

## JD SPORTS FASHION PLC (THE "COMPANY")

### REMUNERATION COMMITTEE

#### TERMS OF REFERENCE

#### 1 CONSTITUTION

- 1.1 The committee has been established by resolution of the board of directors of the Company (the "Board") and is to be known as the remuneration committee (the "Remuneration Committee").

#### 2 MEMBERSHIP

- 2.1 The members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nominations Committee and in consultation with the chairman of the Remuneration Committee (the "Chairman").
- 2.2 The Remuneration Committee shall consist of at least three members, all of whom are independent non-executive directors.
- 2.3 Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director meets the criteria for membership of the Remuneration Committee.
- 2.4 The Board shall appoint the Chairman of the Remuneration Committee. The Chairman shall be an independent non-executive director and shall not be the chairman of the Board. In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.5 The Board shall regularly review the membership of the Remuneration Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Remuneration Committee and other Board committees.
- 2.6 If executive directors or senior management are involved in advising or supporting the Remuneration Committee, that role should be clearly separated from their role within the business.

#### 3 QUORUM

A quorum shall be two members.

#### 4 ATTENDANCE AT MEETINGS

- 4.1 No one other than the Chairman and each member of the Remuneration Committee is entitled to attend or vote at a meeting of the Remuneration Committee.

4.2 Other individuals such as the chairman of the Board, chief executive, members of senior management, the Group Human Resources Director and external advisers may be invited to attend for all or part of any meetings as and when, in the opinion of the Chairman or the majority of Remuneration Committee members, it is appropriate.

4.3 No director or senior executive shall be involved in any decisions as to his or her own remuneration.

## **5 SECRETARY**

5.1 The Company Secretary or his or her nominee shall act as the secretary of the Remuneration Committee (the "**Secretary**") and shall keep a record of:

5.1.1 the membership, and the dates of any changes to the membership, of the Remuneration Committee;

5.1.2 any person or firm who provides advice or services to the Remuneration Committee or materially assists the Remuneration Committee on matters relating to directors' remuneration. If such person or firm is not a director, the Secretary shall keep a record of the nature of any other services provided by that person to the Company during the year.

## **6 FREQUENCY OF MEETINGS**

6.1 Meetings shall be held at such times as the Chairman deems appropriate, and in any event shall be held not less than twice a year.

## **7 PROCEEDINGS**

7.1 Unless varied by these terms of reference, meetings and proceedings of the Remuneration Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

7.2 Meetings of the Remuneration Committee shall be summoned by the Secretary at the request of the Chairman.

7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors not later than 48 hours prior to the date of the meeting.

7.4 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall record the proceedings and resolutions of all meetings of the Remuneration Committee, including the names of those present and in attendance, and shall circulate the minutes of such meetings to all members of the Remuneration Committee and, once agreed if the Chairman so decides to all members of the Board, unless a conflict of interest exists.

7.5 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Remuneration Committee's duties and responsibilities.

## **8 AUTHORITY**

8.1 The Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any requests made by the Remuneration Committee.

8.2 The Remuneration Committee is authorised by the Board at the expense of the Company to obtain external legal or other professional advice and, within budgetary restraints imposed by the Board, to appoint external consultants. If the level of external advisors' fees is likely to exceed £20,000 excluding VAT prior Board approval is required.

8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

## **9 DUTIES**

The Remuneration Committee shall be responsible for all elements of the remuneration of the Executive Directors and the Chairman of the Company, including pension rights and compensation payments, and should monitor the level and structure of remuneration for the senior management of the Group.

"Senior management" means, for the purpose of these Terms of Reference, persons who are at Level 1 (Director) in the Group Organisational Structure and receive a basic salary of at least £150,000.

The duties of the Remuneration Committee shall be:

9.1 to determine the Company's policy for the remuneration (including benefits, pension arrangements and termination payments) of the chairman, chief executive and all other executive directors and to recommend and monitor the level and structure of remuneration for senior management of the Company. When setting the remuneration policy for executive directors (and in particular when considering their salary increases) regard should be had to pay and employment conditions across the group and the remuneration policy report should disclose how this was done and whether and, if so, how the Company consulted with employees when drawing up the policy;

9.2 to ensure that executive directors' remuneration is designed to promote the long-term success of the Company;

9.3 to determine the appropriate balance for executive directors between fixed and performance-related, immediate and deferred remuneration;

- 9.4 to ensure that all remuneration payments made to executive directors are consistent with the remuneration policy approved by the Company's shareholders or otherwise agreed in advance by the Company's shareholders;
- 9.5 to determine and agree with the Board the Company's policy on the duration of contracts with executive directors, and notice periods and termination payments under such contracts, with a view to ensuring that any termination payments are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 9.6 to ensure that all termination payments made to executive directors are consistent with the remuneration policy approved by the Company's shareholders or that the payments are otherwise agreed in advance by the Company's shareholders;
- 9.7 to determine and agree the general terms of service contracts of the executives, secretary and senior management and any proposed changes to these contracts;
- 9.8 to advise on and determine all formulae and targets for performance-related schemes operated by the Company, the methods for assessing whether performance conditions are met and the eligibility of executive directors for annual bonuses and benefits under long term incentive schemes and approve the total annual payments made under such schemes;
- 9.9 to review the design of all employees' share schemes and long-term incentive schemes for approval by the Board and shareholders and, 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 other senior executives and the performance targets to be used;
- 9.10 when appropriate, requesting the Board to seek shareholder approval of all employees' share schemes and long term incentive schemes save in the circumstances permitted by paragraph 13.8.13 of the Listing Rules;
- 9.11 to administer and review all aspects of any employees' share schemes and long-term incentive schemes operated by or to be established by the Company, (subject always to the rules of that scheme and any applicable legal and regulatory requirements);
- 9.12 to review and recommend to the Board the remuneration of the Secretary and the terms of his or her employment contract;
- 9.13 to liaise with the Nominations Committee to ensure that the remuneration of newly-appointed executive directors and senior management is within the Company's overall policy;
- 9.14 to monitor and review the effectiveness of senior remuneration generally;
- 9.15 to consider any other matters relating to the remuneration of or terms of employment applicable to the executive directors, chairman and senior management and referred to the Remuneration Committee by the Board;
- 9.16 to obtain reliable, up-to-date information about remuneration in other comparable companies;

- 9.17 to be aware of and oversee and major changes in employee benefit structures throughout the Company or Group;
- 9.18 to have regard, in the performance of the duties set out in this clause, to any applicable laws and regulations including the UK Corporate Governance Code, the Listing Rules, the Disclosure and Transparency Rules, any published guidelines or recommendations regarding the remuneration of directors of listed companies and the formation and operation of share option schemes (in particular the guidelines published by the Investment Association and National Association of Pension Funds) and on corporate performance on environmental, social and governance issues (in particular the guidelines published by the Investment Association) which the Remuneration Committee considers relevant or appropriate;
- 9.19 to establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants from whom the Remuneration Committee deems it necessary to receive advice;
- 9.20 in conjunction with the Board, to prepare an annual directors' remuneration report setting out the disclosure of directors' remuneration as required by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and other associated legislative or regulatory requirements (which includes a statement on the implementation of the directors' remuneration policy during the financial year in which the directors' remuneration report is put to shareholders);
- 9.21 to agree the policy for authorising claims for expenses of the chief executive and the chairman of the Company;
- 9.22 to work and liaise with the Audit Committee as appropriate to report, manage and oversee risks in relation to remuneration strategy and approach;
- 9.23 to promptly provide the Board with such information as may be necessary or desirable in the opinion of the Board to enable the Board to monitor its conduct in order that each member of the Board may fulfill his duties and responsibilities as a director;
- 9.24 annually to review its own performance, constitution and terms of reference and, where necessary, recommend any changes to the Board;
- 9.25 to make these terms of reference publicly available.

## **10 EXCLUSIONS**

- 10.1 The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executives. The Remuneration Committee does not have responsibilities for nominations to the Board.
- 10.2 The remuneration of non-executive directors shall be a matter for the executive members and the chairman of the Board (subject to the Articles of Association of the Company). The Board may, however, delegate this responsibility to a smaller sub-committee of executive directors, which may include the chief executive.

## **11 ANNUAL GENERAL MEETING**

- 11.1 The Chairman shall be available at the Annual General Meeting to answer questions arising from the directors' remuneration report, the directors' remuneration policy and generally on remuneration principles and practice and the activities of the Remuneration Committee. He or she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.
- 11.2 The Remuneration Committee should ensure that the directors' remuneration report (which forms part of the Company's annual report) is put into the shareholders for approval at the Annual General Meeting.
- 11.3 The Remuneration Committee should also ensure that the directors' remuneration policy is put to the Company's shareholders for approval on the earlier of (i) no more than three years from the date the current remuneration policy was approved by shareholders; and (ii) the date on which it is proposed any revisions to the current remuneration policy will take effect.