



Henderson Group plc  
Remuneration Committee  
Terms of Reference

## **1. Committee Purpose**

- 1.1 The Remuneration Committee ("RC") is a Committee of the Board of Henderson Group plc ("Board") which reviews and approves, where appropriate, the Company's remuneration and compensation plans, Human Resources ("HR") policies and practices in respect of Henderson Group plc and its subsidiaries (the "Group"), taking into account the Group's current and future financial status and the long-term interests of shareholders, investors and other stakeholders.

## **2. Duties and Scope**

- 2.1 The RC will review and recommend to the Board the Group's Remuneration and HR protocols and practices, which are to be performance-based and aligned with the Group's business strategy, objectives, values, risk appetite and long-term interests.
- 2.2 The RC will undertake periodic review of the remuneration and HR policies to ensure continued compliance with this provision, and continued alignment with the FSA Remuneration Code.
- 2.3 The RC will review the company's remuneration and HR practices in light of the Group's objectives and the need to ensure these practices do not encourage excessive risk taking.
- 2.4 The RC Chairman will agree with the non-executive Directors the remuneration of the Chairman of the Board. He will also sign off the Chairman's expenses. The Chairman of the Board will sign off the expenses of the Chief Executive.
- 2.5 The RC will agree, maintain and periodically review (at least annually) a list of FSA Code Staff to ensure the correct individuals are identified and their remuneration structures are reviewed for compliance with the FSA Remuneration Code.
- 2.6 The RC will approve the remuneration packages related to the Chief Executive and other Executive Directors annually, including an appraisal of the performance of the Chief Executive and Executive Directors. The RC will also approve and monitor the remuneration packages of those that report to the Chief Executive and all FSA Code Staff. This will include:
- (i) Total remuneration packages;
  - (ii) Remuneration package changes;
  - (iii) Terms and conditions of employment and other contractual matters;
  - (iv) Performance appraisal procedures;
  - (v) Executive short and long term incentive schemes;
  - (vi) Deferral terms and arrangements;
  - (vii) Pension arrangements; and
  - (viii) Compensation payments (if any).
- 2.7 The RC will review and approve the policy and the terms of variable remuneration plans, including employee and executive share and option plans. The RC will review such plans to ensure that appropriate risk based metrics are considered when determining awards under these plans.
- 2.8 The RC will approve the packages and remuneration structures as set out in 2.6 inclusive in respect of any unusual appointment to a senior position which has the potential to attract shareholder interest, due to the unusual nature of the position, the scope or peculiar nature of the remuneration package it attracts, or the location in which it will be based. Where there are urgent

- circumstances, the Chairman may approve such packages, provided the Committee is subsequently informed.
- 2.9 The RC will ensure that pension, guarantee and severance agreement arrangements align with best remuneration practice under the FSA Code on Remuneration. Where arrangements do not meet the best practice criteria, the RC will determine the appropriateness of those arrangements and make suitable adjustments accordingly.
- 2.10 The RC will seek to ensure that short and long term incentive awards support the delivery of the business strategy set out in the Company operational plan, have appropriate risk management and compliance checks and balances and do not limit the firm's ability to strengthen its capital base.
- 2.11 The RC will review (at least annually) the Company employee demographics and remuneration data to ensure that effective diversity monitoring and reporting operates across the business.
- 2.12 The RC will ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Combined Code on Corporate Governance, ASX Principles published by the ASX Corporate Governance Council and the FSA Code are fulfilled and provide to the Board a draft of the Remuneration Report to be included in the Annual Accounts.
- 2.13 The RC may take independent professional advice about remuneration matters at reasonable cost if the RC Chairman so recommends.
- 2.14 The RC in conjunction with the Chairman of the Risk Committee will oversee the remuneration arrangements of the senior managers within the risk management and compliance functions.

### **3. Composition and Chair**

- 3.1 The RC will be comprised solely of Non Executive Directors.
- 3.2 The RC will be composed of at least three independent Non Executive Directors.
- 3.3 The Chairman of the RC shall be an independent Non Executive Director of the Board as appointed by the Board.
- 3.4 Appointments, rotations and resignations will be decided by the Board after consultation with the Chairman of the Board and the Chairman of the RC.
- 3.5 Members of the RC will possess appropriate experience and skills to exercise independent judgement on remuneration policies and practices.
- 3.6 The Risk and Audit Committees will also be represented on the Remuneration Committee.
- 3.7 Secretarial services and support will be provided as appropriate to the RC.
- 3.8 The Managing Director, Human Resources, will provide executive support to the RC.

#### **4. Committee Procedures**

- 4.1 The RC shall meet four times per annum or more frequently if required, and will be convened and conducted on the same principles as those that apply to the Board. This will include an annual meeting with the Chairman of the Audit and Risk Committees and the Chief Risk Officer to ensure that the remuneration practices in place are consistent with effective risk management and do not encourage excessive and inappropriate risk taking.
- 4.2 The Chief Executive should attend all meetings of the RC, except where his/her own remuneration details are being discussed.
- 4.3 Quorum - a meeting of the RC shall be taken to be convened if at least two Members are present.
- 4.4 A meeting may be held by the RC Members communicating with each other by any technological means by which they are able simultaneously to hear each other and participate in discussion provided that no RC member is located in the UK when joining the call. The minutes of the meeting shall record the method by which the meeting was conducted.
- 4.5 The RC may invite members of management or others to attend meetings from time to time.
- 4.6 The RC will review its terms of reference annually.
- 4.7 The RC will report to the Board on its activities.

## Appendix to Terms of Reference of the Remuneration Committee

### Evaluating the performance of the Executive Directors and the *non-executive senior management team*

- The Chief Executive's performance is evaluated by the Chairman of the Board having taken account of the views of the other Non-Executive Directors. The Chairman of the Board assesses the Chief Executive's performance as a Director as part of the Board's performance evaluation process. In addition, the Chairman of the Board and the Chairman of the Remuneration Committee lead a separate process which reviews the Chief Executive's broader performance and his remuneration. This process commences with a review by the Non-Executive Directors of the Chief Executive's overall performance against the financial and non-financial objectives set for the relevant year. Following that review, the Chairman of the Board and Chairman of the Remuneration Committee make a recommendation to the Remuneration Committee regarding the Chief Executive's remuneration, having taken specialist remuneration advice where appropriate and reviewed any remuneration survey data. The Remuneration Committee then reviews the recommendation and supporting data. The final decision on the Chief Executive's remuneration is made by the Remuneration Committee. The Chief Executive is given feedback regarding his performance during a meeting with the Chairman of the Board.
- The performance evaluation of the Chief Financial Officer, other Executive Directors and the *Executive Committee* who report to the Chief Executive is led by the Chief Executive. Performance is assessed against the objectives set for them in respect of the relevant financial year. The Chief Executive then presents recommendations to the Remuneration Committee regarding their remuneration. Again, the Remuneration Committee has access to specialist remuneration advice and relevant remuneration survey data when reviewing any recommendations made by the Chief Executive. The final decision on any changes made to remuneration rests with the Remuneration Committee. The Chief Executive gives the CFO and *Executive Committee* feedback regarding their performance during one-to-one meetings.