entitlement;
    - (iii) any other bonuses, fees and expenses; and
    - (iv) any compensation payable, including pension contributions, on the termination of a service contract (or a letter of appointment as the case may be);
  - (e) ensure that the remuneration of the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team (including any payments for loss of office) is in accordance with the most recent remuneration policy to have been approved by shareholders in accordance with the Companies Act 2006 (the Approved Policy);
  - (f) approve any compensation packages or arrangements following the severance of any of the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team, to ensure that it falls within the Approved Policy and that the relevant director is treated fairly but that failure is not rewarded and the duty of the relevant director to mitigate any loss suffered by him or her as a result of the severance is fully recognised;
  - (g) assess the remuneration paid by other UK-listed companies of a similar size in any comparable industry sector and assess whether changes to the remuneration of the chairman of the Board, the CEO, the CFO, the partner directors or the senior management team is appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies;
  - (h) appoint consultants in respect of remuneration of the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team and make the terms of reference of such consultants, together with a statement of whether they have any other connection

with the Group, available (by placing it on the Group's website and including a statement in the annual report, and to consider how such advice is independent and objective);

- (i) regularly review the ongoing appropriateness and relevance of the Approved Policy to ensure that reward policies work:
  - (A) to promote the long-term success of the Company;
  - (B) to ensure, where possible, that a significant proportion of the remuneration of the CEO and CFO is structured to link remuneration to Company and individual performance;
  - (C) to consider and promote the Company's long-term strategic goals, where appropriate; and
  - (D) to ensure that any performance-related elements of any remuneration structure are transparent, stretching and rigorously applied;
- (j) consider whether or not and to what extent the views of partners and staff of the Group and shareholders of the Company should be obtained in relation to the formulation on the remuneration policy for the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team and ensure relevant disclosures are made;
- (k) review remuneration and related policies applicable to the partners and staff of the Group;
- (l) in respect of paragraph (k) above:
  - (i) ensure the reward, incentives and conditions available to the partners and staff of the Group are taken into account when deciding the pay of the CEO, the CFO, the partner directors and the senior management team;
  - (ii) explain to the partners and staff of the Group each year how decisions on the pay of the CEO, the CFO, the partner directors and the senior management team reflect wider Group remuneration policy; and
  - (iii) provide feedback to the Board on the reward, incentives and conditions available to the partners and staff of the Group, and support the Board's monitoring of whether Group remuneration policies and practices support its culture and strategy;
- (m) in respect of partner annual performance reviews:
  - (i) ensure that the annual partner review is carried out on a consistent basis across the Group as a whole;
  - (ii) monitor the approach taken by management in allocating performance ratings to each partner and to the partner group as a whole; and
  - (iii) in its absolute discretion, amend the annual performance rating of any individual partner as it sees fit;
- (n) advise on any major changes in partners and staff benefit structures throughout the Group which relate to the CEO, the CFO, the partner directors and the senior management team of the Group;

- (o) be aware of pay and work conditions of partners and staff within the Group and consider how such pay and work conditions should be taken into account when determining

remuneration of the chairman of the Board, the CEO, the CFO, the partner directors and the senior management team;

- (p) in relation to the Group's share plans and equity incentive plans (the Plans):
    - (i) review the design of all Plans for approval by the Board and shareholders;
    - (ii) determine and administer policies for the grant of awards/options to the CEO, the CFO, the partner directors and the senior management team of the Group, to ensure that they are provided with appropriate incentives consistent with the Company's remuneration policy;
    - (iii) approve all and any awards/options to the CEO, the CFO, the partner directors and the senior management team of the Group, taking into consideration the quantum of grants and vesting schedules;
    - (iv) set appropriate performance targets in connection with the awards/options and determine whether such performance targets have been satisfied;
    - (v) approve any amendments to the Plans prior to obtaining any necessary shareholder approval;
    - (vi) exercise any discretion specified in the rules of the Plans and generally oversee the administration of Plans offered to the CEO, the CFO, the partner directors, the senior management team of the Group and each partner of the Group; and
    - (vii) consider and review the terms of any new Plans;
  - (q) consider the relative importance of the Group's expenditure on pay compared to the Group's profits, dividends and tax paid;
  - (r) agree the directors' expenses policy;
  - (s) make available these terms of reference, explaining its role and the authority delegated to it by the Board by including the information on the Group's website; and
  - (t) consider any other matters as referred to the Remuneration Committee by the Board.
24. The Remuneration Committee shall work and liaise with the other committees of the Board, as may be necessary or desirable, in order to fulfil its duties.
25. The Remuneration Committee is authorised by the Board to investigate any activity within the scope of its duties.

#### Reporting responsibilities

- 26. The chair of the Remuneration Committee will report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 27. The Remuneration Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 28. The Remuneration Committee will assist the Board in preparing an annual remuneration report to shareholders for the purposes of, and in accordance with, sections 420 and 421 of the Companies Act 2006, LR 9.8.8.R of the Listing Rules and the provisions of the UK Corporate Governance Code.

29. The Remuneration Committee will produce:
- (i) an annual report setting out the Company's remuneration policies and practices and its duties and activities during the year; and
  - (ii) a policy report in respect of directors' remuneration at least every three years,
- which will form part of the Company's annual report and accounts and to be approved by shareholders as required under the Companies Act 2006.
30. The Remuneration Committee will consider and make recommendations to the Board concerning disclosures of details of remuneration packages and structures in addition to those required by law, the UK Listing Authority or the London Stock Exchange.
31. If the Remuneration Committee appoints remuneration consultants, the annual remuneration report will identify such remuneration consultants and state whether they have any other connection with the Group.
32. The chair of the Remuneration Committee will ensure that the Company maintains contact with its principal shareholders about remuneration.

#### Performance, resources and training

33. The Remuneration Committee will have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
34. The Remuneration Committee is authorised by the Board to obtain outside legal, accounting or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise to meetings, if it reasonably considers this necessary (including information about remuneration practices elsewhere), at the Company's expense (subject to any budgetary restraints imposed by the Board). The Remuneration Committee may, if it thinks fit, supply to outsiders information about the Company's remuneration practices.
35. The Remuneration Committee is authorised to seek any information it requires from any partners or staff of the Group in order to perform its duties and to request the attendance of any partners or staff at any meetings of the Remuneration Committee in respect of such information.
36. The Remuneration Committee will 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.
37. The Remuneration Committee will give due consideration to laws and regulations of the Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, UK Corporate Governance Code, guidelines published by the Investment Association, the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate, including the legal professional duties of members of the legal profession within the Group.
38. The Remuneration Committee will 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.



## Professional Duties Prevail

39. In fulfilling its purpose, the Remuneration Committee:
- (a) acknowledges that each lawyer of the Group has professional duties as a member of the legal profession in the jurisdiction (or jurisdictions) where he or she is entitled to practise law;
  - (b) acknowledges that all decisions and recommendations made by the Remuneration Committee in respect of the Group's lawyers will be made having regard, and will be subject, to the requirement that the professional duties of members of the legal profession within the Group prevail over the decisions and recommendations made by the Remuneration Committee; and
  - (c) agrees that, to the extent that any lawyer of the Group experiences a conflict or potential conflict between the matters referred to in paragraph (b) above, then, to the extent of the conflict or potential conflict, such lawyer's professional duties shall prevail.