

Terms of Reference

Remuneration Committee

The Remuneration Committee (**Committee**) is a committee of the board of directors (**Board**) of AJ Bell plc (**Company**) from which it derives its authority and to which it regularly reports.

1. Purpose

The Committee has been established to assist the Board in fulfilling its responsibility to shareholders to ensure that the remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

2. Governance

Membership

The Committee shall comprise at least three independent non-executive directors, and the Committee as a whole shall have competence relevant to the financial services sector. On a temporary basis, the number of independent non-executive directors may fall below three due to departures pending new appointments.

The membership should include a member of the Audit Committee and the Risk Committee.

The chair of the Board may be a member of the Committee but cannot be Committee Chair.

The Committee Chair shall review the Committee's composition annually, as part of the annual performance evaluation.

Appointment

Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee, and in consultation with the Committee Chair.

Where a non-independent non-executive director is a member of the Committee, the Board shall explain why it considers their membership appropriate.

Appointments shall be for a period of up to three years, extendable by no more than two additional three-year periods.

Committee Chair

The Board, on the recommendation of the Nomination Committee, shall appoint the Committee Chair from the independent non-executive directors, who should have served on a remuneration committee for at least 12 months.

In the absence of the Committee Chair and/or an appointed deputy, the remaining Committee members present at a Committee meeting shall elect one of the other independent non-executive directors present to chair the meeting.

Where a decision cannot be reached, the Chair has the casting vote, except where they have a personal interest.

Secretary

The Company Secretary (**Secretary**), or their nominee, shall act as the Secretary of the Committee and will support the Committee by taking minutes and ensuring members

receive relevant information and papers in a timely manner to enable full and proper consideration of the issues.

Authority

The Board authorises the Committee to:

- carry out the duties set out in these terms of reference and have unrestricted access to the Company's documents and information;
- seek any information it requires from any employee or director of the Company to perform its duties;
- obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference as it considers necessary;
- secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.

Delegated authority

The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the Secretary. The Committee may also establish sub-committees which are to report back to the Committee.

3. Meeting arrangements

3.1 Quorum

- (a) The quorum for meetings is two members.
- (b) If there is difficulty in achieving a quorum, independent non-executive directors, who are not Committee members, may be co-opted as members for individual meetings.

3.2 Arrangements

- (a) The Committee shall meet at least three times a year and otherwise as required.
- (b) Outside of the formal meeting programme, the Committee Chair (and to a lesser extent, other Committee members) shall maintain a dialogue with key individuals involved in the Company's governance, including the chair of the Board, CEO, Group People Officer (**GPO**), CFO and Chief Risk Officer (**CRO**).
- (c) Meetings of the Committee may be called by the Secretary at the request of any of its members, or at the request of the CEO or GPO.

3.3 Attendance

- (a) Only members of the Committee have the right to attend meetings.
- (b) The Committee Chair has discretion to decide who, other than the Committee members, shall attend and address all or part of Committee meetings.
- (c) The CEO, GPO and CFO will ordinarily be invited to attend meetings regularly, and other non-members, including the appointed external remuneration advisers, may be invited to attend all or part of any meeting as and when appropriate, with the Committee Chair's agreement.
- (d) The Committee Chair may ask any attendees to leave the meeting to allow discussions of matters relating to them.

3.4 Conflicts

- (a) No person of the Company shall be involved in any decisions as to their own remuneration outcome.

3.5 Minutes

- (a) The Secretary, or their nominee, shall minute the proceedings and decisions of all Committee meetings, including the attendance and existence of any conflicts of interest.
- (b) Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated to all Committee members, unless in the Committee Chair's opinion it would be inappropriate to do so.
- (c) Once approved, minutes shall be circulated to all other Board members unless, in the Committee Chair's opinion, it would be inappropriate to do so.

4. Responsibilities

In carrying out its responsibilities, the Committee shall:

4.1 Group Remuneration Policy

- (a) review and approve the AJ Bell Group Remuneration Policy, applicable to all staff, review the appropriateness and relevance of the policy on an ongoing basis, and arrange for an internal review of the implementation of this policy to be carried out each year;
- (b) consider workforce remuneration and related policies and the alignment of incentives and rewards with culture, specifically taking into consideration annual pay increases, bonus distribution and pay ratios, and pay gaps data;
- (c) take account of the FCA's Remuneration Code, relevant SYSC Rules and the provisions and recommendations in the Code in the approach to setting remuneration policies and determining remuneration packages;
- (d) consider workforce policies and practices in relation to culture, diversity & inclusion, engagement, performance management, recruitment, retention, service contracts and severance;
- (e) consider remuneration practice and its cost to the Company;
- (f) oversee any major changes in employee benefits structures throughout the Group;

4.2 Directors' Remuneration Policy

- (a) determine the policy for Executive Director remuneration (Directors' Remuneration Policy), which should reflect the objectives:
 - (i) to promote the long-term sustainable success of the Company and the alignment to the Company's purpose and values, and
 - (ii) to provide appropriate incentives to encourage enhanced performance, taking into account the Company's risk management policy, and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- (b) submit the Directors' Remuneration Policy for approval by the Board and shareholders every three years, in any year in which there is a change to the policy, if shareholder approval was not obtained when last submitted, and if majority shareholder approval was not achieved on the last submitted annual remuneration report.

4.3 Remuneration packages

- (a) within the terms of the agreed policy and in consultation with the Chair of the Board and/or CEO as appropriate, determine remuneration for the Chair of the Board, Executive Directors, Senior Management (as defined in the UK Corporate Governance Code), Material Risk Takers (MRTs) (as defined in the FCA Handbook), and other individuals performing a head of or more senior role within the risk and compliance function (together Relevant Employees), including bonuses, incentive payments and share options or other share awards and pension arrangements and other benefits;
- (b) consider the risks inherent in proposed targets and criteria set for the remuneration of Executive Directors and Senior Management in terms of the potential impact on behaviours;
- (c) consider the alignment of pension contribution rates, or payments in lieu for Executive Directors and Senior Management with those available to the workforce and the pension consequences and associated costs to the Company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for Executive Directors close to retirement;
- (d) ensure that an appropriate balance is maintained between fixed and performance-related remuneration, immediate and deferred remuneration;
- (e) determine the policy for, and scope of, termination payments and compensation commitments for each Executive Director and Senior Management and ensure that there is a clear policy to link non-contractual payments to performance;
- (f) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, where failure is not rewarded and the duty to mitigate loss is fully recognised;

4.4 Performance-related bonus and share schemes (Schemes)

- (a) approve the design of any Schemes operated by the Company for Relevant Employees;
- (b) determine targets for and approve the annual payments made under such Schemes for Executive Directors and Senior Management;
- (c) establish Schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests, and a policy for post-employment shareholding requirements;
- (d) review the design of all Schemes for approval by the Board and, where required, shareholders;
- (e) monitor and assess any performance conditions applicable to any Schemes for Relevant Employees;
- (f) ensure that the performance conditions under such Schemes are fully explained, aligned to the Company's purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value;

4.5 Discretion and judgement

- (a) when determining remuneration and remuneration policies, consider the use of discretion by the Committee to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate circumstances;
- (b) exercise any discretion or judgment on remuneration outcomes in accordance with any Schemes and related policies, taking account of Company and individual performance, and wider circumstances;

4.6 Remuneration advisers and insights

- (a) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration advisers to the Committee;
- (b) consider the independence of external remuneration advisers;
- (c) obtain reliable, up-to-date information about remuneration in other companies;
- (d) review talent data in the context of remuneration;

4.7 Shareholder engagement

- (a) engage in appropriate discussions as necessary with shareholders if 20% or more of votes have been cast by shareholders against a resolution to approve the annual remuneration report or Directors' Remuneration Policy or any incentive scheme at any annual general meeting or general meeting, and agree with the Board any appropriate disclosure;
- (b) ensure, through the Chair of the Board, that the Company maintains contact as required with its principal shareholders about remuneration;

4.8 Material Risk Takers

- (a) approve the methodology for identifying Material Risk Takers in the Company;
- (b) approve the list of roles identified as Material Risk Takers roles;
- (c) review the list of individuals identified as Material Risk Takers in the Company;

4.9 Reporting

- (a) report to the Board on wider workforce data and associated activity, as appropriate, in relation to remuneration, diversity & inclusion, engagement, performance management, recruitment and retention to support the Board's monitoring of the alignment of Company policies and practices with culture and strategy;
- (b) update the Board on its proceedings after each meeting on all matters within its responsibilities, and the minutes of all Committee meetings shall, unless in the Committee Chair's opinion it would be inappropriate to do so, be shared with the Board;
- (c) make recommendations to the Board as deemed appropriate on any area within its responsibilities where action or improvement is needed;
- (d) determine and advise the Board on whether the disclosure of any information on performance conditions and performance targets would be commercially sensitive;
- (e) prepare a report to shareholders describing the work of the Committee in discharging its responsibilities in the annual report;
- (f) have the right to report any matter in the Company's annual report that cannot be resolved between the Committee and the Board.

5. Other matters

The Committee shall:

- (a) give due consideration to all applicable laws and regulations, in particular the directors' duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code, the

requirements of the FCA's UK Listing Rules, Disclosure Guidance and Transparency Rules, the Consumer Duty, and the FRC Minimum Standard and any other applicable rules as appropriate;

- (b) work and liaise as necessary with all other Board committees, taking particular account of any delegation of the impact of risk management and internal controls to different committees;
- (c) have access to sufficient resources to carry out its duties, including access to the Secretary for assistance as required; and
- (d) arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval.

Approved by	Board
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