

## **Irish Residential Properties REIT plc (the “Company”)**

### **Remuneration Committee (“Committee”) – Terms of Reference**

**Adopted by the board of directors of the Company (the “Board”) on 31 March 2014 (as amended 26 May 2015 and 29 March 2017)**

References to members and the chairman below are references to members of the Committee and the chairman of the Committee respectively.

#### **1. Constitution**

1.1. The Committee was established by resolution of the Board, duly constituted in accordance with the UK Corporate Governance Code and the Irish Corporate Governance Annex thereto and the Company’s articles of association, and is to be known as the Remuneration Committee.

#### **2. Membership**

2.1. The membership of the Committee will be appointed by the Board and will consist of a minimum of two members. Subject to paragraph 2.2, all members of the Committee will be independent non-executive directors.

2.2. Only members of the committee have the right to attend committee meetings. However, other individuals such as the external advisers, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

2.3. The company chairman may be a member of, but not chair, the Committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman.

2.4. All members will take care to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence and will exercise their independent judgment in relation to all duties and responsibilities arising out of membership of the Committee.

2.5. The board shall appoint the committee chairman, subject to 2.3 above, who shall be an independent non-executive director. In the absence of the committee chairman, the remaining members present shall elect one of the non-executive directors present to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

2.6. Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.

#### **3. Meetings**

3.1. The Committee shall meet at least once a year at the times as may be agreed by the members and report to the meeting of the Board next following a meeting of the Committee. The frequency and timing of meetings will be determined according to the needs of the Company and the Committee. The quorum for any meeting of the



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Committee 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.

- 3.2. Subject as provided in paragraph 3.3, any director of the Company shall have the right, by invitation, to attend and speak but not to vote at any meeting of the Committee.
- 3.3. No executive director of the Company shall participate at a meeting of the Committee (or during the relevant part) at which any part of his remuneration is being discussed or participate in any recommendation or decision concerning his remuneration.
- 3.4. The remuneration of the non-executive directors shall be determined by the Board of the Company as a whole. No non-executive director shall be involved in any decision concerning his remuneration.
- 3.5. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.
- 3.6. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 3.7. The Committee shall have access to the services of the Company Secretariat on all Committee matters, including assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

#### **4. Secretary**

- 4.1. The Company Secretary or its nominee shall act as the secretary of the Committee.

#### **5. Authority**

- 5.1. The Committee is authorised by the Board to require the provision of such information, and access to such personnel, as it requires to discharge its responsibilities.
- 5.2. The Committee is authorised by the Board to take outside legal or any other professional advice within its terms of reference as appropriate, in particular to make external comparisons, at the Company's expense.
- 5.3. In addition, in connection with its duties the Committee is authorised by the Board to select and appoint remuneration consultants and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties, at the Company's expense.
- 5.4. The Committee is also authorised to:
- 5.5. undertake any activity within its terms of reference;

- 5.6. do all matters as the committee believes appropriate in respect of the conduct of its duties, including, without limitation, the matters referred to herein; and
- 5.7. delegate any of its powers to one or more of its members or the secretary of the committee.

## **6. Duties**

### 6.1. The Committee will:

- 6.1.1. determine and agree with the Board the framework or broad policy for the remuneration of all executive directors and the chairman, including pension rights and any compensation payments. The Committee shall also recommend and monitor the level and structure of remuneration for senior management. The definition of “senior management” for this purpose should be determined by the Board but if no such determination has been made shall include the first layer of management below Board level;
- 6.1.2. consult the chairman and / or chief executive about their proposals relating to the remuneration of other executive directors;
- 6.1.3. take into account all factors which it deems necessary in determining any such remuneration policy, including relevant legal and regulatory requirements and the provisions and recommendations of the UK Corporate Governance Code and Irish Corporate Governance Annex. The objective of such policy will be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 6.1.4. review the on-going appropriateness and relevance of the remuneration policy;
- 6.1.5. liaise with the Nomination Committee to ensure that the remuneration of newly-appointed executives is within the Company’s overall policy;
- 6.1.6. give regard to the risk implications of the design, implementation and operation of remuneration arrangements across the group including as appropriate, setting performance targets in incentive packages and monitoring potential conflicts of interests;
- 6.1.7. approve the design of, and determine targets for, any performance-related pay schemes operated by the group, approving the total annual payments made under such schemes and asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements;
- 6.1.8. determine the policy for and scope of pension arrangements, service agreements for the executive directors, termination payments and compensation commitments;

- 6.1.9. review peer companies for comparison purposes but use such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance;
- 6.1.10. review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and certain members of the senior executive management as it so determines and the performance targets to be used;
- 6.1.11. 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;
- 6.1.12. ensure that all applicable laws, regulations and stock exchange rules and any other provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 6.1.13. oversee any major changes in employee benefits structures throughout the Company;
- 6.1.14. agree the policy for authorising expenses claims made by directors of the Company;
- 6.1.15. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

## **7. Minutes of Meetings**

- 7.1. The secretary shall minute the proceedings and the resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflict of interest and minute them accordingly.
- 7.3. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **8. Reporting**

- 8.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.2. The Committee shall bring to the attention of the Board and / or make appropriate recommendations to the Board concerning those matters within its remit that have been considered or reviewed by it at the meeting of the Board next following a meeting of the Committee.

- 8.3. The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.
- 8.4. The Committee Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- 8.5. The Committee shall have access to the services of the Company Secretariat on all Committee matters, including assisting the Committee Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

## **9. Other Matters**

### 9.1. The Committee will:

- 9.1.1. have access to sufficient resources in order to carry out its duties;
- 9.1.2. 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;
- 9.1.3. give due consideration to all applicable laws and regulations, the provisions of the UK Corporate Governance Code (and in particular Schedule A relating to remuneration of executive directors to the Code), the Irish Corporate Governance Annex, , the requirements of the Listing Rules of the Irish Stock Exchange, prospectus law, UK Disclosure and Transparency Rules and all other applicable laws and regulations as appropriate;
- 9.1.4. arrange for periodic reviews of its own performance, constitution and terms of reference, at least annually, in order to ensure that the Committee is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval;
- 9.1.5. be responsible for overseeing any investigation of matters which are within its terms of reference; and
- 9.1.6. make publicly available these terms of reference, explaining its role and the authority delegated to it by the board.

### 9.2. Any change to these Terms of Reference must be approved by the Board.