



## **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

These terms of reference for the Remuneration Committee have been adopted by the Board of Directors (the "Board") of Guardian Media Group plc (the "Company"). The Remuneration Committee (the "Committee") shall review and reassess these terms of reference annually and recommend any proposed changes to the Board for approval.

### **Purpose**

The Committee shall assist in fulfilling the Board's oversight responsibilities relating to remuneration. In summary, the Board shall be responsible for monitoring and approving the Company's policies relating to remuneration of its directors and senior executives consistent with Scott Trust values.

### **Duties and Responsibilities**

In furtherance of this purpose, the Committee shall have the following duties and responsibilities:

1. Determine and agree with the Board the framework or broad policy for the remuneration of the company's Chief Executive, the executive directors, and members of the Executive Committee. The Committee also will retain the right to scrutinise and, if necessary, veto any proposal for individuals outside this Group that the GMG CEO feels should be brought to their attention. The remuneration of non-executive directors shall be the matter for the Chairman and GMG CEO. No individual shall be involved in any decisions as to their own remuneration.
2. In determining such 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 and remuneration trends across the Company
3. Ensure that the remuneration of executive management is adequate and appropriate to attract, motivate and retain personnel of a high calibre and provides, in a fair and responsible manner, reward for their individual contributions to the success of the Company.
4. Review the ongoing appropriateness and relevance of the remuneration policy
5. Approve the design of, and determine targets for, the executive and senior executive bonus schemes, and any other performance related pay schemes operated by the Company, and approve any such payments made under such schemes

6. Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives
7. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised
8. Determine, within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the total individual remuneration package of each executive director and other senior executives including bonuses.
9. Review and note annually the remuneration trends across the Company. At the instigation of the Chairman periodically review and benchmark the Company's position against the external market and obtain reliable, up-to-date information about remuneration in the competitive market
10. Oversee any major changes in employee benefits structures throughout the Company.
11. Agree the policy for authorising claims for expenses from the Chief Executive and GMG Chairman.
12. Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

### **Outside Advisors**

The Committee, acting by majority vote, shall have the authority to retain, at the Company's expense, remuneration consultants to assist in the evaluation of the remuneration for executive and non-executive directors, other executives that fall within the Committee's remit and other employees of the Group as the Committee sees fit. The Committee shall retain and terminate these advisors without seeking Board approval and shall have sole authority to approve related fees and retention terms.

### **Annual Performance Evaluation**

The Committee shall conduct an annual self-performance evaluation, including an evaluation of its compliance with these terms of reference. The Committee shall report on its annual self-performance evaluation to the Board and recommend to the Board any improvements to these terms of reference it deems necessary. This should include the individual evaluation of each of the members of the Committee.

### **Membership and Independence Requirements**

The Committee shall consist of no fewer than two (2) independent directors, as determined by the Board, each of whom shall meet the applicable independence requirements set out in the UK Corporate Governance Code. In addition the chair may be a member of, but not chair, the Committee provided he or she was considered independent on appointment as chair. The Committee shall meet any requirements set

forth in applicable laws, rules and regulations, subject to any applicable exceptions, exemptions or phase-in periods. Each Committee member shall also have knowledge or experience relating to director and senior executive remuneration and related matters.

Committee members shall be appointed by the Board or Nominations Committee and may be removed, with or without cause, by a majority vote of the Board. Committee appointments are reviewed periodically.

Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chief Executive and any external advisors may be invited to attend for all or part of any meeting, as and when appropriate.

The Group Reward & Policy Director is the nominated secretary of the Committee. If he/she is not available the Group HR Director will assume this role.

### **Chairman**

The Committee shall include a Committee chairman. The Committee chairman shall be appointed by a majority vote of the Board. The Committee chairman shall be entitled to chair all regular sessions of the Committee and add topics to the agenda. In the event of a tied vote, if less than the entire Committee has voted on such matter, then such matter shall be voted on by the entire Committee. If a tie persists after the entire Committee has voted on the matter, then such matter shall be voted on by the independent members of the Board of Directors, with independence being determined in accordance with The UK Corporate Governance Code. In the absence of the Committee chairman, the remaining members present shall elect one of themselves to chair the meeting.

### **Meetings**

The Committee shall meet, in person, at least three (3) times per annum, or more frequently as circumstances dictate, and all Committee members shall strive to be present at all Committee meetings. 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. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

Only the chairman, or the secretary on his or her behalf, may call a Committee meeting upon due notice of each other Committee member at least forty-eight (48) hours prior to the meeting. Two Committee members, acting in person or by proxy, shall constitute a quorum.

### **Reporting procedures**

The secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee and maintain a minute book containing minutes of meetings signed by the Chairman of the meeting.

The Committee shall report its actions and recommendations to the Board after each Committee meeting.

### **Resources to execute responsibilities**

The Committee shall have access to sufficient resources in order to carry out its duties including appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

### **Transparency**

The terms of reference of the Committee will be published on the Company website [gmplc.co.uk](http://gmplc.co.uk) and made available upon request from the company secretary.

The Committee will make a statement in the annual report about its activities. The statement will include details on the membership of the Committee, the number of Committee meetings and attendance over the course of the year.

Approved by the Board on 26 June 2013