



ASOS Plc

Terms of Reference – Remuneration Committee (the 'Committee')

1. Membership

- 1.1** The Committee shall comprise at least three members, each of whom shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Committee Chair.
- 1.2** All members of the Committee shall be non-executive directors who are duly considered by the Board at the date of their appointment and any renewal to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. The Chair of the Board may also serve on the Committee as an additional member where the above conditions are met.
- 1.3** The Board should appoint the Committee Chair from amongst the Committee members and determine the period for which they shall hold office. Before appointment as Committee chair, the appointee should normally have served on a remuneration committee (at either the Company or at another company) for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting, who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be the Committee Chair.
- 1.4** Appointments to the Committee shall be for a period of three years, extendable by no more than two additional three year periods, so long as the member of the Committee continues to be duly considered by the Board at the date of their appointment and any renewal to be independent.
- 1.5** Only members of the Committee have the right to attend committee meetings. If the Chair of the Board is not a Member of the Committee he may be invited to attend all Committee Meetings (except in relation to any matter which directly concerns the Remuneration of the Chair of the Board). The Chief Executive (or any other relevant Senior Executive or the Company Secretary) may also be invited to attend when appropriate, (in the case of the Chief Executive) particularly on matters exclusively relating to the remuneration of ASOSers reporting to them. Neither the Chair of the Board nor the Chief Executive nor any other Senior Executive or the Company Secretary will be present in relation to any matter which directly concerns their remuneration or for any confidential sessions. Any remuneration consultants or advisers appointed by the Company at the Committee's request may be invited to attend meetings of the Committee as necessary or deemed appropriate.

2. Secretary

The Company Secretary or other person nominated by the Company Secretary shall be the Secretary of the Committee and will ensure that the Committee receives



information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum necessary for the transaction of business shall be two. 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.

4. Notice of Meetings

4.1 Meetings of the Committee may be called by the Secretary at the request of the Committee Chair or any of its members.

4.2 Notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items for discussion, shall be forwarded to each member of the Committee, any other person required to attend, normally at least three working days prior to the meeting (or less if otherwise agreed by the Chair of the Committee).

5. Meetings

5.1 The Committee shall meet formally at least twice a year and such other times as the Committee Chair may require.

5.2 Any member may participate in a meeting of the Committee by means of a conference telephone, video or virtual conference, or similar communicating equipment whereby all persons participating in the meeting can hear each other. Resolutions and decisions of the kind normally made or taken at a physical meeting of the committee in accordance with these terms of reference can accordingly be made or taken even if no persons participating are physically present with each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the head office is located.

6. Minutes

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and, if applicable, the existence of any conflict of interest.

6.2 The Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.

6.3 Minutes of the meetings shall be circulated as soon as practicable to all members of the Committee.



7. Engagement with Shareholders

- 7.1** The Committee Chair (or an appointed deputy) shall attend the Annual General Meeting of the Company to answer questions about the Committee and its actions.
- 7.2** In addition, the Committee Chair should seek engagement with shareholders on matters related to the Committee's areas of responsibility which the Committee consider are significant.

8. Duties

The Committee should carry out the duties below for the parent company, subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

- 8.1 Overall Reward Principles:** Approve and review the ongoing effectiveness of the overall reward principles of the Company. When determining Executive Director remuneration policy and practices, consider the UK Corporate Governance Code (the "**Code**") requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- 8.2 Senior Executive Remuneration Policy:** Approve and review the ongoing effectiveness of the remuneration policy (the "**Policy**") in respect of (i) the Executive Directors and (ii) all members of the Executive Committee including the Company Secretary (together the "**Senior Executives**"). In determining and reviewing the ongoing effectiveness of the Policy the Committee shall consider the objective of supporting the strategy and promoting long-term sustainable success. The Policy should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. The Policy should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. The scope of this Policy shall include without limitation the (a) pension arrangements, (b) service agreements, (c) termination payments and (d) compensation commitments (including mitigation arrangements) for the Senior Executives. In determining and reviewing the Policy, the Committee shall consider all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance and guidance from shareholders and their representatives.
- 8.3 General workforce:** In consultation with the Board and the Company's People function the Committee shall review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting Policy.
- 8.4 Senior Executive Remuneration Packages:** Approve the remuneration of the Senior Executives within the terms of the Policy and in consultation with the Chair



of the Board and/or Chief Executive as appropriate, including bonuses, incentive payments, share options or other share awards. In considering the remuneration of the Senior Executives, the Committee shall (a) consider and take into account as appropriate any major changes in employee benefit structures throughout the Company or Group, and shall (b) give due regard to the comments and recommendations of all applicable laws and regulations relating to the Company (including the Code) as well as any associated guidance relating to those laws and regulations.

- 8.5 Other Material Remuneration Packages:** Approve the remuneration packages of any employee who is not a Senior Executive with an annual salary in excess of £270k, or a total remuneration package valued in excess of £1m (including Long Term Incentive Plans).
- 8.6 Chair's Remuneration:** Approve the remuneration of the Chair of the Board and review the remuneration at appropriate intervals. For the avoidance of doubt, the remuneration of the other Non-Executive Directors shall be a matter for the Board, excluding the other Non-Executive Directors, but including the Chair of the Board, or where required by the Articles of Association, the shareholders within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions to their own remuneration arrangements.
- 8.7 Performance Related Bonus/Pay:** Approve the design of and determine the eligibility criteria and targets for any performance related bonus or pay schemes operated by the Company and ensure that the performance measures and targets used are transparent, stretching and rigorously applied. The Committee will also approve the total annual payments made under the incentive schemes.
- 8.8 Share-based Incentive Scheme Policy:** Approve and review the ongoing effectiveness of the policy for all share-based incentive schemes (including all employee schemes and any cash-based equivalent schemes) operated by the Company (the "Share-Based Incentives Policy").
- 8.9 Major Employee Benefit Changes:** Oversee any major changes in employee benefits that apply through the Company for example, if a core benefit is being introduced or removed, or the entire benefits package is revamped or removed
- 8.10 Comparative Information & Use of Consultants:** Obtain reliable, up to date information about remuneration in other companies. To help complete this obligation the Committee may appoint remuneration consultants, whose selection, appointment and remuneration the Committee shall be responsible for within a budget set by the Board. The Committee are to exercise independent judgement when evaluating the advice of remuneration consultants.
- 8.11 Chair and Chief Executive Expenses:** Approve the procedure for approving any claims for reimbursement of expenses from the Chief Executive and Chair of the Board.
- 8.12 Termination Payments:** Approve any termination payment for any Senior Executive or other employee which exceeds £100,000 or 12 months' of that



individual's salary (whichever is the higher). 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.

8.13 Incentive Plan Discretions: Exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. Exercise on behalf of the Board, any discretion granted to the Board in relation to any incentive scheme and in particular in regard to good leaver/bad leaver and change of control. Design and invoke agreed safeguards which allows the Company, in specified circumstances, to forfeit all or part of any incentive scheme operated by the Company, before it has been vested and been paid ('malus' provisions), or recover sums already paid ('clawback' provisions).

8.14 Incentive Plan Review: For all share plans, including short and long term incentive plans, determine each year whether awards will be made, and if so, the overall amount of such awards payable to the Senior Executives and the Company Secretary. The Committee will also have regard for the applicable performance targets to ensure they are relevant, stretching and designed to promote the long-term success of the company.

8.15 Shareholding guidelines: Agree any shareholding guidelines for Senior Executives.

8.16 Liaising with other Committees: Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly

8.17 Review: Regularly review the ongoing appropriateness and relevance of the remuneration Policy

9. Reporting Responsibilities

9.1 The Committee will ensure that the provisions regarding disclosure of remuneration, as required under all applicable laws and regulations relating to the Company, as well as any associated guidance relating to those laws and regulations, are appropriately fulfilled.

9.2 The Committee Chair shall report to the Board on its proceedings after each meeting and, if he or she considers it appropriate, the Committee Chair may circulate the minutes of any Committee Meetings to any member of the Board.

9.3 The Committee shall make recommendations to the Board it deems appropriate and adequate time should be available for board discussion when necessary.

9.4 The Committee shall produce a report on its directors' remuneration policy and practices for Board Directors and activities to be included in the Company's annual report and put to shareholders for approval at the Annual General Meeting as



necessary. If the Committee has appointed remuneration consultants, the report should identify such consultants and state whether they have any other connection with the Company or individual directors.

10. Other Matters

The Committee shall:

- 10.1** have sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2** 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;
- 10.3** give due consideration to applicable laws, regulations and guidance, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, and any other applicable rules, as appropriate;
- 10.4** arrange for periodic reviews of its own performance, and at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 10.5** work and liaise as necessary with all other Board Committees.

11. Authority

- 11.1** The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2** The Committee is authorised by the Board, when the fulfilment of its duties requires, to obtain any outside legal and other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings, if necessary, and to obtain reliable up to date information about remuneration in other companies, at the Company's expense. The Committee shall have full authority to commission any reports or surveys it deems necessary to help it fulfil its obligations.