

# TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

APPROVED BY THE BOARD OF DIRECTORS  
ON 23 NOVEMBER 2022

## 1. CONSTITUTION

A 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 Committee).

## 2. ROLE

- 2.1 The Board has a duty to act in the best interest of the Company's shareholders when determining remuneration and directors should exercise independent judgement and discretion. The Committee has full delegated power and authority to determine and agree on behalf of the Board the Company's policy on the remuneration of executive directors, the Chairman and senior management (herein referring to the Group Executive Committee and the Company Secretary) and to set the remuneration of each.
- 2.2 The Committee shall develop a formal and transparent procedure for developing remuneration policy and determining the level of remuneration to ensure policy and practices reward fairly and responsibly, with a clear link to longer-term sustainable company and individual performance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders.
- 2.3 The Committee shall also review workforce remuneration and related policies, and shall have oversight of any major changes in the employee benefits structure across the Group.

## 3. MEMBERSHIP

- 3.1 The Committee shall be appointed by the Board from amongst the independent non-executive directors of the Company and shall consist of not less than three members. The Chairman of the Board can only be a member of the Committee if they were considered independent on appointment, and they may not chair the Committee.
- 3.2 The Chairman of the Committee shall be appointed by the Board from the members of the Committee and shall have served on a remuneration committee for at least 12 months prior to appointment. In the absence of the Chairman of the Committee and/or an appointed deputy at any meeting, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided members continue to be independent (with the exception of the chair if they are a member), unless the Board otherwise determines and subject to the members' retirement by rotation, in accordance with the terms of the Company's Articles of Association, and the provisions of the UK Corporate Governance Code.
- 3.4 Each member of the Committee shall disclose to the Committee:
  - a. any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
  - b. any potential conflict of interest arising from a cross-directorship, and any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.
- 3.5 The members of the Committee shall be identified in the directors' remuneration report.
- 3.6 The Committee Chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

#### **4. SECRETARY**

The Company Secretary or a nominee thereof shall act as the secretary of the Committee.

#### **5. QUORUM**

A quorum shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **6. VOTING ARRANGEMENTS**

- 6.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. If a matter that is considered by the Committee is one where a Committee member either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.2 Decisions of the Committee shall be taken by a majority of votes of the members present at the meeting. In the event of an equality of votes, the Chairman shall have a casting vote.

#### **7. ATTENDANCE AT MEETINGS**

- 7.1 Only members of the Committee have the right to attend Committee meetings. Independent directors who are not members of the Committee may attend meetings with the Committee Chairman's prior approval. Other individuals, such as members of the management team and/or external advisers, may attend all or part of any meeting as and when appropriate at the invitation of the Chairman of the Committee.
- 7.2 Meetings may be held by telephone, video conference or by any other appropriate means of communication. No person of the Company shall participate at a meeting of the Committee (or during the relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or discussion specifically concerning their remuneration.

#### **8. FREQUENCY OF MEETINGS**

Meetings shall be held as and when required, but at least twice a year and usually four times per year, normally before or after regular meetings of the full Board.

#### **9. NOTICE OF MEETINGS**

- 9.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.
- 9.2 Unless otherwise agreed, a 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, any other person required to attend and all other non-executive directors, prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, prior to the date of the meeting and enabling sufficient time for proper consideration.

## 10. ENGAGEMENT WITH SHAREHOLDERS

The Chair of the Committee (or another member of it) will be available to answer questions on directors' remuneration policies and practices both at the Annual General Meeting of the Company and, when appropriate, to discuss these with major shareholders and representative bodies.

## 11. AUTHORITY

The Committee is authorised by the Board to:

- a. investigate any activity within these terms of reference;
- b. seek any information that it requires from any employee of the Company and all employees shall be directed to co-operate with any request made by the Committee;
- c. obtain, at the Company's expense, outside legal or other independent professional advice on any matters within these terms of reference;
- d. secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- e. be exclusively responsible for establishing the criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and obtain reliable, up-to-date information about remuneration trends in other companies and market conditions on remuneration. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## 12. DUTIES – GENERAL

Having regard to relevant legal and regulatory requirements, best practice and investor guidelines including the requirements of the UK Listing Rules of the UK Financial Conduct Authority and UK Corporate Governance Code, the Committee shall:

- a. determine and agree with the Board the overall strategy for remuneration and remuneration policy including as appropriate salary, benefits, pension rights and incentive schemes for the Company's Chairman, Executive Directors, Group Executive Committee and such other individuals as the Board designate) (together, the 'executives'). The remuneration of non-executive directors shall be a matter for the Chairman and the executive directors. No director or executive shall be involved in any decisions as to his own remuneration.
- b. in determining such policy, review and take into account remuneration policies and practices and levels for the wider workforce and the alignment of incentives and rewards to culture and any other factors which it deems necessary. Design remuneration policies and practices that promote long-term sustainable success; support the Company's risk management strategy, values and risk appetite; alignment with the Company's values and support the desired culture of the Company. Ensure that executives are provided with appropriate incentives that promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests, encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, whilst ensuring that their remuneration is aligned to the Company's risk policies and systems and long term strategic goals.
- c. consider the matters of clarity, simplicity, predictability, risk, alignment to culture and proportionality in determining remuneration policies and practices.
- d. oversee engagement with the workforce on executive pay policies
- e. review regularly the on-going appropriateness and relevance of the Company's remuneration policy.
- f. Liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's remuneration policy.



- g. approve the length and term of all service contracts, and any material amendments thereto, for the Company's Chairman, Chief Executive, Chief Financial Officer, and other executives as appropriate.
- h. recommend to the Board the policy for and scope of pension arrangements for the executives taking into account the future liabilities of any recommendation and to detail precisely which elements of the remuneration packages are pensionable.
- i. ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the latest shareholder approved remuneration policy.
- j. within the terms of the agreed policy, determine the total individual remuneration package for the Company's Chairman, Chief Executive, Chief Financial Officer, and other executives including base salary, benefits, pension, bonuses, incentive payments and share options or other share awards.
- k. design and invoke policies as appropriate for in-service and post employment shareholding requirements.
- l. where appropriate, exercise judgement when determining remuneration awards being mindful of the possible monetary outcomes and external perceptions arising from its decisions and ensuring that any remuneration schemes provide for the use of discretion to override formulaic outcomes where appropriate.
- m. advise on any major changes in employee benefit structures throughout the Company or its group.
- n. agree the policy for authorising claims for expenses from the Chairman, Chief Executive and Chief Financial Officer and other executives (as appropriate).
- o. ensure that the terms agreed in respect of termination of an executive, and payments made, are fair to the individual, and the Company, reasonable and not excessive, do not reward failure and recognise the duty to mitigate.
- p. ensure that provisions regarding disclosure and approval of remuneration as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 (as amended), the UK Corporate Governance Code and the Gibraltar Companies Ordinance are fulfilled taking into account the Company's legal obligation to comply and the Board's decision to comply as a matter of best practice.
- q. Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

### **13. DUTIES – SHARE BASED REMUNERATION AND BONUS ARRANGEMENTS**

In relation to the Company's incentive schemes, the Committee shall:

- a. review and recommend for approval the introduction of any new share incentive schemes for employees of the Group (including all schemes involving the award of shares or the grant of options) and ensure they promote long-term shareholdings by executive directors that support longer term sustainable performance and alignment with long-term shareholder interests.
- b. determine each year whether option grants or share awards will be made and if so, the overall amount of such option grants or share awards, review the appropriateness of overall allocations, the individual awards to the executives and the performance targets to be used.
- c. approve proposed grants of share based remuneration and bonus arrangements for executives.
- d. set and monitor performance criteria for any bonus arrangements and vesting terms relating to any share awards operated by the Company and its group ensuring that they represent achievable and motivating rewards for appropriate levels of performance and, where appropriate, are justifiable taking into account the Company's and its group's overall performance and the corresponding return on shareholders' investment in the same period.

- e. Approve the total annual payments made under such schemes and the payments to individual executives.
- f. set, monitor and assess any performance conditions applicable to any long term incentive awards granted under any schemes or plans adopted by the Company. Ensure that the performance conditions are fully explained and clearly linked to the enhancement of sustained shareholder value.
- g. Ensure there is scope for the Committee to exercise discretion to adjust outcomes in relation to any payments under any incentive schemes.
- h. design and invoke robust policies and safeguards, including clawback or withholding the payment of any sum, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements.
- i. ensure that all incentive arrangements are aligned to the Company's risk policies and systems.

## 14. REPORTING PROCEDURES

- 14.1 The secretary of the Committee, or a nominee, shall minute the proceedings and resolutions of all meetings (including the naming of those present and in attendance) as well as keep appropriate records and, once approved, shall circulate the minutes of meetings of the Committee to all members of the Committee and the Board, unless, exceptionally, it would be inappropriate to do so.
- 14.2 The Chairman of the Committee shall bring to the attention of the Board and/or make appropriate recommendations to the Board concerning those matters which have been considered or reviewed by it at the meeting of the Board next following a meeting of the Committee.
- 14.3 The Committee's duties and activities during the year shall be disclosed in the Company's annual report and the terms of reference of the Committee, explaining its role and the authority delegated to it by the Board shall be made available on request and placed on the Company's website.
- 14.4 The Committee shall ensure that provisions regarding disclosure of information as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 (as amended) and the UK Corporate Governance Code are fulfilled, taking into account the Company's legal obligation to comply and the Board's decision to comply as a matter of best practice. The Committee shall ensure a report on the directors' remuneration policy and practices is included in the company's annual report and put to shareholders for approval at the AGM as necessary.

## 15. OTHER

- 15.1 The Committee members shall conduct an annual review of its own performance, constitution and these terms of reference and recommend to the Board any changes it considers necessary for approval.
- 15.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

