

PEPCO GROUP N.V.

Terms of Reference of the Remuneration Committee

The Remuneration Committee (the **Committee**) consists of non-executive directors. The Committee will meet as required at least three times a year. The Committee assists the Board of Directors with the preparation, implementation and development of remuneration and benefits policies, including bonuses for the Directors and provides oversight of the remuneration of senior management.

Where used, third party remuneration consultants are assessed to be independent.

1.	Constitution
	The Committee is responsible for preparing the decision-making of the board of directors on the determination of directors' remuneration. In addition, the Committee shall be responsible for reporting to the board of directors on the implementation of the remuneration in each financial year in light of corporate goals and objectives relevant to the remuneration in line with the Company's remuneration policy.
2.	Membership
2.1	The majority of the members of the Committee are independent non-executive directors. The chair of the board of directors shall not be a member of the Committee.
2.2	Members of the Committee are appointed by the board of directors on recommendation of the Nomination Committee and in consultation with the (proposed) chair of the Committee. The board of directors shall appoint the Committee chair who shall be an independent non-executive director. In the absence of the Committee chair the remaining members present shall elect one of themselves to chair the meeting.
2.3	Only members of the Committee have the right to attend committee meetings and other individuals may be invited to attend for all or part of any meetings as and when appropriate and necessary.
2.4	The company secretary or his or her nominee shall act as 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.
2.5	The quorum for meetings is a majority of the members present. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
3.	Frequency of meetings
3.1	The Committee shall meet at least three times a year at appropriate intervals and otherwise as required.
3.2	Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.
3.3	Resolutions of the Committee may also be adopted outside of a meeting in writing, provided that all members in office (in respect of whom no conflict of interest exists) have consented in writing to this manner of decision-making.
4.	Notice of Meetings
4.1	Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members if considered necessary.
4.2	Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than five days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.
5.	Minutes

	5.1	The secretary to the Committee shall minute the proceedings and decision of all meetings of the Committee, including recording the names of those present and in attendance.
	5.2	The secretary will ascertain, at the beginning of each meeting, the existence of any conflicts of interest not previously noted and minute them accordingly.
	5.3	Draft minutes of Committee meetings shall be agreed with the Committee chair and then circulated promptly to all members of the Committee.
6.	Annual General Meeting	
		The Committee chair (or in their absence another nominee of the Committee) should attend the annual general meeting to answer shareholder questions, including any questions on the Committee's activities.
7.	Duties	
	7.1	To advise the board of directors on the framework or broad policy for the remuneration of the executive directors, company secretary and the chair of the company, including pension rights and any compensation payments. Review this policy on an ongoing basis to ensure it remains, appropriate, relevant and in line with current best practice.
	7.2	To recommend to the board of directors the remuneration for all executive directors, the chair and the company secretary. The remuneration of the executive directors is a matter for the non-executive members of the board of directors. No director or manager is involved in any decisions as to his or her own remuneration.
	7.3	To advise the general meeting on the remuneration of the non-executive directors. The remuneration of non-executive directors is a matter for the executive members of the board of directors.
	7.4	To recommend to the board of directors the total individual remuneration package of each executive director and company secretary including, where appropriate, bonuses, incentive payments and performance-based incentives. In determining such packages and arrangements the committee gives due regard to relevant legal and regulatory requirements, appropriate codes of practice and associated guidance and pay and employment conditions across the group.
	7.5	To recommend to the board of directors targets and monitor performance against those targets for any performance-related pay schemes operated by the company.
	7.6	To approve the design of and recommend to the board of directors targets for any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes.
	7.7	To review the design of all share incentive plans for approval by the board of directors and shareholders. For any such plans, recommend to the board of directors each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives ¹ and the performance targets to be used.
	7.8	To 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.
	7.9	To receive details regarding, and consider, the levels and structure of remuneration for other senior executives ¹ .
	7.10	To oversee any major changes in employee benefit structures throughout the company or group.
	7.11	To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee
	7.12	To agree the policy for authorising claims for expenses from the directors.
8.	Reporting Responsibilities	
	8.1	The Committee chair shall report to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities.
	8.2	The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in Dutch law and the Polish Corporate Governance Code, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and accounts and put to shareholders at the annual general meeting.

	If remuneration consultants have been appointed, they should be identified in the annual report.
	8.3 The Committee shall ensure that the company maintains contact as required with its principal shareholders about remuneration.
9	Authority
	The Committee is authorised to
	9.1 appoint remuneration consultants, and be exclusively responsible for establishing the selection criteria, and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board of directors.
	9.2 seek any information it requires from any employee of the company in order to perform its duties;
	9.3 obtain, at the company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary so to do;
	9.4 call any employee to be questioned at a meeting of the Committee as and when required;
10.	Other matters
	The Committee shall:
	10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat as required;
	10.2 at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board of directors.

24 May 2021

1. The term Senior Executives is used to describe those managers below the board of directors in key leadership positions within the Group. This group will be reviewed periodically but is considered, at 24 May 2021, to be Andy Bond, Nick Wharton, Sean Cardinaal and Trevor Masters.