

Remuneration Committee Terms of Reference



REMUNERATION COMMITTEE - Terms of Reference

1. Role

The Remuneration Committee ("the Committee") is, in the first instance, a committee of the Members' Council. It also carries out a number of duties at the request of the Board.

The Committee oversees all aspects of Chief Executive and Senior Management remuneration. Senior Management roles are defined as those both reporting to the Chief Executive and forming part of the Senior Management team of the Company.

The Committee also oversees the overall remuneration of any other employee earning a base salary of £150,000 or more per annum.

2. Specific duties

Taking into account all factors deemed necessary, including relevant legal and regulatory requirements, the Committee shall:

- i. Recommend the overall Senior Management remuneration strategy to the Board. Ensure appropriate benchmarks for Senior Management remuneration are established and review comparisons with the benchmarks on, at least, an annual basis.
- ii. Recommend the Chief Executive's remuneration package to the Members' Council – including, when necessary, any termination package.
- iii. Approve remuneration and termination packages for Senior Management roles based on recommendations from the Chief Executive.
- iv. Recommend to the Board all executive reward and incentive programmes and policies (which should support the Company's strategy and long-term sustainable success, and be in line with the Company's purpose and values) and approve any payments under such programmes to the Chief Executive and Senior Management.
- v. Note any changes to the company-wide reward strategy for staff, including key benefits such as pensions and bonus frameworks.
- vi. Provide recommendations to the Members' Council regarding the remuneration of all non-executive Board and Members' Council members including the Council Chair, Deputy Chair and Writer President (NB no committee member may be involved in any recommendation regarding his/her own remuneration).

3. Authority & Reporting

Approvals are required for the Committee's recommendations as follows:

- i. The Members' Council will approve:
 - The remuneration package of the CEO, subject to ratification at an annual general meeting in certain circumstance (by reference to the Companies Act 2006);
 - Changes to these Terms of Reference.
- ii. The Board will approve:
 - The remuneration strategy for Senior Management;
 - Executive reward and incentive programmes and policies.

The Committee is authorised by the Members' Council to secure legal or other specialist advice at PRS for Music's expense on any matters within its terms of reference.

Reports of each meeting will be prepared for the subsequent Members' Council meeting by the Company Secretary or his/her nominee. These will cover the nature and content of the Committee's discussion, decisions and recommendations, and action to be taken. Reports will also be prepared for the Board as required.

4. Composition

The Committee will comprise three of the four independent Non-Executive Directors (iNEDs) on the Members' Council plus:

- Two writer members of the Members' Council (chosen by writer members of the Council)
- Two publisher members of the Members' Council (chosen by publisher members of the Council)

Remuneration Committee members are appointed by the Members' Council on the recommendation of the Nominations Committee (following liaison between the writer and publisher members of that Committee and their writer and publisher colleagues on the Council) and in liaison with the Remuneration Committee Chair. The initial term is three years and two further three-year terms may be served provided the individual still meets the criteria for membership of the Committee.

Committee members are expected to attend Committee meetings on a regular basis and the Committee Chair shall have the right to ask for an individual's position on the Committee to be reviewed in instances of repeated absence.

The following will attend individual meetings by invitation:

- The CEO
- Chief People Officer/equivalent

Other representatives of Management may be invited to attend meetings in full/part as dictated by each agenda.

External advisers may also be invited to attend for all or part of any meeting when appropriate or necessary.

5. Chair

The Committee Chair will be appointed by the Members' Council and should already have served on the Committee for at least 12 months. The term of office is three years and one further term of three years may be served.

The Committee Chair shall be accountable to the Members' Council for the running of the Committee and the decisions it makes.

The Committee Chair will be responsible for presenting reports in line with Paragraph 3 above and for securing Members' Council [or Board] approval for Committee recommendations.

The Committee Chair shall attend PRS annual general meetings to answer members' questions relating to remuneration.

6. Conflicts of Interest

Committee members will not be present where their presence represents a conflict of interest.

7. Meetings

There will be up to four scheduled Committee meetings per annum.

Additional meetings will be arranged at the behest of the Chair or another Committee member when the Committee is required to make an urgent decision.

All meetings may take place by telephone/video conference if the Chair deems this appropriate (for example, if an urgent decision or guidance is required).

8. Quorum

In order for the Committee to conduct business, the following Committee members must be present in person or available to participate by telephone or video conference:

- Two iNEDs
- One writer
- One publisher

9. Decision-making

It is the responsibility of the Committee Chair to seek to ensure that decisions are made by consensus, and incumbent upon all Committee members to ensure that agreement is reached. When consensus cannot be reached the matter should be put to a vote and such decisions will be made by a simple majority. For the avoidance of any doubt, only Committee members will be entitled to vote and not those invited to attend the meeting in question.

Where a decision needs to be taken outside of a meeting by way of a written resolution, unanimity will be required.

10. Review

A report outlining the activities of the Committee shall be prepared and presented to the Members' Council on an annual basis.

These Terms of Reference will also be reviewed by the Committee on an annual basis to ensure that the Committee is operating with maximum effectiveness. Any changes must be approved by the Members' Council.

11. Administration

The Company Secretary or his/her nominee will be secretary to the Committee and provide advice and assistance as required.

Papers will be circulated a minimum of seven days in advance of scheduled meetings, and with as much notice as is reasonably practicable in advance of emergency meetings.

Minutes (including the names of those present and in attendance) will be circulated to the Committee Chair within 10 working days of the meeting, and to all Committee members within 14 days of the meeting. Members' Council members will be entitled to view Committee minutes on request.

12. Other matters

Committee members will be provided with appropriate and timely training, including an induction programme for new members.

Prior to the commencement of each year, Management shall discuss with the Chair the programme of Committee work for the year and proposed timetable, which will be kept under review.

Management will ensure that the Committee chair has been fully briefed in advance of each meeting.

Date approved: 14 October 2020

Next review due: October 2021