

**ASOS PLC**  
**TERMS OF REFERENCE -REMUNERATION COMMITTEE**

**1. Membership**

- 1.1 The Committee shall comprise at least three members, each of whom shall be appointed by the Board.
- 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 Chairman of the Board may also serve on the Committee as an additional member if he or she meets the above conditions.
- 1.3 The Board should appoint the Committee Chairman from amongst the Committee members and determine the period for which they shall hold office. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be the Chairman of the Committee.
- 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 Chairman 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 Chairman). The Chief Executive (or any other relevant Senior Executive or the Company Secretary or the Deputy 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 staff reporting to him. Neither the Chairman nor the Chief Executive nor any other Senior Executive or the Company Secretary or Deputy 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 meeting 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.

### **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 A meeting of the Committee may be called by any member of the Committee or by the Secretary.
- 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 and all other Non-Executive Directors, at least 3 working days prior to the meeting (or less if otherwise agreed by all the members of the Committee).

### **5. Meetings**

- 5.1 The Committee shall meet formally at least twice a year and such other times as the Chairman of the Committee may require.
- 5.2 Any member may participate in a meeting of the Committee by means of a conference telephone 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.
- 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 promptly to all members of the Committee.

### **7. Annual General Meeting**

The Chairman of the Committee (or an appointed deputy) shall attend the AGM of the Company to answer questions about the Committee and its actions.

## 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.
- 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 the Company Secretary and (ii) all members of the Executive Board (the “**Senior Executives**”). In determining and reviewing the ongoing effectiveness of the framework or broad policy for remuneration of the Senior Executives (the “**Policy**”), the Committee shall take into account the need to ensure that all the Senior Executives of the Company are provided with appropriate incentives to reward for their individual contributions and encourage enhanced performance in a fair and reasonable manner. The Policy should have regard to the risk appetite of the Company and should be in alignment with the Company’s long term strategic goals. The Policy should also have regard to pay and employment conditions across the Company. 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 ensure that the contractual terms on termination, and any payments made in that event, are fair to both the individual and the Company.
- 8.3 **Senior Executive Remuneration Packages:** Approve the remuneration of the Senior Executives. 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 as well as any associated guidance relating to those laws and regulations.
- 8.4 **Other Material Remuneration Packages:** Approve the remuneration packages of any employee with an annual salary in excess of £200k, or a total remuneration package valued in excess of £1m (including Long Term Incentive Plans).
- 8.5 **Chairman’s Remuneration:** Approve the remuneration of the Chairman and review the remuneration at least every three years. 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 Chairman.
- 8.6 **Performance Related Bonus/Pay:** Determine targets for any performance related bonus or pay schemes operated by the Company affecting Senior Executives.

- 8.7 **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”).
- 8.8 **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
- 8.9 **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 and appointment the Committee shall be responsible for within a budget set by the Board.
- 8.10 **Chairman and Chief Executive Expenses:** Approve the procedure for approving any claims for reimbursement of expenses from the Chief Executive and Chairman of the Company.
- 8.11 **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.
- 8.12 **Incentive Plan Discretions:** 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.
- 8.13 **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.

## 9. Reporting Responsibilities

- 9.1 The Committee will ensure that the provisions regarding disclosure of remuneration, including pensions, 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 Chairman shall report to the Board on its proceedings after each meeting and, if he or she considers it appropriate, the Committee Chairman may circulate the minutes of any Committee Meeting to any member of the Board.

- 9.3 The Committee shall make recommendations to the Board it deems appropriate.
- 9.4 The Committee shall produce a report on its remuneration policy and activities to be included in the Company's annual report. If the Committee has appointed remuneration consultants, the report should identify such consultants and state whether they have any other connection with the Company.
- 9.5 Through the Chairman of the Board, the Committee should ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **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;
- 10.3 give due consideration to laws and regulations; and
- 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.

## **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.