

Remuneration Committee

Terms of Reference

1 Constitution

- 1.1 The Remuneration Committee (**Committee**) was constituted at a full meeting of the board of directors (**Board**) held on 11 September 2007 in accordance with the articles of association of AJ Bell plc (**Company**).
- 1.2 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 1.3 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 Company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2 Duties and terms of reference

- 2.1 The Committee shall have delegated responsibility for determining the policy for executive remuneration and setting remuneration for the chair of the Board, chief executive officer and other senior executives. The Committee shall also review workforce remuneration and related policies and the alignment of incentives and rewards with culture, and take these into account when setting the policy for executive director remuneration.
- 2.2 The remuneration of the non-executive directors shall be determined in accordance with the articles of association or, alternatively, by the Board. No director or senior executive shall be involved in any decisions as to their own remuneration.
- 2.3 Subject to 2.2 above, in particular, the Committee shall consider:
 - 2.3.1 remuneration policies, including base pay, long and short term incentives and post-employment shareholding requirements;
 - 2.3.2 remuneration practice and its cost to the Company;
 - 2.3.3 recruitment, service contracts and severance policies;
 - 2.3.4 pension and superannuation arrangements and other benefits;
 - 2.3.5 the composition, recruitment, retention, reward and development of the workforce; and
 - 2.3.6 the engagement and independence of external remuneration advisers.
- 2.4 In determining the policy for executive remuneration, the Committee shall take into account all factors which it deems necessary, including the provisions of the Financial Conduct Authority's ("**FCA**") Remuneration Code and the UK Corporate Governance Code (**Code**) and associated guidance. The objective of such policy shall be to promote the long term success of the Company, and ensure that members of the executive management of the Company are provided with 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.
- 2.5 the Committee shall review the ongoing appropriateness and relevance of the remuneration policy referred to in 2.1 above;
- 2.6 the Committee shall also approve the AJ Bell remuneration policy, applicable to all staff, review the appropriateness and relevance of the policy on an ongoing basis, taking into account the FCA's Remuneration Code, the Code and relevant Senior management arrangements, Systems and Controls ("**SYSC Rules**") and arrange for an internal review of the implementation of this policy to be carried out each year;
- 2.7 the Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 2.8 the Committee shall ensure that an appropriate balance is maintained between fixed and performance-related remuneration, immediate and deferred remuneration;
- 2.9 the Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee will 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 executives and the performance targets to be used and the safeguards to be incorporated;
- 2.10 within the terms of the agreed policy and in

consultation with the chair of the Board and/or chief executive as appropriate, the Committee shall determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards and pension arrangements;

2.11 in determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions of the FCA's Remuneration Code, relevant SYSC Rules and the provisions and recommendations in the Code.

2.12 the Committee shall:

- 2.12.1 monitor and review the level and structure of remuneration of senior executives;
- 2.12.2 review and note annually the remuneration trends across the Company and its subsidiaries (**Group**);
- 2.12.3 oversee any major changes in employee benefits structures throughout the Group;
- 2.12.4 agree the policy for authorising claims for expenses from the chief executive and chair of the Board;

2.13 the Committee shall:

- 2.13.1 approve the terms of the service contracts, the duration of which shall not exceed one year's notice period, for executive directors, the Company secretary and other senior executives and any material amendments to those contracts;
- 2.13.2 determine the policy for, and scope of, termination payments and compensation commitments for each executive director, the Company secretary and other senior executives and ensure that there is a clear policy to link non-contractual payments to performance; and
- 2.13.3 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

2.14 the Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

2.15 the Committee shall obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and

2.16 the Committee shall consider such other matters as may be requested by the Board.

3 Shareholder approval

The Committee shall:

3.1 produce a report to shareholders annually on matters relating to executive remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules (as published by the Financial Conduct Authority) and any other relevant statutory, regulatory or governance codes and incorporate:

- 3.1.1 an annual statement by the Committee's chair and annual report on directors' remuneration (together, **annual remuneration report**); and
- 3.1.2 the directors' remuneration policy when it must be submitted for approval in accordance with paragraph 3.3 (**directors' remuneration policy**) and, in any other case, either the directors' remuneration policy, a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website;

3.2 subject to delegation of authority by the Board, determine whether the disclosure of any information on performance conditions and performance targets would be commercially sensitive;

3.3 submit the directors' remuneration policy for approval by the Board and shareholders:

- 3.3.1 every three years;
- 3.3.2 in any year in which there is a change to the policy;
- 3.3.3 if shareholder approval was not obtained when last submitted; and
- 3.3.4 if majority shareholder approval was not achieved on the last submitted annual remuneration report; and

3.4 submit the annual remuneration report for approval on an advisory basis by the Board and shareholders at the annual general meeting each year; and

3.5 subject to delegation of authority by the Board, engage in appropriate discussions as necessary with shareholders if, in the opinion of the Board, a significant proportion 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, as the case may be, and agree with the Board any appropriate disclosure.

4 Membership

4.1 The Committee shall comprise a minimum of at least three independent non-executive directors, and the Committee as a whole shall have competence relevant to the sector in which the Group operates. The chair of the Board may be a member of, but not chair, the Committee in addition to the independent non-

executive directors, provided he or she was considered independent on appointment as chair, as determined by the Board (in accordance with the principles of the UK Corporate Governance Code). If any non-executive director who is a member of the Committee is deemed not to be independent, then the Board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.

- 4.2 The Board shall appoint the members of the Committee, on the recommendation of the nomination committee, in consultation with the Committee chair. It is recognised that the number of independent non-executive directors may fall below three for temporary periods due to departures pending new appointments.
- 4.3 Appointments to the Committee shall be for a period of up to three years, extendable in the case of a non-executive director by no more than two additional three year periods, provided the member still meets the criteria for membership.
- 4.4 The chair of the Board, if not a member of the Committee, may be invited to attend its meetings, but not whilst his or her own remuneration is under consideration.
- 4.5 The Board shall appoint the chair of the Committee from among the independent non-executive directors and shall determine the period for which the chair of the Committee will hold office. In the absence of the Committee chair and/or an appointed deputy, the remaining members present at a Committee meeting shall elect one of the other independent non-executive directors present to chair the meeting.
- 4.6 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.7 The Company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

5 Attendance at meetings

- 5.1 The Committee shall meet at least three times a year and otherwise as required.
- 5.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, chief finance officer, the human resources director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee chair. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 5.3 No person (including the chair of the Board or senior executives) of the Company shall participate at a

meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.

- 5.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.5 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conferences.

6 Notice of meetings

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair.
- 6.2 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, and all other non-executive directors, no later than five calendar 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.
- 6.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

7 Quorum

- 7.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference, both of whom are independent non-executive directors. If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.
- 7.2 A duly convened Committee meeting 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.

8 Voting arrangements

- 8.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 8.2 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.
- 8.3 Except where he or she has a personal interest, the Committee chair shall have a casting vote.

- 8.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

9 Minutes of meetings

- 9.1 The Company secretary, or his or her nominee, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then be circulated promptly to all Committee members, unless in the Committee chair's opinion it would be inappropriate to do so. 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.
- 9.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

10 Annual general meeting

The Committee chair shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

11 Reporting responsibilities

The Committee shall:

- 11.1 Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall, unless in Committee chair's opinion it would be inappropriate to do so, be included in the Board papers for a subsequent board meeting.
- 11.2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 Ensure that provisions regarding the disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the FCA's Disclosure Guidance and Transparency Rules and the Code, are fulfilled.
- 11.4 Prepare a formal report for shareholders to be incorporated in the Company's annual report that shall include the matters referred to in paragraph 3.1 and ensure that it is submitted for approval in accordance with paragraph 3.3 above.
- 11.5 If the Committee has appointed remuneration consultants, identify in the annual report, the name of the consultants and state whether they have any connection with the Company.
- 11.6 Ensure, through the chair of the Board, that the Company maintains contact as required with its

principal shareholders about remuneration.

- 11.7 Prepare and adopt a report on the Committee's work and activities for inclusion in the Company's annual report.
- 11.8 Make available to shareholders these terms of reference by placing them on the Company's website.

12 General matters

The Committee shall:

- 12.1 Have access to sufficient resources to carry out its duties, including access to the Company secretary and management 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 on-going basis for all members.
- 12.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including but not limited to the Companies Act 2006, the provisions and recommendations of the Code, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules as well as relevant shareholder and industry guidelines and any other applicable rules, as appropriate.
- 12.4 Work and liaise as necessary with all other Board committees.
- 12.5 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 for approval.

13 Authority

The Board authorises the Committee to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- 13.2 Seek any information it requires from any employee of the Group to perform its duties.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.4 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Adopted at the Board meeting of the Company on 18 October 2018.