



Bellway p.l.c.
Board Committee on
Executive Directors' Remuneration
Terms of Reference

Constitution

1. The Board has established a committee of the Board known as the Board Committee on Executive Directors' Remuneration (the "Committee"), being a permanent committee of the Board.

Membership

2. The Committee is appointed by the Board. The Committee shall consist of at least three members, all of whom shall be independent non-executive directors.
3. The Committee Chairman shall be appointed by the Board.

Secretary

4. The Company Secretary shall act as the Secretary of the Committee.

Quorum

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

Meetings

6. The Committee shall meet at least twice a year and at such other times as the Committee shall require. One meeting should coincide with the timetable for the annual review of Executive Directors and senior staff remuneration.
7. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate.

Voting

8. Decisions of the Committee will be made by a majority vote. In the event of an equality of votes, the Committee Chairman shall have a second or casting vote.

Responsibilities

9. The Committee shall:
 - (a) determine and agree the Board framework or broad policy for the remuneration of the Company's Chairman, Chief Executive, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider by the Board. No director or manager shall be involved in any decisions as to their own remuneration;
 - (b) in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall 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;
 - (c) review the ongoing appropriateness and relevance of the remuneration policy;
 - (d) in respect of the Executive Directors, approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments or awards made under such schemes;
 - (e) review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, in respect of the Executive Directors, 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;
 - (f) determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
 - (g) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded and that the duty to mitigate loss is recognised;
 - (h) within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;

- (i) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in The UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance;
- (j) review and note annually the remuneration trends across the Company or Group;
- (k) oversee any major changes in employee benefits structures throughout the Company or Group;
- (l) agree the policy for authorising claims for expenses from the Chairman and Chief Executive;
- (m) ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and The UK Corporate Governance Code are fulfilled; and
- (n) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

Reporting Responsibilities

- 10. The Committee Chairman shall report to the Board on the main items of business addressed at each Committee meeting.
- 11. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it considers action or improvement is needed.
- 12. 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 AGM.
- 13. The Committee Chairman shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities and responsibilities.

Other

- 14. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

Authority

15. The Committee is authorised by the Board to:
 - (a) seek any information it requires from any employee of the Company in order to perform its duties; and
 - (b) obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, and such advisers may attend meetings as necessary.

Matters outside the Committee's Responsibility

16. The remuneration of non-executive directors shall be a matter for the Board Committee on Non-Executive Directors' Remuneration.