



OSB GROUP PLC
(THE COMPANY)

GROUP REMUNERATION COMMITTEE
TERMS OF REFERENCE

1. OBJECTIVES

The Group Remuneration Committee (the Committee) is a Committee of the Board. The primary objective of the Committee is to advise the Board on developing an overall remuneration policy that is aligned with the business strategy and objectives, risk appetite, values and long term interests in the Company and its subsidiaries (the Group), recognising the interests of all stakeholders taking into account applicable laws, regulations and principles of good practice.

2. CONSTITUTION, MEMBERSHIP AND QUORUM

2.1 The Committee shall be made up of at least three independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.

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

2.3 Members of the Committee shall be appointed by the Board on the recommendation of the Group Nomination and Governance Committee in consultation with the Chair of the Committee.

2.4 The Board shall appoint the Chair of the Committee who shall be an independent Non-Executive Director and who should have served on a remuneration committee of a UK listed company for at least 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.

2.5 The Chairman of the Board shall not be Chair of the Committee.

2.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, subject to members continuing to meet the criteria for membership.

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

2.8 Meetings of the Committee may be held by telephone or by any other means whereby the participants are able to communicate effectively with each other.

3. 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.

4. VOTING ARRANGEMENTS

- 4.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.
- 4.3 Except where he has a personal interest, the Chair of the Committee shall have a casting vote.

5. FREQUENCY OF MEETINGS

The Committee shall meet at least three times each year and at such other times as the Chair of the Committee shall require.

6. NOTICE AND MINUTES

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.
- 6.2 The Secretary will normally distribute the agenda and papers for meetings at least five days before the date of the meeting.
- 6.3 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.4 Draft minutes of meetings shall be distributed promptly to the Chair of the Committee. Once approved, minutes should be made available to all other members of the Board unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

7. ANNUAL GENERAL MEETING AND ENGAGEMENT WITH SHAREHOLDERS

- 7.1 The Chair of the Committee should attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.
- 7.2 The Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. REPORTING RESPONSIBILITIES

- 8.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in relevant laws, regulations, the UK Corporate Governance Code and the Financial Conduct Authority's (FCA) Remuneration Code, are fulfilled. This includes ensuring that the Company's annual report sets out a report on Directors remuneration and, in years that it is being put to shareholders, a Directors' Remuneration Policy.
- 8.4 If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company or individual Directors.

8.5 The Chair of the Committee shall report annually to the Board on the substance of the Company's remuneration policy and its application, and this report will be accompanied by commentary from the Chair of the Group Risk Committee in the context of the Company's risk appetite.

8.6 The Committee, through the Chairman of the Board, shall ensure that the Company maintains contact as required with its principal shareholders about remuneration and ensure that their views are taken into account.

9. OTHER MATTERS

9.1 The Committee shall, at least once each 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.

9.2 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to laws, regulations, provisions of the UK Corporate Governance Code and associated guidance, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and the FCA's Remuneration Code;
- (d) give due consideration to published industry and investor guidelines as appropriate; and
- (e) work and liaise as necessary with all other Committees of the Board.

10. AUTHORITY

10.1 The Board has delegated the powers, authorities and discretions set out in this Terms of Reference and the attached Schedule to the Committee. The Committee may sub-delegate (unless expressly prohibited by the Board) some of its powers and authorities, including, the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.

10.2 The Committee has authority to investigate any matter relating to the Group. It also has authority to:

- (a) seek any information it requires from any Director, Officer or employee of the Group in order to perform its duties; and
- (b) obtain, at the Group's expense, independent legal or other professional advice (including advice from external remuneration firms) on any matter and if necessary, invite external advisers with relevant experience to attend meetings of the Committee.



OSB GROUP PLC
Group Remuneration Committee
Authorities, Powers and Discretions

Document control information			
Version	1.1	Owner	Company Secretariat
Review Frequency	Annually or as required for material amendments	Next Review date	March 2022

Type of Activity	Approval <i>(any one of unless otherwise stated)</i>	Accountability
<p>1. <u>Review and recommend</u> for Board approval the Group Remuneration Policy.</p> <p><u>Review</u> the ongoing appropriateness and relevant of the Group Remuneration Policy.</p> <p>The Group Remuneration Policy shall set out the overarching objectives, principles and parameters of the remuneration practices to be operated by the Group.</p> <p>The Group Remuneration Policy will be consistent with and promotes sound and effective risk management and will be in line with the business strategy, objectives, corporate culture and values and the long-term interest of the Group;</p> <p>In determining the Group Remuneration Policy, the Committee shall take into account the Group's risk appetite and risk management strategy, ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long-term strategic goals.</p> <p><u>Review</u> workforce remuneration and related implementation policies and note annually the remuneration trends across the Group.</p>	<p>Board, upon recommendation from the Group Remuneration Committee</p>	<p>Chairman of the Board and Chair of the Group Remuneration Committee</p>
<p>2. <u>Review and recommend</u> for Board approval the remuneration policy for the Executive Directors, including pension rights and any compensation payments. No Director or senior manager shall be involved in any decisions as to their own remuneration.</p> <p>The objective of such policy shall be to support the strategy and to promote the long-term sustainable success of the Group, having regard to views of shareholders and other relevant stakeholders.</p> <p>In determining the remuneration policy, take into account:</p> <ul style="list-style-type: none"> (a) the Group's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long-term strategic goals. An appropriate proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Group; (b) the requirements under the UK Corporate Governance Code for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture; (c) pay and employment conditions across the Company or Group; 	<p>Board, upon recommendation from the Group Remuneration Committee</p>	<p>Chairman of the Board and Chair of the Group Remuneration Committee</p>

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
	<p>(d) the purpose and values of the Group; and</p> <p>(e) all other factors which the Committee deems necessary (including relevant legal and regulatory requirements, and the provisions and recommendations of the UK Corporate Governance Code and associated guidance).</p>		
3.	<p>Review and approve the remuneration policy for senior executives and the Company Secretary and all employees that are identified as Material Risk Takers for the purposes of the Prudential Regulation Authority's Remuneration Code (the Remuneration Code) including pension rights and any compensation payments. No Director or senior manager shall be involved in any decisions as to their own remuneration.</p> <p>The objective of such policy shall be to support the strategy and to promote the long-term sustainable success of the Group, having regard to views of shareholders and other relevant stakeholders;</p> <p>In determining the remuneration policy take into account:</p> <p>(a) the Group's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Group's risk policies and systems and long-term strategic goals. An appropriate proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Group;</p> <p>(b) pay and employment conditions across the Company or Group; and</p> <p>(c) the purpose and values of the Group.</p>	Group Remuneration Committee (upon recommendation from the Chief Executive Officer (CEO))	Chair of the Group Remuneration Committee and the CEO
4.	<p>Review and approve the total individual remuneration package of the Chairman of the Board, each Executive Director, the Company Secretary and other designated senior executives¹ including bonuses, any other incentive payments and share-based awards. Such approval to be within the terms of the approved remuneration policy, and in consultation with the Chairman of the Board, the Group Risk Committee and/or Chief Executive Officer, as appropriate.</p> <p>Ensure workforce remuneration practices and culture are taken into account when determining individual remuneration packages.</p>	Group Remuneration Committee	Chair of the Group Remuneration Committee

¹ Designated senior executives include all members of the Group Executive Committee and any other senior employees in independent control functions.

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5.	<u>Review and approve</u> any material exemptions to the remuneration policies for individual employees.	Group Remuneration Committee	Chair of the Group Remuneration Committee
6.	Regularly <u>review and oversee</u> reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.	Group Remuneration Committee	Chair of the Group Remuneration Committee
7.	<p><u>Approve</u> the appointment of remuneration consultants and the Committee is <u>authorised</u> to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board.</p> <p><u>Authorised</u> to establish the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.</p>	Group Remuneration Committee	Chair of the Group Remuneration Committee
8.	<p><u>Approve</u> the design of, and <u>determine</u> targets for, any performance-related pay schemes operated by the Group and approve the total annual payments made under such schemes taking into account the Board's overall assessment of the Group's annual performance.</p> <p>The Committee will seek input from the Group Risk Committee to ensure that awards reflect the Group's risk appetite and profile and takes into account current and potential future risks.</p> <p>Additionally, the Committee will seek input from the Chief Financial Officer to confirm that any variable pay takes account of the cost and quality of capital and the liquidity required including confirmation that the calculations of the variable remuneration elements are based on appropriate measures of profit.</p> <p>The Committee will ensure that performance-related pay schemes will allow formulaic performance-related pay outcomes to be overridden and for payments made under performance-related pay schemes to be recovered and/or withheld when it is appropriate to do so.</p>	Group Remuneration Committee, upon recommendation from the full Board regarding the overall assessment of the Group's annual performance	Chair of the Group Remuneration Committee
9.	<p><u>Review and recommend</u> for Board and/or shareholder approval the design, introduction or any material changes to all share incentive plans.</p> <p>For any such approved plans, <u>determine and approve</u> each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executive management and the performance targets to be used.</p> <p>Where applicable, the endorsement of Group Risk Committee should also be sought prior to any award being made.</p>	Group Remuneration Committee recommends to Board, who recommend to shareholders for approval	Chair of the Group Remuneration Committee, Chairman of the Board and Chair of the Group Risk Committee

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
10.	Approve the exercise of employees' options (or other awards) and the issue of shares under the Company's employee share plans.	Group Remuneration Committee	Chairman of the Board
11.	Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executive management taking into account the Group Remuneration Policy.	Group Remuneration Committee	Chair of Group Remuneration Committee
12.	Approve a shareholding policy which encourages the building and maintaining of a shareholding during employment, and its application post-employment encompassing both vested and unvested shares.	Group Remuneration Committee	Chair of the Group Remuneration Committee
13.	Oversee the application of contractual terms regarding termination of Executive Directors, senior executives, the Company Secretary and all employees that are identified as Material Risk Takers. Such oversight to ensure any payments made are fair to the individual, and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.	Group Remuneration Committee	Chair of the Group Remuneration Committee
14.	Oversee the maintenance of the Material Risk Takers list.	Group Remuneration Committee	Chair of the Group Remuneration Committee
15.	Ensure that remuneration practices are subject to an independent annual review for compliance with the policies adopted by the Committee.	Group Remuneration Committee	Chair of the Group Remuneration Committee
16.	Oversee any major changes in employee benefits structures throughout the Group.	Group Remuneration Committee	Chair of Group Remuneration Committee
17.	Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.	Group Remuneration Committee	Chair of the Group Remuneration Committee