

Approved by the Board on

25 February 2022

CAIRN HOMES PLC



REMUNERATION COMMITTEE

TERMS OF REFERENCE

Cairn Homes plc (the "Company")

1. MEMBERSHIP AND MEETINGS

The Committee shall consist of at least three members. All members of the Committee shall be independent non-executive directors of the Company. 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 but may not serve as Chair of the Committee.

- 1.1. The Board shall appoint the Chair of the Committee who shall be an independent non-executive director of the Company and, unless the Board determines otherwise, shall have served on a remuneration committee for at least twelve months prior to appointment. In the absence of the Chair, members of the Committee present at a duly convened meeting may elect one of their number to chair the meeting.
- 1.2. The membership of the Committee shall be set out in the annual report of the Company.
- 1.3. The Committee shall meet at least four times per year and at such other times as the Chair of the Committee shall require.
- 1.4. Meetings of the Committee shall be called by the secretary of the Committee at the request of any member of the Committee. Unless otherwise agreed, at least three working days' notice shall be given of each meeting of the Committee.
- 1.5. Unless agreed otherwise, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting documentation shall be forwarded to each member of the Committee, and any other person required to attend, no later than three days before the date of the meeting.
- 1.6. The quorum necessary for the transaction of business by the Committee shall be two members of the Committee and a duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 1.7. Only members of the Committee have the right to attend meetings of the Committee. However, others (such as the chairman of the Board, the chief executive of the Company and the head of human resources and external advisers) may be invited to attend and speak at (but not vote at) all or part of meetings of the Committee as and when appropriate.
- 1.8. Meetings of the Committee may be held by conference telephone, video conference or using similar communications equipment whereby all members participating in the meeting can hear each other.
- 1.9. Matters for decision by the Committee shall be decided by a majority decision of all the members.

2. MINUTES

- 2.1. The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 2.2. Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to the Committee members. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless it would be inappropriate to do so in the opinion of the Committee Chair.

3. SECRETARY

The Company Secretary (or his or her 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. DUTIES

The Committee shall:

- 4.1 set the total remuneration made to the Executive Directors, the Company Secretary and any other senior executives, as required;
- 4.2 have responsibility for determining the remuneration policy for the Company's Chairman, chief executive, executive directors, the first layer of management below Board and the Company Secretary, including pension rights and any compensation payments. A committee of the executive Directors and the Chairman of the Board shall make recommendations to the Board in relation to the remuneration of non-executive Directors which, in respect of fees, shall be within the limits set by shareholders;
- 4.3 in determining the policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the Code) and associated guidance. The remuneration policy shall be designed to support strategy and promote the long-term sustainable success of the Company, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Board and be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy. The remuneration policy should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests; enable the use of discretion to override formulaic outcomes and include provisions that would enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- 4.4 when setting remuneration policy for directors, the Committee should review and take into account workforce related policies and the alignment of incentives and rewards with culture. Members of the Committee should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances;
- 4.5 review the ongoing appropriateness and relevance of the remuneration policy;

- 4.6 if considered appropriate, obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management;
- 4.7 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 to executive directors, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- 4.8 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 4.9 determine the policy for, and scope of, pension arrangements for each executive director with oversight on other designated senior executives, including the operation of the policy across the Group;
- 4.10 develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- 4.11 ensure that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 4.12 oversee any major changes in employee benefits structures throughout the Company or Group.

5. REPORTING RESPONSIBILITIES

- 5.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3 The Committee shall produce a report of the Company's remuneration policy and practices in accordance with legislation and the Code to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM.
- 5.4 Through the Chair, the Committee will ensure the Company maintains contact as required with its principal shareholders about remuneration.

6. OTHER MATTERS

The Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 6.2 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;
- 6.3 have regard to all applicable laws and regulations including, the provisions of the Companies Act 2014, the Code, the Irish Corporate Governance Annex, the requirements of the relevant Listing Rules, Prospectus, Market Abuse and Transparency Rules and any other applicable rules as appropriate;
- 6.4 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.

7. AUTHORITY

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.