

# Dr. Martens plc Remuneration Committee Terms of Reference

Approved: January 2021



## MEMBERSHIP AND QUORUM

The Dr. Martens plc (the "Company") Remuneration Committee (the "Committee") shall comprise at least three independent non-executive directors of the Company. Members of the Committee are appointed by the board of directors of the Company (the "Board") on the recommendation of the Nomination Committee in consultation with the chair of the Committee. All members of the Committee must be independent non-executive directors. If the Board decides that a member of the Committee is no longer independent, that member will cease to be a member of the Committee. The chair of the Board may be a member of, but not chair, the Committee provided he or she was considered independent on appointment.

The quorum necessary for the transaction of business is two members, including the chair of the Committee.

The chair of the Committee is appointed by the Board and should have served on a remuneration committee for at least 12 months before their appointment as chair. In the absence of the Committee chair and/or an appointed deputy, the remaining members present may elect one of the independent non-executive directors present to chair the meeting.

## SECRETARY

The General Counsel and Company Secretary or another suitably qualified person nominated by the General Counsel and Company Secretary, shall act as the secretary of the Committee (the "Secretary").

## COMMITTEE MEETINGS

The Committee will meet as often as it deems necessary to fulfil its responsibilities, but in any case at least three times a year. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when the Committee chair considers this to be necessary or desirable. Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meeting if it thinks it is appropriate.

The Secretary will ensure that proceedings and resolutions of all meetings are minuted and that draft minutes are circulated promptly to all members for approval.

The Committee chair must report formally to the Board on the Committee's proceedings, providing an overview of key matters it has discussed, identifying any matters in respect of which it considers that action or improvement is required and making recommendations as to the steps to be taken.

The Company's annual report will contain a section describing the work of the Committee in discharging its responsibilities. The Committee Chair will attend the Company's Annual General Meeting and be available to answer questions on matters within the Committee's area of responsibility.

## THE COMMITTEE'S ROLE

The Board has delegated responsibility to the Committee to:

- determine and agree with the Board the remuneration policy (including bonuses, incentive payments, pension arrangements, share awards and any contractual payments) for the chair of the Board, the Company's executive directors, Company Secretary, the Global Leadership Team and any other senior employees of the Company and its subsidiaries (the "Group") as the Board may determine from time to time (the "Executive Group");
- within the terms of the agreed remuneration policy, determine the individual remuneration packages of the Executive Group; and
- monitor the remuneration structures and overall levels of remuneration of the Group's senior management and make recommendations to the Board where appropriate.

The chair of the Board and the Company's executive directors should determine the remuneration of the Company's non-executive directors within any limits contained in the Company's articles of association and the Company's shareholder-approved directors' remuneration policy.

## TERMS OF REFERENCE

The Committee is authorised by the Board:

## EXECUTIVE GROUP REMUNERATION, POLICY AND PRACTICES

- To ensure that no director or senior manager is involved in any decisions as to their own remuneration outcome.
- To determine a remuneration policy for the Executive Group, taking into account all factors which it deems necessary, including the views of shareholders and other stakeholders, relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and such other guidance (including from institutional investors) as it considers relevant and to ensure that a formal and transparent procedure for developing that policy is in place. The objective of the remuneration policy shall be to support strategy and promote long-term sustainable success; the remuneration of the executive directors should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy.
- When determining executive director policy and practices, to address the following:
  - **Clarity** - remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
  - **Simplicity** - remuneration arrangements should avoid complexity and their rationale and operation should be easy to understand;
  - **Risk** - remuneration arrangements should ensure that the following risks are identified and mitigated: reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans;
  - **Predictability** - the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
  - **Proportionality** - there should be a clear link between individual awards, the delivery of strategy and the long-term performance of the Company and outcomes should not reward poor performance; and
  - **Alignment to culture** - incentive schemes should drive behaviours consistent with the Company's purpose, culture, values and strategy.
- To consider, monitor and review the ongoing appropriateness and relevance of the remuneration policy (including its level and structure) and consult with significant shareholders and other stakeholders as appropriate.
- To consider and determine all elements of the remuneration of the Executive Group and, in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria, monitor their operation, and approve the total payments made under such schemes including the use of discretion and the terms of any malus or clawback arrangement.
- To review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when determining the remuneration of the Executive Group.
- To promote long-term shareholdings by executive directors in the Company that support alignment with long-term shareholder interests.

#### **EXECUTIVE GROUP SERVICE AGREEMENTS AND TERMINATION PAYMENTS/BENEFITS**

- To consider, determine and approve the provisions of the service agreements of the Executive Group and to ensure that any payments that may be made under such provisions are fair to the individual and the Company, do not reward poor performance, and that the duty to mitigate loss is fully recognised.
- To approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Executive Group on termination of that person's employment and to ensure such payment or benefit is consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by relevant laws and regulations.

#### **SHARE SCHEMES**

- To approve the design of (seeking final approval by shareholders where applicable) and oversee the administration of all executive share schemes and/or all-employee share schemes operated by or to be established by the Company in accordance with the rules of such schemes and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements).

#### **DISCLOSURE OF INFORMATION, REPORTING AND SHAREHOLDER APPROVAL:**

- Subject to delegation of authority by the Board from time to time, to determine whether the disclosure of any information on performance conditions in the Company's annual remuneration report would be commercially sensitive.
- To ensure that provisions regarding disclosure of information relating to directors' remuneration including, where required by law, the directors' remuneration policy and its implementation (as set out in the UK Corporate Governance Code and all applicable legislation), are fulfilled, to produce report(s) on the directors' remuneration and to ensure that the policy and report(s) are put to shareholders for

approval.

## **GENERAL**

- To review, at least annually, trends in respect of remuneration across the wider business, taking into account the relationship between executive remuneration and the remuneration of the Group's wider workforce.
- To monitor the Group's engagement with its workforce for the purposes of explaining how its arrangements in respect of executive remuneration align with overall pay policy.
- Individually to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.
- To review the design of, or any material changes to, the Group's employee benefits including pension, retirement, death or disability or life assurance schemes or any employee share scheme, employee trust or share ownership plans, for approval by the Board, and to advise the Board before it makes its decision as to their approval.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing, setting the terms of reference for and evaluating the performance of any remuneration consultants who advise the Committee and to commission or purchase any reports, surveys or other information which it deems necessary. However, the Committee should avoid designing pay structures solely based on benchmarking to the market or on the advice of remuneration consultants.
- To agree the policy for authorising claims for expenses from the directors.
- To report formally to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would be inappropriate to do so) and to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- To have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration and terms and conditions of directors of listed companies and the formation and operation of share schemes (in particular the principles and provisions of the UK Corporate Governance Code, the requirements of the Listing Rules, Prospectus Regulation Rules and Disclosure and Transparency Rules and guidelines published by institutional investors) which the Committee considers relevant or appropriate.
- To seek effective engagement through the Committee chair with shareholders on significant matters related to the areas of the Committee's responsibilities.
- To have regard in the performance of its duties to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company and to remuneration trends across the Group more generally.
- To review its own performance, composition and terms of reference at least once a year and recommend to the Board any changes it considers necessary or desirable.