

THE CROWN ESTATE (“TCE”)

TERMS OF REFERENCE - REMUNERATION COMMITTEE

1. ROLE

- 1.1 The role of the remuneration committee (“**Committee**”) is to ensure that remuneration policy and practices support strategy and promote the long-term sustainable success of TCE and that remuneration policy and practice is aligned to TCE’s purpose, culture and values and linked to delivery of the TCE’s long-term strategy.

2. DUTIES

- 2.1 The Committee shall carry out the following duties. The Committee shall:

Workforce remuneration and related policies

- (a) review workforce remuneration and related policies, ensuring that total reward is aligned with TCE purpose, values and culture and the requirements set out in the framework agreement between HM Treasury and TCE (“**Framework Agreement**”);

Chief Executive’s remuneration and related policies

- (b) review and approve the recommendation made by the chair of the board for the Chief Executive’s remuneration;

Senior executive remuneration policies and practices

- (c) determine the remuneration and remuneration policy for members of the Group Leadership Team (other than the Chief Executive) and certain members of senior management as considered appropriate, including the company secretary (“**senior management**”);
- (d) in reviewing and approving the Chief Executive’s remuneration and in determining remuneration and remuneration policy for other members of the Group Leadership Team and senior management, consider:
- (i) all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the “**Code**”) and the requirements of the Framework Agreement;
 - (ii) the need to promote the long-term sustainable success of TCE and the alignment to TCE’s purpose, culture and values and how the policy reflects and supports TCE’s long-term strategy; and

- (iii) workforce remuneration and related policies, market comparators and all relevant factors including its clarity, simplicity, predictability, proportionality and its alignment with risk appetite;
- (e) review the on-going appropriateness and relevance of remuneration policy;

Incentive and bonus schemes

- (f) exercise its judgment and discretion when authorising remuneration outcomes in respect of members of the Group Leadership Team (including the Chief Executive) and senior management, taking account of TCE and individual performance and wider circumstances to override formulaic outcomes and in relation to performance-based incentive plans use a range of financial and non-financial strategic measures to ensure that targets are aligned with how TCE will deliver value over the long-term in line with its strategy, purpose and values and TCE's risk policies and systems;
- (g) review and approve the design of any bonus schemes and determine targets and key performance indicators in relation to such schemes and regularly assess performance against targets and key performance indicators by TCE and relevant individuals;
- (h) review and approve the design of any long-term incentive plans and associated performance conditions. For such plans, settle each year whether awards will be made, and if so, the overall amount of such awards based on the outcome of performance assessment against agreed performance conditions and individual awards;

Pensions

- (i) review the pension arrangements available to the Chief Executive and consider:
 - (i) the alignment with those available to the workforce; and
 - (ii) the pension consequences and associated costs to TCE of changes to pensionable remuneration;

Service contracts and severance

- (j) approve the terms of service contracts of members of the Group Leadership Team (including the Chief Executive), and ensure the duration of any notice period shall not exceed one year;
- (k) determine the policy for, and scope of, termination payments and compensation commitments for the Chief Executive and ensure that contractual terms on termination, and any payments made, are fair to the individual and TCE and in accordance with legal and regulatory requirements and the Framework Agreement;

Board Members (Commissioners) and Board Counsellor remuneration policies and practices

- (l) make recommendations in relation to remuneration for Board Members (excluding the Chief Executive) and Board Counsellors to HM Treasury;

Remuneration consultants

- (m) have full authority to appoint independent remuneration consultants (subject to any legal or regulatory requirements) and to commission or purchase any reports, surveys or information which it deems necessary, at the reasonable expense of TCE and be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and

Other matters

- (n) keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants.

3. REPORTING RESPONSIBILITIES

3.1 The Committee shall :

- (a) report to the board on its proceedings after each meeting on all matters within its duties and responsibilities;
- (b) prepare a formal report on its activities and how the Committee has discharged its responsibilities to be included in the annual report, which shall describe the work of the Committee by reference to these terms of reference and any applicable guidance or laws; and
- (c) if the Committee has appointed remuneration consultants, identify in the annual report, the name of the consultants and state whether they have any connection with TCE or individual Board Members.

4. MEMBERSHIP

- 4.1 The Committee shall have a minimum of three members each being a Board Member save that one Committee member may be a Board Counsellor. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments. The board shall appoint members of the Committee, on the recommendation of the nomination committee, in consultation with the Committee chair.
- 4.2 Each Committee member shall be an independent Board Member as determined by the board.

- 4.3 The chair of the board may be a member of, but not chair, the Committee provided they were considered to be independent on appointment as chair.
- 4.4 The board shall appoint the chair of the Committee, and before such appointment, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee chair or an appointed deputy, the remaining members of the Committee present at a meeting shall elect one of their number present to chair the meeting.
- 4.5 The company secretary, or their nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives notice, information and papers in a timely manner to enable full and proper consideration of the relevant issues.

5. QUORUM

- 5.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference.

6. VOTING ARRANGEMENTS

- 6.1 In the event of disagreement, each Committee member shall have one vote and the Committee chair shall have a casting vote, provided that a member shall not be permitted to vote if the Committee member has a personal interest (either direct or indirect). Notwithstanding the foregoing, in the case of disagreement, the Committee chair may escalate a matter to the board.
- 6.2 A resolution in writing and signed (or confirmed by email) by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7. ATTENDANCE AT MEETINGS

- 7.1 The Committee shall meet at least three times a year and otherwise as required at the request of the Committee chair.
- 7.2 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the Chief Executive, Executive Director – People & Culture, Head of Reward and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee chair.

- 7.3 No person shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.
- 7.4 Outside of the formal meeting programme, the Committee chair shall maintain a dialogue with key individuals in TCE's governance, including the chair of the board, the Chief Executive, Executive Director – People & Culture, Head of Reward and HM Treasury (if appropriate).
- 7.5 Members of the Committee shall avoid being placed in a position of conflict of interest and will declare any actual or potential conflict to the Committee chair and secretary. Attendees will only be invited to attend Committee meetings if the Committee chair is satisfied that no conflict or perception of conflict may arise.

8. NOTICE OF MEETINGS

- 8.1 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.

9. MINUTES OF MEETINGS

- 9.1 The secretary of the Committee, or their nominee, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then be circulated promptly to all Committee members, unless in the Committee chair's opinion it would be inappropriate to do so. Once approved, minutes shall be made available to all other board members unless, exceptionally, it would be inappropriate to do so.

10. GENERAL MATTERS

- 10.1 The Committee shall:
- (a) have access to sufficient resources to carry out its duties, including access to the company secretary for assistance and advice, as required;
 - (b) 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;
 - (c) give due consideration to laws and regulations (including The Crown Estate Act 1961), the provisions of the Corporate Governance Code, relevant guidance issued by the NAO and HM Treasury and the Framework Agreement;

- (d) liaise as necessary with all other board committees; and
- (e) periodically review its own performance and, at least annually review its 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

11.1 The Committee is authorised to:

- (a) have unrestricted access to TCE's documents and information and seek any information it requires from any employee of TCE to perform its duties; and
- (b) obtain, at the TCE's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.

11.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference or as further specifically delegated by the board.

Approved by the board at the board meeting held on 22 March 2023.

Date of next review: March 2024