
Remuneration Committee Terms of Reference

Approved by Remuneration Committee April 2023



REMUNERATION COMMITTEE

The role of the Remuneration Committee is to review, approve and monitor the implementation of the remuneration strategy and policies of the Group.

TERMS OF REFERENCE

1. PURPOSE AND REMIT

- 1.1** The Remuneration Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference, including responsibility for (i) determining the framework and policy for the Chair of the Board and Executive Directors, (ii) determining the framework and policy for the remuneration of all staff and ensuring alignment with succession planning, (iii) reviewing and advising on the Group's remuneration policy which includes the design of the Group Bonus Scheme, Share Schemes and any new initiatives, (iv) ensuring that the remuneration policy promotes good conduct, and sound and effective risk management consistent with the risk appetite of the Group, and (v) reviewing remuneration disclosures and ensuring compliance with relevant regulation and legislation.
- 1.2** Exclusion: The remuneration of non-executive directors shall be a matter for the Chair and the executive members of the Board, subject to the constraints contained in the Group's articles of association or, where required by the articles of association, the shareholders, who shall determine the remuneration within the limits set in the articles of association.

2. MEMBERSHIP AND QUORUM

- 2.1** The Remuneration Committee shall consist of a minimum of two independent non-executive directors of the Group. The Remuneration Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Remuneration Committee Chair. The Remuneration Committee may invite other directors, Group employees and external advisers to attend meetings (or parts thereof) and to speak at meetings as and when deemed appropriate.
- 2.2** The Board shall appoint the Remuneration Committee Chair, who shall be an independent non-executive director. The Remuneration Committee Chair must have served on a remuneration committee for at least 12 months. The Chair of the Board shall not be eligible to be appointed as Remuneration Committee Chair but may serve on the Remuneration Committee as an additional member if they were considered independent on appointment as Chair. In the absence of the Remuneration Committee Chair or an appointed deputy, the remaining members present shall elect one other member present to chair the meeting.
- 2.3** Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director concerned remains independent.
- 2.4** The Head of Human Resources or their nominee shall act as the Secretary of the Remuneration Committee.
- 2.5** The quorum for decisions of the Remuneration Committee shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

3. MEETINGS

3.1 The Remuneration Committee shall meet at least twice a year and at such other times as the Remuneration Committee Chair shall require. Notwithstanding the quorum requirements for the Remuneration Committee, all members of the Remuneration Committee should endeavour to attend all meetings of the Remuneration Committee at which matters of general remuneration policy or the contents of the Remuneration Committee's annual report to shareholders are discussed.

3.2 Meetings of the Remuneration Committee may be held by telephone, conference telephone or other communication equipment allowing those participating to hear and speak to each other and the quorum in that event shall be any two Remuneration Committee members so linked.

3.3 Any member of the Remuneration Committee may request that a meeting be convened by the Secretary of the Remuneration Committee.

3.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Remuneration Committee and any other person required to attend no fewer than five business days prior to the date of the meeting.

4. MINUTES AND RECORD KEEPING

4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Remuneration Committee, including (i) the names of those present and in attendance and (ii) the existence of any conflicts of interest.

4.2 The draft minutes of the meetings of the Remuneration Committee shall be circulated to all members of the Remuneration Committee and, once agreed, to all members of the Board unless a conflict of interest exists or, in the opinion of the Remuneration Committee Chair, it would be inappropriate to do so.

5. DUTIES

5.1 The Remuneration Committee shall:

5.1.1 set the remuneration policy for all executive directors, the Chair of the Group and senior management, including pension rights and any compensation payments and their cost. No director or senior manager shall be involved in any decisions as to their own remuneration;

5.1.2 review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration;

5.1.3 ensure that remuneration policies and practices across the Group are designed to support strategy and promote long-term sustainable success, to promote good conduct, and to be consistent with sound and effective risk management in line with the risk appetite of the Group. In particular, to ensure that executive remuneration is

aligned to the Group's purpose and values, and be clearly linked to the successful delivery of the Group's long-term strategy;

- 5.1.4** approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;
- 5.1.5** review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, to 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 management, and the performance targets to be used;
- 5.1.6** ensure that remuneration schemes and policies enable the use of discretion to override formulaic outcomes, include provisions that would enable the Group to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- 5.1.7** determine the policy for, and scope of, pension arrangements for each executive director, the Chair, and other senior management, noting that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce;
- 5.1.8** ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 5.1.9** should address the following principles in determining executive director remuneration policy and practices:
- (a) clarity: remuneration arrangements should be transparent and promote effective management with shareholders and the workforce;
 - (b) simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
 - (c) risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated;
 - (d) predictability: the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the relevant policy;
 - (e) proportionality: the link between individual rewards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance.
 - (f) alignment to culture: incentive schemes should drive behaviours consistent with the Group's purpose.
- 5.1.10** seek advice and input from the Compliance department prior to approving or amending the Group's remuneration policies;

- 5.1.11** review each year:
- (a) the appropriateness and relevance of the remuneration policy. The policy should at all times include measures to avoid conflicts of interest;
 - (b) the appropriateness of workforce remuneration and related policies;
- 5.1.12** ensure that remuneration policy includes (i) schemes to promote long term shareholdings by executive directors that support alignment with long-term shareholder interests; and (ii) the development of formal post-employment shareholding requirements encompassing both unvested and vested shares;
- 5.1.13** have regard to the pay and employment conditions across the Group, and consider whether or not, and to what extent, the views of employees should be obtained in relation to the formulation of the executive directors' remuneration policy;
- 5.1.14** agree the policy for authorising claims for expenses from the Chief Executive Officer and the Chair of the Board;
- 5.1.15** be exclusively responsible for establishing the selection criteria for any remuneration consultants who advise the Remuneration Committee and for selecting, appointing and setting the terms of reference for any such persons, as well as obtaining reliable, up to date information about remuneration in other companies comparable scale and complexity.

5.2 The Remuneration Committee shall consider any other matters as referred to it by the Board.

6. REPORTING RESPONSIBILITIES

6.1 The Remuneration Committee's Chair shall:

- 6.1.1** report formally to the Board on all procedures and decisions of the Remuneration Committee after each meeting;
- 6.1.2** ensure that the Group maintains contact as required with its principal shareholders about remuneration, working through the Chair of the Board or the Senior Independent Director;
- 6.1.3** attend each annual general meeting of Record plc prepared to respond to any shareholder questions on the Remuneration Committee's activities.

6.2 The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

6.3 The Remuneration Committee shall:

- 6.3.1** ensure that provisions regarding disclosure of information, including pensions, as set out in the relevant law or regulations and the UK Corporate Governance Code, are fulfilled;
- 6.3.2** produce a report of the Group's remuneration and practices to be included in the Group's annual report and ensure each year that it is put to shareholders for approval

at the AGM. If the committee has appointed remuneration consultants, the annual report of the Group's remuneration should identify such consultants and state whether they have any other connection with the Group.

7. AUTHORITY

7.1 The Remuneration Committee is authorised by the Board:

7.1.1 to seek any information it requires from any employee, consultant and other providers of services to the Group (for example, solicitors, tax advisers, management consultants) in order to perform its duties; and

7.1.2 to commission any reports or surveys which it deems necessary to assist in fulfilling its obligations and to obtain, at the Group's expense, independent legal or other professional advice on any matter within its terms of reference.

8. OTHER MATTERS

8.1 The Remuneration Committee shall, on an annual basis, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness, and make any appropriate recommendations to the Board.

8.2 The Remuneration Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on-going training for existing members.

8.3 The Remuneration Committee shall have access to sufficient resources in order to carry out its duties, including access to the Group secretariat for assistance as required.

8.4 The Remuneration Committee shall work and liaise as necessary with all other Board Committees.

8.5 The Remuneration Committee shall give due consideration to all relevant laws, regulation, guidelines and recommendations in performing its duties, including:

8.5.1 the general duties of directors set out in the Companies Act 2006 regarding the remuneration of directors and the formation and operation of share schemes; and

8.5.2 provisions regarding disclosure of information relating to directors' remuneration including, where required by law, the directors' remuneration policy and its implementation, as set out in the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019,

along with the provisions of the Companies Act 2006, the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code and the guidelines published by the Investment Association and the Pensions and Lifetime Savings Association (each as amended from time to time).

8.6 The Remuneration Committee shall make available its terms of reference on the Group's website explaining clearly its role and authority delegated to it by the Board.



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