

Remuneration Committee

Terms of Reference¹

Throughout this document, references to:

- the “**Board**” means the board of directors of Charter Court Financial Services Group plc (the “**Company**”);
- the “**Chairman**” means the chairman of the Board;
- the “**Group**” means the Company and any wholly owned subsidiary (a “**Group Company**”) which may exist from time to time;
- the “**Subsidiary Board**” means a board of directors of any Group Company;
- “**Employee**” means an employee of the Company or any Group Company.

1. Constitution

- 1.1 The Remuneration Committee (the “**Committee**”) shall comprise at least three members all of whom shall be independent non-executive directors. The Chairman may serve on the Committee as an additional member providing he or she was considered independent on their appointment. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee after consultation with the Committee chairperson (the “**Chairperson**”).
- 1.2 The Chairman, Deputy Chairman, the Chief Executive Officer, and the Director of HR and Central Operations are expected to attend all meetings. The Chairperson may request that they withdraw from all or part of any meeting as and when appropriate and necessary.
- 1.3 If not already a member of the Committee, the chairperson of the Audit Committee and the Board Risk Committee of the Company shall be required to attend at least one meeting of the Committee each year.
- 1.4 The Committee is entitled to meet privately without any non-members present for all or part of a meeting and only members of the Committee have the right to attend Committee meetings. However, other individuals (in addition to those referred to in 1.2 above) such as the Chief Financial Officer, the Chief Risk Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Chief Risk Officer will attend at least annually, to discuss any risk issues that could impact on the payment of remuneration, including the presentation of an independent report to the Committee at the year end.
- 1.5 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended by the Board by no more than two further periods of up to three years, so long as members (other than the Chairman, if he or she is a member of the Committee) continue to be independent.
- 1.6 The Board shall appoint the Chairperson who shall be an independent non-executive director. In the absence of the Chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman shall not chair the Committee.

¹ Approved at a meeting of the board of directors held on 20 September 2018

2. Purpose

- 2.1 To oversee the development of appropriate remuneration policies and practices within the Group taking into account applicable laws, regulations and the principles of good governance.

3. Membership

- 3.1 The members of the Committee are:

Ian Ward	Independent Non-Executive Director/ Chairperson
Tim Brooke	Independent Non-Executive Director
Noël Harwerth	Independent Non-Executive Director
Rajan Kapoor	Independent Non-Executive Director

4. Secretary

- 4.1 The company secretary or his/her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be two members. The Chairperson shall have the casting vote. A member of the Committee shall not be counted in the quorum where decisions are to be made, or discussions are to take place, concerning such member's remuneration.

6. Frequency of Meetings

- 6.1 Meetings will be held not less than two times a year and otherwise as required. Adhoc meetings may also be held.

7. Notice of Meetings

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chairperson.
- 7.2 Unless otherwise agreed, 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 serving on the Board, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. Minutes of Meetings

- 8.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and those in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairperson.

- 8.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

9. Annual general meeting

- 9.1 The Chairperson should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

10. Duties

The Committee is responsible for the oversight of the Group as a whole and, unless indicated or required otherwise by regulation, will carry out the duties below for the Company and each Group Company, as appropriate.

The Committee shall:

- 10.1 have responsibility for setting the remuneration policy (including the policy for termination and non-contractual payments) for all Group executive directors, the Chairman and all Employees who from time to time are designated as Code Staff under the Prudential Regulation Authority and/or Financial Conduct Authority Remuneration Codes (collectively the "**Designated Group**"), including pension rights and any compensation payments, for the approval of the Board. The remuneration policy in respect of all executive directors shall be subject to a binding shareholder vote at a general meeting of the Company in accordance with applicable law and internal practices. The remuneration of non-executive directors will be determined by the Board or Subsidiary Board as appropriate within the limits set in the relevant articles of association with (where required) the shareholders. No individual shall be involved in any decisions as to their own remuneration;
- 10.2 in determining such policy, take into account all factors which it deems necessary including (i) relevant legal and regulatory requirements, (ii) the provisions and recommendations of the UK Corporate Governance Code and associated guidance, (iii) an appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration, (iv) the need to promote the long term success of the Company and the Group without paying more than is necessary, having regard to the views of shareholders and other stakeholders, (v) the strategy of the Company and the Group and how the policy reflects and supports the strategy, (vi) the Company's risk appetite and risk management strategy ensuring that the policy is aligned to such strategy and risk policies, (vii) remuneration trends and employment conditions across the Company and the Group, (viii) whether executive directors should be required to hold a minimum number of shares for a further period after vesting or exercise, including a period after leaving the Company and (ix) the transparency of the performance-related elements, ensuring that they are stretching and rigorously applied;
- 10.3 when setting remuneration policy for the Designated Group, review and have regard to group-wide pay and employment conditions, especially when determining annual salary increases, and ensure appropriate links to performance;
- 10.4 review the on-going appropriateness, effectiveness and relevance of the remuneration policy;
- 10.5 recommend and monitor the level and structure of remuneration for the Designated Group;
- 10.6 review and recommend for approval the list of individuals included within the Designated Group, ensuring that the identification process is robust and in accordance with relevant regulatory requirements;
- 10.7 within the terms of the prevailing remuneration policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determine the total individual

CHARTER COURT FINANCIAL SERVICES GROUP PLC

remuneration package of the Designated Group including bonuses, incentive payments and share options or other share awards;

- 10.8 approve (within the prevailing remuneration policy) the terms of the service contracts for all Group executive directors, the duration of which shall not normally exceed one year's notice period, and any material amendments to those contracts. Any term outside of the prevailing remuneration policy shall be subject to the approval of the shareholders unless covered by a revised remuneration policy approved by the shareholders;
- 10.9 review and approve the overall remuneration spend (fixed and variable) as a proportion of profit and economic profit and ensure that evidence exists to demonstrate that awards have been adjusted where appropriate for risk and will not limit the ability to strengthen the capital base;
- 10.10 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity, appointing remuneration consultants and commissioning or purchasing any reports, surveys or information which it deems necessary at the expense of the Company (but within any budgetary restraints imposed by the Board) to help fulfil the obligation;
- 10.11 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 10.12 approve the design of, and determine targets and safeguards including clawback and malus arrangements for, any performance-related pay schemes (including any long term incentive schemes and all schemes involving the award of shares or the grant of options in which the Designated Group participate) and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the UK Corporate Governance Code). In determining such schemes, take into account any factors which would make an alternative outcome more appropriate and aligned to the interests of shareholders and ensure that the performance conditions are fully explained and clearly linked to the enhancement of shareholder value;
- 10.13 regularly monitor and assess any performance conditions applicable to any long term incentive awards granted under any schemes adopted by the Company;
- 10.14 review the design of all share incentive plans for approval by the Board and shareholders. 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 the Designated Group and the performance targets to be used;
- 10.15 determine the policy for, and scope of, pension arrangements for the Designated Group;
- 10.16 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group in accordance with legal and regulatory requirements, that failure is not rewarded, and that the duty to mitigate loss is fully recognised;
- 10.17 oversee any major changes in Employee benefit structures;
- 10.18 agree the policy for authorising claims for expenses from the directors;
- 10.19 work and liaise as necessary with all other Board or Subsidiary Board committees, and in particular seek advice from the board risk committees on specific risk adjustments to be applied to performance objectives set in the context of incentive packages and assist the audit committees to understand the implications of the remuneration structure on strategy and performance, including its impact on employee retention and potential increases in fraud risk; and

- 10.20 ensure that the implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with relevant laws, regulations and any published guidelines or recommendations.

11. Reporting Responsibilities

- 11.1 The Chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company'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 Company's remuneration policy should identify such consultants and state whether they have any other connections with the Company.
- 11.4 Through the Chairman, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

12. Other Matters

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 12.2 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;
- 12.3 give due consideration to relevant laws, and regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and other applicable rules, as appropriate;
- 12.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

13. Authority

- 13.1 The Committee is authorised to:
- obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
 - seek any information it requires from any Employee in order to perform its duties.