

**M&C Saatchi Plc**  
(the "Company")

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

In these Terms of Reference, the following terms shall have the following meanings:

The "**Board**" shall mean the Board of Directors of the Company; and

The "**Committee**" shall mean the Remuneration Committee of the Company.

**1. INTRODUCTION**

1.1 The Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the UK Corporate Governance Code (the "**Code**") and in light of the Financial Reporting Council's Guidance on Board Effectiveness 2018 and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the "**Group**").

**2. MEMBERSHIP**

2.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The chair of the Board or the deputy chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as chair or deputy chair.

2.2 Appointments to the Committee are made by the Board on the recommendation of the nomination committee and in consultation with the chair of the 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.

2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief People Officer, the General Counsel and Company Secretary, the Board Chair (if they do not ordinarily serve on the Committee), the other directors and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

2.4 The Board shall appoint the Committee chair who shall be an independent non-executive director who should have served on a remuneration committee for at least twelve months. 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.

**3. SECRETARY**

3.1 The Company Secretary or their nominee shall act as the secretary of the Committee (the "**Secretary**") 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 transaction of business shall be two members, present in person or by audio or video conference. A duly convened meeting of the Committee at which a quorum is

present shall be competent to exercise all of any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. FREQUENCY OF MEETINGS**

5.1 The Committee shall meet at least twice a year and otherwise as required.

## **6. NOTICE OF MEETINGS AND PROCEEDINGS AT MEETINGS**

6.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee chair or any of its members.

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 but Committee papers may be forwarded at shorter notice with the approval of the Committee chair. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

6.4 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 in the form of either video or audio conference).

6.5 As necessary to effectuate good governance, members may not vote on any matter in which they themselves, or any other member of the Committee, considers the member to have a direct or indirect personal interest. The chair of the Committee may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **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 to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

## **8. ANNUAL GENERAL MEETING**

8.1 The Committee chair should attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities and/or directors' remuneration. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **9. DUTIES**

9.1 The Committee should carry out the duties detailed below for the Group as a whole, as appropriate.

9.2 The Committee shall:

9.2.1 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's chair and executive directors, the General

Counsel and Company Secretary and the Company's Executive Committee members, in accordance with the Principles and Provisions of the Code.

- 9.2.2 Review the design of, and determine the targets for, any performance related pay schemes operated by the Company for members of the Company's Executive Committee and approve the total annual payments made under such schemes.
- 9.2.3 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.
- 9.2.4 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.
- 9.2.5 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture and have regard to the pay and employment conditions across the Company.
- 9.2.6 No director or member of the Executive Committee shall be involved in any decisions as to their own remuneration outcome. The Board itself, or where required by the Company's Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Company's Articles of Association.
- 9.2.7 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 Group successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- 9.2.8 Review the ongoing appropriateness and relevance of the remuneration policy.
- 9.2.9 Within the terms of the agreed policy and in consultation with the chair of the Board and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chair of the Board, each executive director and each member of the Executive Committee including bonuses, pension rights, incentive payments and share options or other share-based awards (including minority equity holdings in subsidiary companies within the Group). 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 the Company and individual performance, and wider circumstances.
- 9.2.10 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.

- 9.2.11 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 for executive directors and members of the Executive Committee, and the performance targets to be used.
- 9.2.12 Receive and review on an annual basis, the details of any employee held minority equity holdings in any Group Company.
- 9.2.13 Review and approve any new subsidiary share incentive arrangements and the granting of awards under any existing subsidiary arrangements.
- 9.2.14 Review and approve any grant to any person under the Company's long term incentive plan.
- 9.2.15 Receive on an annual basis, the details of any profit-sharing arrangements in the Group to ensure that the principles and processes agreed with the Committee have been followed.
- 9.2.16 Review and maintain oversight of the workforce remuneration (including bonuses, pension rights, incentive payments and share options or other share-based awards (including minority equity holdings)) and related policies taking these into account when setting the remuneration policy for directors in accordance with these Terms of Reference.
- 9.2.17 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

## **10. REPORTING RESPONSIBILITIES**

- 10.1 The Committee chair shall report to the Board 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. This report shall include:
  - 10.1.1 An explanation of the strategic rationale considered in determining the policy for directors' remuneration and setting remuneration for the executive directors, the General Counsel and Company Secretary and the members of the Executive Committee.
  - 10.1.2 Any other issues on which the Board has requested the Committee's opinion.
- 10.2 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 when necessary.
- 10.3 The Committee shall provide a description of its work in the Company's Annual Report in line with the requirements of the Code, including:
  - 10.3.1 An explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics.
  - 10.3.2 Reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps.
  - 10.3.3 A description, with examples, of how the Committee has addressed the factors in Provision 40 of the Code.

- 10.3.4 Whether the remuneration policy operated as intended in terms of Company performance and quantum, and, if not, what changes are necessary.
  - 10.3.5 What engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes.
  - 10.3.6 What engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy.
  - 10.3.7 To what extent discretion has been applied to remuneration outcomes and the reasons why.
- 10.4 The Committee shall also ensure that provisions regarding disclosure of information as set out 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 put to shareholders for approval at the Company's Annual General Meeting, as necessary.
- 10.5 If the Committee has appointed remuneration consultants, the consultant should be identified in the Company's Annual Report alongside a statement about any other connection it has with the Company or individual directors.

## **11. OTHER MATTERS**

- 11.1 The Committee shall:
- 11.1.1 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required.
  - 11.1.2 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.
  - 11.1.3 Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of Company directors and the formation and operation of share incentive plans, the requirements of the AIM Rules, FCA's Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
  - 11.1.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
  - 11.1.5 At least annually, review the Committee's 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. AUTHORITY**

- 12.1 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.

**14 April 2023**