

**TALKTALK TELECOM GROUP PLC**  
(the “Company”)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**  
(approved at a meeting of the Board of Directors held on 16 May 2017)

**CONSTITUTION**

1. The board of directors of the Company (the “**Board**”) hereby resolves that the terms of the reference of the remuneration committee are as follows.

**MEMBERSHIP**

2. Members of the committee shall be appointed by the Board and shall consist of at least three non-executive directors and/or such other non-executive directors as may be appointed from time to time by the Board all of whom are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The members of the committee shall:

- 2.1 have no financial interest (other than as shareholders of the Company) in the matters considered by the committee;
  - 2.2 ensure that they have no potential conflicts of interest arising from cross-directorships and disclose any such conflicts at each meeting should such a conflict arise. In particular, no member of the committee shall be present when his own salary or remuneration is discussed nor shall vote thereon; and
  - 2.3 have no day to day involvement in the running of the business of the Company or any of its subsidiaries.
3. Each member of the committee shall retire on the third anniversary of his appointment (or shorter if such member ceases to be a director). If the Board does not fill the vacancy, the retiring member shall, if willing to act, be deemed to have been reappointed unless the Board resolves not to fill the vacancy or unless a resolution for the reappointment of a member is put to a meeting of the Board and lost.
  4. The chairman of the committee shall be appointed by the Board (and shall be John Gildersleeve as at the date of approval of these terms of reference).

**MEETINGS AND VOTING**

5. A quorum shall be two members.

6. All reasonable efforts shall be made to give notice of meetings to all members and arrange such meetings so that members are able to be in attendance. A member of the committee may participate in a meeting by phone.
7. In addition to attendance at meetings by the committee members, the Company's chairman and/or chief executive and other directors and employees, may be invited by the committee to attend meetings to discuss the proposals of the committee relating to the remuneration of other executive directors and senior management. They shall not be entitled to vote.
8. The committee may also consult other non-executive directors in its evaluation of the chairman and/or chief executive and/or other executive directors and/or senior management in respect of other matters. They shall not be entitled to vote.
9. The chairman of the committee shall have a casting vote on all matters in the event of an equality of votes.
10. Meetings of the committee are to be held not less than twice a year.

#### **DUTIES AND AUTHORITY**

11. The primary duty of the committee is to make recommendations to the Board on the Company's framework of executive remuneration and its cost; and to determine on behalf of the Board, specific remuneration packages for each of the executive directors (including pension rights and compensation payments), so that the Board is in a position to report to the Company's shareholders.
12. In particular, in discharging its duties the committee should have regard to the Combined Code including provisions on remuneration in Section B of Section 1, Schedule A and Related Guidance and Good Practice Suggestions summarising the principal duties of the remuneration committee, and the UKLA Listing Rules and associated guidance and other applicable laws, regulations and guidelines from bodies such as the Association of British Insurers.
13. The committee is authorised by the Board:
  - 13.1 to investigate the remuneration paid to the directors and senior management of other companies of a similar size in a comparable industry sector in the UK and the relative performance of such companies;
  - 13.2 to obtain information on the remuneration of any employee of the Company and its subsidiary companies ("**Group**");
  - 13.3 to seek advice from the company secretary and the in-house legal and human resources departments and to obtain legal, human resources and other independent professional advice;

- 13.4 to secure the attendance of any person with relevant experience and expertise at committee meetings if it considers this appropriate;
- 13.5 to determine remuneration packages including salaries, pensions, bonuses, share options or other long term incentive arrangements and all other terms and conditions of service and termination payments of executive Board directors within the Group and the chairman of the Company;
- 13.6 to recommend and monitor the level and structure of remuneration including pensions and compensation payments for senior management, being in particular the first layer of management below Board level;
- 13.7 to approve the new issue of, or a change to, any contract of employment of or compensation payable to any statutory director of the Company and any member of the Group's executive committee irrespective of their remuneration amount and of any other employee or director of the Group where the basic salary or fee or bonus for such person would exceed £200,000 per annum or for such employee or director the gross amount of compensation (ignoring mitigating or any other factors reducing the amount payable) on termination of any such contract would exceed £200,000 (or its equivalent);
- 13.8 to approve any contract of employment within the Group which has an original fixed term of two years or more taking into account any period of notice required to terminate such contract;
- 13.9 to approve any contract of employment within the Group requiring more than 12 months' notice to determine;
- 13.10 to approve the confirmation of the employment of executive board directors beyond the normal retirement age of sixty-five;
- 13.11 to act as the sole body instructed and authorised to exercise any power or discretion vested in the Board under any share option or bonus or incentive schemes of whatever nature established for the benefit of employees of the Group;
- 13.12 to agree the policy for authorising claims for expenses from the chief executive and chairman of the Company;
- 13.13 to be aware of and advise on any major changes in employee benefits structures throughout the Group;
- 13.14 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;

- 13.15 to report the frequency of, and attendance by members at committee meetings in the Company's annual reports;
  - 13.16 to make available the committee's terms of reference in accordance with the Combined Code, review the same and, where necessary, update them annually;
  - 13.17 to produce each year a remuneration report, including pensions, on behalf of the Company which complies with the Combined Code, the Companies Act 2006, the UKLA Listing Rules, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended from time to time) and other applicable regulations and guidance, for inclusion in the Company's annual report and for such remuneration report to be placed before the Company's Annual General Meeting for approval by the shareholders; and
  - 13.18 to review and/or determine other matters that may be delegated by the Board to the committee from time to time.
14. The committee shall not determine the remuneration of non-executive directors which shall be a matter for the chairman and the executive directors of the Board.

#### **REPORTING PROCEDURES**

- 15. The company secretary shall circulate the minutes of meetings of the committee to all members of the committee and after approval and signature, to the Board.
- 16. The chairman of the committee shall be available to answer questions about the committee's work at the annual general meeting of the company.

16 May 2016