

Board Remuneration Committee Terms of Reference

29 July 2021

QUILTER PLC (“Quilter” or “the Company”)

Version approved by the Board of Directors of Quilter (the “**Board**”) on 29 July 2021.

1. Role

The role of the Board Remuneration Committee (the “**Committee**”) is to:

- set the over-arching principles and parameters of remuneration policy across the Quilter Group, its businesses and subsidiaries (together, the “**Group**”);
- consider and approve the remuneration arrangements of the Chair, the executive Directors of the Company, other senior executives (as defined in paragraph 5.2 below) and those employees whose total annual compensation exceeds an amount determined by the Committee from time to time; and
- exercise oversight of remuneration policy and any ancillary related issues and relevant Human Resources strategy and policy issues.

2. Authority

- 2.1. The Committee is a committee of the Quilter Board, from which it derives its authority and to which it regularly reports.
- 2.2. The Committee has delegated authority of the Board in respect of the functions and powers in these terms of reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 2.3. The Committee is concerned with the business of the whole Group and accordingly its authority extends to all relevant matters relating to the Company and to its subsidiaries. It also has authority to obtain any information as it may require from any Director, officer or employee of the Group.
- 2.4. The Committee has authority to engage independent counsel and other professional advisers at the expense of the Group, and to invite them to attend meetings.
- 2.5. The Committee has authority to investigate any matter relating to the Company, and any direct or indirect subsidiaries of the Company (together ‘the Group’) within its Terms of Reference and to obtain such information as it may require from any Director, officer or employee of the Group.



3. Constitution

3.1. Chair

Shall be appointed by the Board. The Committee Chair does not have a casting vote.

3.2. Membership

- a) The Committee will comprise at least three independent Non-executive Directors of the Company.
- b) Members of the Committee shall be appointed by the Board, on the recommendation of the Board Corporate Governance and Nominations Committee and in consultation with the Chair of the Committee.
- c) The Chair of the Company may also serve as an additional member of the Committee, but not its Chair, so long as he or she was considered independent on appointment as Chair.

3.3. Company Secretary

The Company Secretary or his or her nominee shall act as secretary to the Committee.

4. Proceedings of Meetings

4.1. Frequency of Meetings

- a) Will be held a minimum of four times per year and at any other time as the Committee's role and responsibilities require. The Chair of the Committee and the Chair or Chief Executive of the Group may each convene meetings of the Committee at any time to consider any matters falling within these Terms of Reference.
- b) Unless otherwise agreed by the Chair of the Committee, 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, no later than four working days before the date of the meeting.

4.2. Quorum

- a) The quorum for meetings shall be two members, one of whom should normally be the Chair of the Committee or his or her appointed deputy. In the absence of the Chair of the Committee (or appointed deputy), the remaining members present shall elect one of themselves to chair the meeting.



- b) 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. In the event of difficulty in forming a quorum, independent Non-executive Directors of the Company who are not members of the Committee may be co-opted as members for individual meetings.

4.3. **Minutes**

The Company Secretary or his or her nominee shall minute the proceedings and decisions of all Committee meetings. Draft minutes will be circulated promptly to all members of the Committee after a meeting.

4.4. **Attendees**

- a) Only the members of the Committee have the right to attend Committee meetings. However, the following will be expected to attend Committee meetings on a regular basis:
 - the Chief Executive;
 - the Group Human Resources Director; and
 - the Reward Director.
- b) Any Director, officer, employee or advisor of the Committee or the Group may attend at the invitation of the Chair of the Committee and they may collectively or individually be requested to withdraw from meetings of the Committee if required to do so by the Chair of the Committee.

5. Responsibilities of the Committee

The Committee will undertake the following tasks/functions for the Company and the Group as a whole:

5.1. **Group Remuneration Policy**

To set, the over-arching objectives, principles and parameters of remuneration policy across the Group, ensuring that it is adopting a coherent approach to remuneration in respect of all employees. The policy should, amongst other things, take into consideration all relevant risks, as well as assess the impact of pay arrangements on culture and the outcomes delivered for the Group's customers. In discharging this responsibility, the Committee shall:

- a) approve the reward and performance appraisal structures (including matters such as levels of deferral and setting of performance targets);
- b) approve incentive pools for all businesses and functions;
- c) consider and approve, in conjunction with the Board Risk Committee, the identification of Material Risk Takers across the Group;



- d) exercise independent judgment in the application of remuneration policies to promote the long-term success of the Group for the benefit of all stakeholders;
- e) include measures in the remuneration approach to avoid potential conflicts of interest in the design of incentive arrangements to ensure the interests of employees and other stakeholders are aligned;
- f) ensure that its remuneration policies and practices are gender neutral and that its remuneration policy complies with the Equality Act 2010, which prohibits discrimination on the basis of an individual's protected characteristics both before and after employment is offered.
- g) work with and seek advice from the Board Risk Committee, the Board Audit Committee and the Board Technology and Operations Committee on the management of remuneration risk including advice on the measurement of performance in the context of incentives, the vesting of long-term incentives, and the application of risk adjustments, malus or clawback. In the event of any difference of view, appropriate performance objectives will be decided by the non-executive members of the Board;
- h) regularly review the operation and effectiveness of the Group remuneration and associated policies;
- i) at least annually review the adequacy and effectiveness of the Directors' remuneration policy to ensure it supports sound and effective risk management, appropriate outcomes for customers and the appropriateness of any variable remuneration included in overall compensation;
- j) determine the policy for pension arrangements for each executive Director and members of the Group Executive Committee including which elements of remuneration should be pensionable. In normal circumstances, only basic salary would be pensionable;
- k) seek periodic central and independent internal assurances that the Group's remuneration processes and principles as set out in the remuneration policy are being implemented in line with the policy; and
- l) periodically review reports on other remuneration-related and employee issues as necessary.



5.2. Specific Remuneration Arrangements

The Committee's responsibilities include the following specific matters and remuneration arrangements, which apply together and in accordance with the various governance thresholds set out in the Remuneration Policy:

- a) To determine, in consultation with the Chair and/or the Group Chief Executive, as appropriate, provided that no individual shall be directly involved in setting their own remuneration:
 - the total individual remuneration package of the Chair of the Board; and
 - the total individual remuneration packages for each of the Executive Directors, including bonuses, deferred awards and long-term incentive awards, pension and benefit arrangements and any other compensation payments.
- b) To consider and approve in consultation with the Group Chief Executive the level and structure of remuneration of the following:
 - members of the Executive Committee, senior executives of Control Functions, Material Risk Takers and any other senior executives specified by the Committee from time to time;
 - in the case of Material Risk Takers, ensuring also that remuneration outcomes and structures comply with all relevant regulatory requirements;
 - all other Group employees, present and prospective, whose total annual compensation is expected to equal or exceed an amount specified from time to time by the Committee, currently £750,000 in addition to those individuals brought within the Committee's remit under other clauses; and
 - any other employees specified by the Committee from time to time.
- c) To consider and approve the buy-outs of forfeited rights for:
 - any new hire where the value of the buy-out is £500,000 or more; and
 - buy-outs of any value in respect of individuals in categories 5.2 a) and 5.2 b) above.
- d) To consider and approve packages on termination for employees where the total value in excess of contractual or policy terms is equal to or greater than £250,000, or any excess value in respect of individuals in categories 5.2 a) to 5.2 c) above. When the value reflects express contractual obligations, that form part of a redundancy policy, or that result from 'eligible leaver' treatment either under express plan rule provisions or which form part of a 'eligible leaver' framework approved by the Committee, the details of the package should be reported to the Committee. The Committee shall also ensure that management does not permit failure or conduct or behaviours that are not in line with Quilter's values to be rewarded and that the duty to mitigate loss is fully recognised.
- e) The approval by the Committee of remuneration packages for the individuals, described above, shall be effected by:
 - approval at a meeting of the Committee, whether in person, by telephone or written resolution; or



- when a meeting of the Committee cannot be arranged in the time available, a sub-committee consisting of any one member of the Committee (normally the Committee Chair) who shall approve the proposed remuneration package. A formal record of any such sub-committee decision shall be circulated to all the members of the Committee.

The procedures set out in 5.2 e) above cannot, however, be utilised where the matter for consideration relates to an Executive Director or the Chair of the Company.

- f) To take into account pay and employment conditions elsewhere in the Group, especially when determining annual salary increases:
 - obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.
 - the Committee shall ensure and be satisfied that remuneration arrangements and proposals for individuals falling within its remit are rigorously reviewed by management prior to approval by the Committee.

5.3. **Remuneration Schemes**

The Committee shall, within the terms of the agreed policy, advise on the principles on which remuneration schemes shall operate and shall be asked to approve, in consultation with the Chair and Group Chief Executive, all new and amended short term and long term incentive plans or other remuneration schemes, including retention schemes, and the arrangements for individual participation for executives or employees.

5.4. **Shareholding Policy**

To ensure that the remuneration policy promotes the alignment of the interests of shareholders and employees by requiring Directors and senior executives, where appropriate, to maintain a holding in the Company's shares or retain a portion of vested awards in line with the relevant individual's total compensation, salary or other measure on a historic or expected basis, to be built up over a defined period of time following appointment at the Committee's discretion, and to be maintained for a defined period post-employment.

5.5. **Committee Effectiveness**

General: Conduct an annual self-assessment of the Committee's effectiveness and recommend any necessary changes to the Board. Consider whether or not the Committee receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

Training: Make available, via the Company Secretary, to new members of the Committee a suitable induction process and provide training and awareness to members of the Committee on an ongoing and timely basis.



6. Reporting Responsibilities

6.1. Reporting to the Board

General: Report to the Board on how it has discharged its responsibilities and on any other matters referred to it by the Board. In doing so, identify any matters in respect of which it considers that action or improvement is needed, and make any recommendation it deems appropriate as to the steps to be taken.

Meetings: Following each meeting of the Committee, report formally (through the Chair of the Committee (or the chair of that meeting)) to the Board on its proceedings.

Coordination with other Committees: Work and liaise as necessary with all other committees of the Board.

Regulatory Disclosure: As an independent Group, the Committee will consider and approve all annual statements and reporting requirements in respect of the Group's or any Group Company's Remuneration Policy, Practice and its Material Risk Takers, including where any such disclosure is made to the Prudential Regulation Authority and the Financial Conduct Authority.

6.2. Reporting to Shareholders

General: The Committee should identify any shareholder views on remuneration issues and respond to any shareholder concerns.

Annual General Meeting: The Chair of the Committee, or a deputy chosen from the membership, should be present at the Annual General Meeting of the Company to answer questions, through the Chair of the Quilter Group, on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Annual Report: The Committee will compile a report of the work of the Committee in discharging its responsibilities for inclusion in the Annual Report in accordance with the guidance included in the UK Corporate Governance Code.

7. Governance and Resources

The Committee shall:

- 7.1. in its decision making, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. It shall give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and risk management implications of its decisions;
- 7.2. have access to sufficient resources in order to carry out its duties, including access to the Group Human Resources Director and the Company Secretary; and



- 7.3. have the power to engage independent counsel and other professional advisers at the expense of the Group and to invite them to attend meetings.

8. Terms of Reference

The Committee shall:

- 8.1. report to the Board on how its responsibilities identified in these Terms of Reference have been discharged; and
- 8.2. review, on an annual basis, these Terms of Reference and may recommend to the Board any changes it considers necessary.

