

**RECKITT BENCKISER GROUP PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**Adopted by resolution on 9 November 2018**

**A: CONSTITUTION**

- 1 The Board of Directors of the Company (the **Board**) resolved on 4 September 2007 to establish a Committee of the Board to be known as the Remuneration Committee (the **Committee**).
- 2 The Board has resolved to amend the Terms of Reference of the Committee. These Terms of Reference replace in their entirety those last adopted on 5 November 2015, 15 November 2016 and on 13 November 2017.

**B: PURPOSE AND DELEGATED AUTHORITY**

- 3 The Committee's purpose is to assist the Board in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance.
- 4 The Board has delegated the authority set out in these terms of reference to the Committee. The Committee may sub-delegate any of its powers and authority as it thinks fit including instructing employees or creating sub-committees to review and report to it on specific issues.

**C: SCOPE**

On Behalf of the Board and subject to Board approval, the Committee shall primarily:

- 5 Set and regularly review the Company's overall remuneration strategy;
- 6 In respect of the Chairman, the Executive Directors and members of the Executive Committee, set, review and approve:
  - 6.1 Remuneration policies, including annual bonuses and long term incentives;
  - 6.2 Individual remuneration and compensation arrangements;
  - 6.3 Individual benefits including pension and superannuation arrangements;
  - 6.4 Terms and conditions of employment including the executive directors' service agreement;
  - 6.5 Participation in any of the Company's bonus and long term incentive plans; and
  - 6.6 The targets for any of the Company's performance related bonus and long term incentive plans.
- 7 Determine the general remuneration policy and recommend and monitor the level and structure of remuneration for senior executives.
- 8 The remuneration of non-executive directors shall be a matter for the Board. The Chief Human Resources Officer shall make the initial recommendations to the CEO taking into account good governance practices. The Chairman of the Board and the CEO are responsible for evaluating and making recommendations to the Board.

**D: MEMBERSHIP**

- 9 The Board shall appoint at least three independent non-executive directors as members. In addition, the Chairman of the Board may be a member of, but not Chair, the Committee if he was considered independent on appointment as Chairman.
- 10 An independent director appointed by the Board shall Chair the Committee. Before appointment as Committee Chair, the appointee will normally have served on a remuneration committee for at least 12 months. If the Chair is absent, one of the other Committee members will be elected to act as Chair.

- 11 Appointments to the Committee shall be for an initial period of three years, which may be extended for two further periods of up to three years, provided that the member (other than the Chairman of the Board) still meets the criteria for independence and/or membership of the Committee. In exceptional circumstances, with the Board's approval, membership may be extended past a 9-year period if the Board determines that the member remains independent.

## **E: ADMINISTRATION**

### **Quorum and Attendees**

- 12 The quorum for the Committee shall be any two Committee members.
- 13 Only members of the Committee have the right to attend the Committee's meetings. However, the CEO will normally be invited to attend meetings and the Committee may invite other attendees including, but not limited to, members of management, external advisers and the Chief Human Resources Officer (if he or she is not already the Secretary of the Committee) to attend for all or part of any meeting as and when appropriate. The Committee will take extra care to recognise and avoid conflicts of interest.

### **Secretary**

- 14 The Company Secretary, his or her nominee or the Chief Human Resources Officer shall act as Secretary to the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **Meetings**

- 15 The Committee shall meet at least twice a year and at other such times as any member or the Secretary of the Committee shall require. Formal meetings may be held by telephone or written resolutions.

### **Agenda, Papers and Minutes**

- 16 The agenda of items to be discussed together with supporting papers shall be sent to Committee members and to other attendees, as appropriate.
- 17 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

## **F: REPORTING**

- 18 The Committee shall regularly report to the Board on the matters discussed and, once approved, minutes of the Committee meetings shall be circulated to all Committee members and all other members of the Board unless, in the opinion of the Chair of the Committee, it would be inappropriate to do so.
- 19 The Committee shall report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal performance evaluation and will include a report on these matters on the Company's compliance with the provisions regarding the disclosure of information including pensions together with the details of any remuneration consultants and their other connection with the Company in its Remuneration report to the shareholders.
- 20 The Committee shall produce a report of the Company's remuneration policy and practices for inclusion in the Remuneration Report and ensure that it is put to shareholders for approval at the AGM. The remuneration policy shall be put to shareholders for approval:
- 20.1 if the existing policy is amended, or
  - 20.2 if a majority shareholder approval was not achieved when last submitted; or
  - 20.3 no more than three years after the approval of the previous remuneration policy
- 21 The Annual Remuneration Report should articulate the implementation of the remuneration policy, the degree to which stakeholders have been engaged, how the Company has performed during the year and the consequential remuneration outcomes.

- 22 The Chair of the Committee shall maintain contact on remuneration issues as required with the Company's principal shareholders and shall attend the AGM to answer questions on the Committee's activities and on the Remuneration Report.

## **G: RESOURCES**

- 23 The Committee may obtain directly and at the Group's expense any outside independent professional advice including from external remuneration advisers and it shall be responsible for the selection criteria, appointing, setting terms of reference for and compensation of such remuneration advisers.

## **H: DUTIES AND RESPONSIBILITIES**

In fulfilling these terms of reference, the Committee shall:

- 24 Have regard to the provisions relating to the remuneration of directors in the UK Corporate Governance Code, the Listing Rules and the Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Lifetime Savings Association, ISS and any other application rules, as appropriate;
- 25 Ensure that the remuneration policy is designed to support the strategy and promote the long-term sustainable success of the Company, having regard to views of shareholders and other stakeholders, the risk appetite of the Company, alignment to the Company's long term strategic goals and performance, and alignment to shareholder interests;
- 26 Keep abreast of external remuneration trends and market conditions and ensure that the Company maintains a competitive level of executive reward whilst ensuring that each individual package encourages maximum performance and is structured so that a significant proportion of rewards is linked to corporate and individual performance and is designed to promote the long-term success of the Company;
- 27 Review wider workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the policy for Executive Director remuneration;
- 28 Review and make recommendations to the Board on the Company's framework for the remuneration of the Chairman, Executive Directors and members of the Executive Committee;
- 29 Consult with the Chairman of the Company and the CEO in formulating the Remuneration Committee's remuneration policy and when determining specific remuneration packages (other than in respect of the Chairman and CEO);
- 30 Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 31 Operate the Company's Long Term Incentive schemes, determine grants of options and restricted shares to be made to executive directors, review and approve recommended grants to the members of the Executive Committee, senior executives and other employees and determine any performance conditions to apply to the vesting of awards;
- 32 Ensure that remuneration schemes and policies enable the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking into account of Company and individual performance, and wider circumstances;
- 33 Review and determine the specific remuneration packages (including pension rights) and compensation packages on employment or early termination of office for each of the Executive Directors and members of the Executive Committee whilst ensuring that they remain in line with the latest shareholder approved Directors' Remuneration Policy and that no individual is directly involved in setting his own remuneration;
- 34 Determine and keep under review the shareholding guidelines, including any policies for post-employment shareholding guidelines, for Executive Directors and members of the Executive Committee.
- 35 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;

- 36 Ensure any statement on loss of office payments for both Executive and Non-Executive Directors is transparent and published as soon as reasonably practicable.
- 37 Oversee any major changes in employee benefits structures throughout the Group; and

38 Work and liaise as necessary with all other Board committees.

**I: TRAINING, REVIEW AND EVALUATION**

39 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

40 To maintain maximum effectiveness, the Committee shall at least once a year undertake a review of its own performance, its membership and organisation and these terms of reference and it shall make appropriate recommendations to the Board for approval.