

Terms of Reference of the Nomination and Remuneration Committee

Dated **7 March 2019**

Phoenix Spree Deutschland Limited

Terms of Reference of the Nomination and Remuneration Committee (the "Committee")

1 Membership

- 1.1 Members shall be appointed by the Board.
- 1.2 The Committee shall be made up of at least two members of the Board. The chair of the Company, provided that he/she is an independent Director, may be a Member of the Committee.
- 1.3 A majority of Members shall be independent non-executive Directors.
- 1.4 Only Members shall have the right to attend Committee meetings. However, other individuals such as external advisers may be invited to attend all or part of any meeting.
- 1.5 Membership of the Committee can be varied at any time by a majority resolution of the existing Members.
- 1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided the majority of the Members remain independent.

2 Chair

- 2.1 The Board shall appoint the Chair of the Committee. The Chair should have served on a remuneration committee for at least 12 months prior to his/her appointment as Chair of the Committee. The Chair has the responsibility of liaising with the Board.
- 2.2 The Chair shall chair the meetings of the Committee. The chair of the Company shall not chair the Committee when it is dealing with the matters of succession to the chair of the Company or matters relating to Directors' remuneration.
- 2.3 In the absence of the Chair of the Committee, the remaining Members present shall elect one of themselves to chair the meetings of the Committee.

3 Secretary

- 3.1 The Company Secretary (or his/her delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
- 3.2 The secretary of the Committee or his/her delegate shall attend meetings of the Committee to take minutes.
- 3.3 In the absence of the secretary of the Committee, the Members present at a meeting of the Committee shall elect another person to act as the secretary for the purposes of that meeting.

4 Quorum

- 4.1 The quorum necessary for the transaction of business of the Committee shall be two independent, non-executive Members.

- 4.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant Member shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.
- 4.3 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.

5 Frequency of meetings

- 5.1 The Committee shall meet at least once a year and at such other times as the Chair of the Committee shall require.
- 5.2 Any Member may request a meeting if they consider that one is necessary.

6 Attendance at meetings

- 6.1 Members may attend meetings of the Committee either in person or through other telephonic and/or electronic means of communication.
- 6.2 Should any Member wish to attend a meeting through telephonic and/or electronic communications, prior arrangements shall be made with the secretary of the Committee.

7 Notice of meetings

- 7.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its Members or at the request of the Chair of the Committee.
- 7.2 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 to any other person required to attend within a reasonable time prior to the date of the meeting. Supporting papers shall be sent to Members and to other attendees as appropriate, within a reasonable time prior to the date of the meeting.
- 7.3 Any Member shall be entitled, by notice to the secretary of the Committee, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.

8 Minutes of meetings

- 8.1 The secretary of the Committee (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail all proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any Member and/or dissenting views expressed.
- 8.2 Draft minutes of the Committee meetings shall be sent to all Members for their comments within a reasonable time after the meeting. Once they are approved, the secretary of the Committee shall circulate the final version of the minutes to all Members and to all members of the Board, unless it is considered inappropriate to do so by the Chair.

8.3 Minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be available for inspection by any Member or Director at any reasonable time on reasonable notice.

9 Duties

9.1 The Committee shall:

9.1.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes bearing in mind that all Directors should be subject to annual re-election;

9.1.2 lead the process for appointments and give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future as well as overseeing the development of a diverse pipeline for succession;

9.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

9.1.4 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

(a) use open advertising or the services of external advisers to facilitate the search;

(b) consider candidates from a wide range of backgrounds; and

(c) consider candidates on merit and against objective criteria, with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position to fulfil their duties;

9.1.5 prior to appointment, obtain details of and review any interests the candidate may have which conflict or may conflict with the interests of the Company. The Committee shall consider whether, despite any such conflict, there are nevertheless grounds for recommending the candidate for appointment and for the Board to authorise the relevant conflict. The Committee shall, as part of any proposal to the Board for appointment of the relevant candidate, explain these grounds and make recommendations as to the terms and conditions on which any authorisation of the conflict should be given by the Board;

9.1.6 keep under review the leadership needs of the Company;

9.1.7 review annually the time commitment required from non-executive Directors and to keep under review the number of external directorships held. A

formal and rigorous annual evaluation of the performance of the Board should be used to assess whether the non-executive Directors are committing sufficient time to fulfil their duties. The Chair should consider whether the Board evaluation should be facilitated externally;

9.1.8 ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;

9.1.9 ensure that non-executive Directors are appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a Director; and

9.1.10 ensure that any term of appointment of a non-executive Director beyond six years is subject to particularly rigorous review, taking into account the need for progressive refreshing of the Board.

9.2 The remuneration of non-executive Directors should be determined in accordance with the Company's articles of association or, alternatively, by the Board. Accordingly, the Committee shall consider and make recommendations to the Board in respect of the following:

9.2.1 setting the Directors' remuneration levels, in conjunction with the Chair and considering:

(a) levels of Directors' remuneration should reflect the time commitment and responsibilities of the role;

(b) non-executive Directors' remuneration should not include share options or other performance-related elements;

(c) careful consideration should be given to what compensation commitments entail in the event of early termination of a Director's appointment;

(d) notice or contract periods should be set at one year or less; and

(e) no Director should be involved in deciding his or her own remuneration;

9.2.2 judging where to position the Company relative to other companies in relation to the level of Directors' remuneration, but using such comparisons with caution in view of the risk of increased remuneration with no corresponding improvement in performance; and

9.2.3 considering and making the appropriate recommendations to the Board with regard to the need to appoint external remuneration consultants.

9.3 The Committee shall also make recommendations to the Board concerning:

9.3.1 formulating plans for succession for non-executive Directors and in particular for the key role of chair of the Company, who should not remain

- in post beyond nine years from the date of his/her first appointment to the Board;
- 9.3.2 suitable candidates for the role of senior independent Director, if any;
 - 9.3.3 membership of the Audit Committee, the Risk Committee, the Management Engagement Committee, the Property Valuation Committee, the Corporate Social Responsibility Committee, the Insider Committee and any other Board committees as appropriate, in consultation with the chair of those committees;
 - 9.3.4 the re-appointment of any non-executive Director at the conclusion of their specified term of office giving due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 9.3.5 the annual re-election by Shareholders of any Director having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 9.3.6 any matters relating to the continuation in office of any Director at any time; and
 - 9.3.7 the appointment of any Director to executive or other office.
- 9.4 For the appointment of a Chair of the Committee, the Committee shall prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crisis. The Committee should ensure a Chair's other significant commitments are disclosed to the Board before appointment and included in the annual report of the Company. Any changes to the Chair's commitments should be reported to the Board as they arise and be disclosed in the next annual report of the Company.
- 9.5 The Committee shall consider such other matters as may be requested by the Board.

10 Reporting responsibilities

- 10.1 The Chair of the Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make a statement in the Company's annual report about its activities, including:
 - 10.2.1 the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
 - 10.2.2 how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition;
 - 10.2.3 the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives;

- 10.2.4 the gender balance of those in the senior management and their direct reports; and
- 10.2.5 where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any other connection with the Company.
- 10.3 The Committee shall prepare a report on the Company's remuneration policy and practices for inclusion in the Company's annual report. If the Committee has appointed remuneration consultants, this report should identify such consultants and state whether they have any other connection with the Company or individual Directors.
- 10.4 The Chair of the Committee should make himself available at each annual general meeting of the Company to answer questions concerning the Committee's work during the preceding year.
- 10.5 The Committee shall ensure that the Company maintains contact as required with its principal Shareholders about remuneration.

11 Others

- 11.1 The Committee shall have access to sufficient resources in order to carry out its functions and discharge its duties.
- 11.2 All Members shall have access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
- 11.3 The Committee shall, at least once a year, review its own performance, 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.
- 11.4 The Committee shall give due consideration to laws and regulations relevant to the Company and in particular the provisions of The UK Corporate Governance Code (or such other equivalent corporate governance code that the Company has resolved to comply with such as the AIC Code of Corporate Governance).
- 11.5 The Committee shall work and liaise as necessary with all other Board committees.

12 Authority

- 12.1 The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, professional advice on any matter within its terms of reference.
- 12.2 The Committee is authorised to seek any information it requires from any Director and all Directors will be directed to co-operate with any request made by the Committee.

Definitions

In these Terms of Reference, unless the context requires otherwise, the following definitions shall apply:

"**Board**" means the board of Directors of the Company

"**Chair**" means the chair of the Committee appointed from time to time

"**Company**" means Phoenix Spree Deutschland Limited

"**Company Secretary**" means the company secretary of the Company from time to time

"**Directors**" means the directors of the Company from time to time

"**Member**" means a member of the Committee from time to time

"**Shareholders**" means the shareholders of the Company