

Remuneration Committee – Terms of Reference

Approved by the Board on 7 March 2024

Note: References to “the Committee” shall mean the Remuneration Committee; references to “the Board” shall mean the Board of Directors; references to “the Company” shall mean J Sainsbury plc and/or its subsidiaries.

1. Purpose

- 1.1 The primary function of the Committee is to recommend to the Board the remuneration strategy for the Executive Directors, the Chair of the Board and Senior Management and to determine within that framework a formal and transparent remuneration policy designed to support the Company’s strategy and promote the long-term success of the Company.

2. Membership

- 2.1 The Committee shall comprise at least three members, all of whom shall be independent Non-Executive Directors. The Board Chair may also be a member of the Remuneration Committee if they were considered independent on appointment as Board Chair.
- 2.2 The Board shall appoint the Chair of the Committee, who shall be an independent Non-Executive Director. The Chair of the Committee will normally have been a member of a Remuneration Committee for at least a year prior to being appointed Chair. In the absence of the Committee Chair, the other members shall elect one of themselves to chair the meeting. The Chair of the Board may not chair the Committee.
- 2.3 The Board is responsible for the appointment of members to the Remuneration Committee, for setting the term of members’ appointments and for the revocation of any such appointments.
- 2.4 No one other than members of the Committee is entitled to be present at Committee meetings. The Chair of the Board, Chief Executive Officer, Chief People Officer and Director of Reward shall normally be in attendance, and other individuals may be invited to attend, except when issues regarding their own remuneration are discussed. The Committee’s remuneration consultants shall attend meetings as requested by the Committee Chair.

3. Secretary

- 3.1 The Company Secretary, or their nominee, shall act as secretary to the Committee and shall produce such papers and minutes of the Committee’s meetings as are appropriate, in a timely manner.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members, one of whom should be the Committee Chair unless they are unable to attend.

5. Meetings

- 5.1 The Committee shall meet at least three times a year and otherwise as required.
- 5.2 All members of the Committee shall be advised of the business to be transacted at any meeting even if they are unable to be present.
- 5.3 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's remuneration strategy, including the Chief People Officer, Director of Reward and external advisers.

6. Minutes

- 6.1 The minutes of the meetings shall be circulated to all members of the Committee, the Chair of the Board, Chief Executive Officer, Chief People Officer and the Director of Reward and, if not members of the Committee, the other Non-Executive Directors of the Company, unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

7. Duties

- 7.1 The Committee shall:
- a) set a formal and transparent remuneration policy which supports the Company's strategy and promotes the long-term sustainable success of the Company;
 - b) determine and agree with the Board the broad policy for the remuneration of the Executive Directors, the Chair of the Board and members of Senior Management. Senior Management is defined as a minimum as the members of the Operating Board and the Company Secretary;
 - c) have delegated authority to set individual remuneration arrangements for the Chair of the Board, the Executive Directors and Senior Management. No individual will be involved in any decision relating to their own remuneration;
 - d) monitor and note the level and structure of remuneration for any executive whose salary exceeds that of any Operating Board Director;
 - e) in determining remuneration for those referred to above, review and agree:
 - overall market positioning of the remuneration package;
 - individual base salaries and increases;
 - the design and operation of any performance related/variable pay schemes (including annual, medium and long-term incentive/bonus arrangements), set

the relevant performance targets, consider and mitigate reputational and behavioural risks, and determine the payouts under the arrangements; and

- pension arrangements, benefits and any other remuneration;

- f) be responsible for authorising all remuneration arrangements that involve the use of shares, including all-employee share plans. 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 the performance targets to be used. The Committee will monitor compliance with the recognised Institutional Investor limits on the issue of the Company's shares under employee share plans;
- g) ensure that the remuneration schemes and policies enable the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances;
- h) note any major change to the terms of the Company's all-employee share plans;
- i) approve the service contracts of Executive Directors and members of the Operating Board, including termination arrangements;
- j) review the terms and operation of the Share Ownership Guidelines, including any policy for post-employment shareholding;
- k) review and note the remuneration trends and policies across the Company, consider alignment with culture and take these into account when determining executive remuneration;
- l) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultant who advises the Committee;
- m) in determining remuneration policy and packages, have regard to the UK Corporate Governance Code, the UKLA Listing Rules and all other relevant codes, laws and regulations;
- n) agree the policy for authorising claims for expenses from the directors;
- o) determine any remuneration related matters affecting Sainsbury's Bank as delegated by the Board under its Reserved Powers and note any other material remuneration matters affecting the Bank;
- p) work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

7.2 The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a sub-committee of the Board, consisting of the Chair of the Board and one or more Executive Directors, which shall make recommendations to the Board as a whole.

8. Reporting responsibilities

8.1 The Committee Chair shall report to the Board after each meeting.

9. Other matters

9.1 The Committee should consult the Chair of the Board and/or the Chief Executive Officer about their proposals relating to the remuneration of other Executive Directors. The Committee shall be supported by the Chief People Officer.

9.2 The Committee will consider and recommend to the Board the content of the Directors' Remuneration Report which will have regard to and reflect all relevant legislation and regulations including the UK Corporate Governance Code.

9.3 The Committee Chair shall be available to answer questions at the Annual General Meeting on remuneration issues with regard to the Board and Senior Management and generally on remuneration principles and practice.

9.4 The Committee Chair shall undertake to liaise as necessary with institutional investors on policy or any other aspect of senior remuneration. Where appropriate such engagement may also be through the Chair of the Board or such other individual deemed appropriate by the Committee.

9.5 The Committee shall ensure effective engagement with shareholders in relation to remuneration and related policies and practices.

9.6 The Committee shall undertake any other duties as directed by the Board.

9.7 Where considered appropriate, Committee members should have access to suitable training, in the form of an induction programme for new members and/or on an on-going basis for all members.

9.8 Once a year the Committee should consider its own performance and review its membership and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

10. Authority

10.1 The Committee is authorised by the Board to obtain legal, remuneration or other professional advice from both inside and outside the Group as and when required, at the Company's expense, and to appoint and secure the attendance of external consultants and advisors if it considers this beneficial.