

Hays plc

REMUNERATION COMMITTEE: TERMS OF REFERENCE

To determine and agree with the Board, the policy (the "Policy") for the remuneration of the Board Chair, Executive Directors, designated direct reports to Directors and such other members of the executive management (to normally include at a minimum, the first layer of senior management below Board level and the Company Secretary) together, the "Specified Individuals". For clarification, as at May 2021, "Specified Individuals" are the Board Chair, Executive Directors and all members of the Management Board that also includes the Company Secretary. In addition, the Committee will have remuneration oversight of the incumbents holding the following roles: MD Asia, MD Australia & New Zealand and MD UK&I.

The objective of the Policy shall be to support the strategy and promote the long term sustainable success of the Company without paying more than is considered necessary.

Constitution:

The Committee will consist of independent non-executive directors exclusively, appointed by the Board on the recommendation of the Nomination Committee with a minimum of three to be a quorum. Committee membership will initially be for three years and can be subsequently extended by no more than two additional three-year periods, provided that the relevant member (other than the Board Chair, if he or she is a member of the Committee) continues to meet the criteria for membership of the Committee. The Company Chair may also be an additional member, but not chair, of the Committee, provided he/she was considered to be independent on appointment as Chair.

The Board shall appoint the Committee Chair who shall be an independent non-executive director. Before appointment as Committee Chair, the appointee will normally have served on a Remuneration Committee for at least 12 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 Committee shall meet at least twice a year and otherwise as required.

The Company Secretary or his or her nominee will act as secretary to 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.

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.

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 and all other non-executive directors, 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.

The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders, as appropriate, on significant matters related to the Committee's areas of responsibility.

Only members of the Committee have the right to attend Committee meetings. The Committee may invite other individuals such as members of management and advisors to attend its meetings as it sees fit. No director or senior manager shall be involved in any decisions as to their own remuneration.

Duties:

- Determine an overall remuneration policy applicable to the Specified Individuals and setting out for each reward element the link to strategic objectives, how it operates, performance measures and maximum potential, managing any conflicts of interest in this process. Performance-related elements should be transparent and stretching.
- Assess and monitor the Company's reward structures for alignment with the Board's definition of the Company's purpose, strategy and culture, the desired behaviours that underpin them, and responsible risk taking, and recommend to the Board such amendments to the reward structures it deems necessary. The objective of such reward structures shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. As a key principle, the remuneration policies and practices shall aim to ensure that remuneration is designed to support the strategy and promote long-term sustainable success.
- Address the six areas (clarity, simplicity, risk, predictability, proportionality, and alignment to culture) set out in Paragraph 40 of The UK Corporate Governance Code (July 2018) when determining executive director remuneration policy and practices.
- Determine the salary and incentive payments for the Specified Individuals within the agreed policy, in relation to directors taking into account remuneration policy and practice across the Group, shareholder views and review the on-going appropriateness. The Board shall determine the remuneration of non-executive directors.
- Design, implement and manage performance related pay schemes for the Specified Individuals to include target setting. Performance criteria should be challenging and should reflect the Company's objectives and include non-financial performance metrics where appropriate. Regard should also be given to the risk-related aspects of remuneration policy to avoid incentivising excessive risk-taking and to ensure that the Committee has oversight of any associated risks throughout the Group, which may arise as a result of remuneration.
- Review the design of all share incentive plans for approval by the Board and 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 Specified Individuals and the performance targets to be used.
- Determine the policy and scope of pension arrangements for the Specified Individuals.
- Determine the total individual remuneration for each Specified Individual.
- Determine on behalf of the Board and keep under review the shareholding guidelines, including any policies for post-employment shareholding requirements, for Executive Directors and other members of executive management.
- Determine the policy applicable to the recruitment of the Specified Individuals, including the maximum level of variable remuneration which may be granted.
- Establish an overall policy on payment for loss of office setting out the principles on which the determination of payments for loss of office will be approached.
- Ensure that contractual terms on termination and any payments made are in line with the overall policy on loss of office, fair to the individual and Company, that failure is not rewarded and that the duty to mitigate the loss is reflected.
- Ensure that remuneration schemes and policies enable the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking into account of Company and individual performance, and wider circumstances. Determine and apply discretion in a manner that reflects the best interests of the Company and its shareholders.
- Be aware of and advise the Board on any major changes in employee benefit structures applicable to the Group and note annually remuneration trends across the Group.

- Review and consider employee feedback on any issues relevant to the Committee and to ensure the effective engagement with the workforce and shareholders in relation to remuneration and related policies and practices, and take these into account as appropriate when determining executive remuneration policy and/or pay and incentive outcomes
- Agree the policy for authorising expense claims from the Chief Executive, Finance Director and Board Chair.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing, setting the terms of reference for, and management of the remuneration consultants who advise the Committee and conduct a regular review of the arrangements to confirm that the advice received by the Committee is objective and independent. Such consultants should be identified in the Annual Report and a statement made as to whether they have any other connection with the Company.
- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. Commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board.
- Review wider workforce remuneration related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive remuneration.
- Review and have oversight for the annual UK Gender Pay Gap Report.
- Review and have oversight for the UK Ethnicity Pay Gap.
- Review any other recognised pay gap or other statistics across the countries in which Hays operates
- Review and have oversight of the CEO versus Employee pay ratios.
- Work and liaise as necessary with all other Board committees.
- Where there is a significant vote against the Remuneration Policy or Remuneration Report, to recommend to the Board actions that could be taken in response to investor concerns and to respond to investors in the appropriate way.

Reporting:

- Report its activities to the Board on a regular basis.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- Prepare a Remuneration Report for approval by the Board, and shareholders, in line with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Code for publication in the Annual Report.
- Through the Board Chair, ensure that the Committee Chair maintains contact as required with its principal shareholders about remuneration.

Other matters:

- Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 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.
- 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.
- 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.
- Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association, shareholder representative bodies and any other applicable rules, as appropriate.