

# Brooks Macdonald Group plc

## Remuneration Committee Terms of Reference

Chair: John Linwood

### **Approval and Review Summary**

**Date Approved:** 10 September 2024

**Approved at:** Group Board Meeting

**Date of Next Review:** September 2025

## **1. Purpose**

The Brooks Macdonald Group Plc Remuneration Committee (the “Committee”) is a committee of the Brooks Macdonald Group Board (the “Board”), the purpose of which is to exercise independent judgment in the determination, implementation and operation of the overall Remuneration Policy for Brooks Macdonald Group plc and the group of subsidiary companies whose shares are ultimately held by Brooks Macdonald Group plc (the “Group”, “BM”). These terms of reference should also be read with reference to the Group’s delegation of authority framework.

## **2. Scope**

The scope of the Committee covers:

- 2.1 Setting the overarching principles and parameters of remuneration policy across the Group including responsibilities carried out on behalf of subsidiary legal entity Boards and ensuring the policy’s consistency with the risk appetite of the Group and its strategic goals.
- 2.2 Review and approval of the Remuneration Policies and remuneration for the Chair, executive directors, members of the Executive Committee and other categories of employees as defined in 10.7 below.

## **3. Chair**

- 3.1 The Chair of the Committee shall be a Non-Executive Director appointed by the Board who should have served on a remuneration committee for at least 12 months.
- 3.2 In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 The Chair of the Committee will have responsibility for chairing, and overseeing the performance of, the Remuneration Committee, which has oversight of the design and the implementation of the remuneration policies of the company in accordance with these Terms of Reference. In performing this function, the Chair of the Committee will perform the SMF12 (chair of the remuneration committee) function under SUP 10C.5A.10 in the FCA rules.
- 3.4 The Chair of the Committee will have the responsibility for overseeing and assessing the overall performance of the Committee, based on the responsibilities set out in section 10 of these Terms of Reference and, in furtherance of this, will arrange for reviews of the Committee to be conducted at least annually.

## **4. Membership**

- 4.1 The Committee shall comprise at least three members, being independent Non-Executive Directors of Brooks Macdonald Group PLC, who shall be appointed by the Board.
- 4.2 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods if the individual has performed satisfactorily and continues to meet the criteria for membership.
- 4.3 The Committee, as a collective, should have access to the requisite knowledge, expertise and experience relating to remuneration policies and risk alignment.

## **5. Attendees**

- 5.1 Only members of the Committee have the right to attend Committee meetings. The Committee may invite any individual, whether internal or external, to attend all or part of any meeting in whatever capacity the Chair deems appropriate in order to assist the Committee in its duties.
- 5.2 No individual should attend any part of a Committee meeting at which their own remuneration is being discussed.

## **6. Quorum**

- 6.1 A meeting of the Committee will not be quorate unless at least two members of the Committee are present (either in person or by telephone, video conference, e-mail other electronic means that facilitates the contemporaneous exchange of views).
- 6.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the responsibilities and discretions vested in or exercisable by the Committee.

## **7. Frequency of Meeting**

- 7.1 The Committee shall meet as frequently as necessary to fulfil its duties and responsibilities, but no less frequently than three times per annum.
- 7.2 Any member of the Committee may request that a meeting be convened, although all meetings will be convened at the absolute discretion of the Chair.

## **8. Minutes of Meeting**

- 8.1 The Secretary shall record the proceedings, decisions and actions arising from the Committee meetings, including the names of those present.
- 8.2 Draft minutes shall be circulated to all Members and attendees, as appropriate, considering any conflicts of interest. Once approved, final signed copies of the minutes should be maintained for the Group records.

## **9. Shareholder Communication**

- 9.1 The Committee Chair should attend the AGM to answer any shareholder questions on the Committee's activities and will act as a point of contact for shareholders on remuneration policy matters.

## **10. Responsibilities and Delegated Matters**

Acting in its capacity as a committee of the Board and of its subsidiary companies, the Committee shall:

## *Remuneration Policy and Governance Responsibilities*

10.1 Be responsible for reviewing and recommending to the Board, the over-arching principles, parameters and governance framework of BM's Remuneration Policy and the on-going appropriateness and relevance of the Remuneration policy.

10.2 Ensure the Remuneration Policy is transparent, avoids complexity and assesses the impact of pay arrangements in supporting the Group's culture, values and strategy, and on all elements of risk management.

10.3 Ensure the Remuneration Policy is applicable and effectively implemented within all BM's subsidiary entities and relates to all BM employees, including Executive Directors.

10.4 In discharging this responsibility, the Committee shall:

10.4.1 Oversee an independent review of the Remuneration Policy on an annual basis, to ensure it:

- Includes measures in the remuneration approach to avoid potential conflicts of interest in the design of incentive arrangements to ensure the interests of employees and shareholders, as well as customer outcomes, are appropriately aligned;
- Supports delivery of BM's long-term strategy, promotes long term sustainable success and is aligned to the Group's purpose, culture and guiding principles;
- Aligns to the long-term interests of shareholders, customers and other BM stakeholders through its use of long-term incentives and Directors' minimum shareholding and deferral and holding period requirements;
- Promotes sound and effective risk management and actively discourages inappropriate risk taking;
- Provides an appropriate balance of fixed and variable pay elements; and
- Complies with the law, regulations, regulatory provisions, corporate governance codes and other remuneration guidance to which the Group is subject as appropriate.

10.4.2 Be responsible for exercising independent discretion when authorising remuneration provisions and outcomes as follows:

- Ensuring all variable pay outcomes are determined on a wholly discretionary basis, including the active adjustment of any outcomes informed by metrics and calculations where appropriate; and
- Taking account of company and individual performance, current and futures risks and wider circumstances, and to recover and/or withhold sums or share awards under appropriate specified circumstances via its oversight of the Group's Malus and Clawback policy; and

10.4.3 Periodically review reports on other remuneration-related and employee issues as necessary

10.5 Review and approve the principles of the Remuneration Policy for the following components of pay:

- All elements of fixed compensation (base salary and fixed allowances);
- All elements of variable compensation (annual bonus, LTIP, sales incentives plans etc);
- Material changes to pension arrangements, such as the adjustment of employer contribution levels;
- Employee share plans and share-linked incentives;
- Material severance/loss of office awards;
- Material retention awards; and
- Material new hire compensation including guarantees.

- 10.6 In relation to the above components, the Committee will review and challenge where appropriate:
- That compensation practices result in outcomes consistent with the intention of the Remuneration Policy, reflect performance-related principles and promote a longer term pay policy and practice aligned to strategic achievements;
  - That all potential risks of remuneration arrangements, including financial, reputational, customer outcomes and employee conduct, are identified and mitigated;
  - The design and determination of performance criteria for performance related incentives, including approval and validation of requisite grant, vesting and pay-out criteria (with supporting guidance from the audit function);
  - That pay-out practices reflect the underlying business cycle and customer investment timeframe considerations;
  - The design of new, and revisions to existing, incentive compensation plans and material benefit offerings;
  - The maximum ratio permitted under the Group's fixed to variable pay ratio;
  - The variable incentive compensation proposals and allocation principles developed by the Chief Executive Officer; and
  - The review of guaranteed incentive commitments on a quarterly basis.

This challenge and oversight will be enabled through provision of timely, relevant information from the group Human Resources ("HR")/Finance functions, including (but not limited to) the matters set out in Schedule 1 of this Terms of Reference, such that the Committee is able to determine that the principles of the Remuneration Policy are embedded in pay outcomes delivered across the Group.

- 10.7 The Committee shall be responsible for approving the Remuneration Policy and remuneration proposals for the following groups of employees:
- The Chairman;
  - Executive Directors: (in accordance with the Directors' Remuneration Policy), including but not limited to the setting, approval and review of performance incentive thresholds and targets and implementation of appropriate shareholding requirements;
  - Executive Committee members;
  - The Company Secretary;
  - Senior officers within the risk, compliance and internal audit functions;
  - Material Risk Takers: including but not limited to the approval of Material Risk Taker identification criteria (as per MIFIDPRU Remuneration Code requirements) and annual review of identified employees; and
  - Any employee receiving, or being proposed to receive, total annual remuneration in excess of £250,000;

- 10.8 Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.

#### *Regulatory, Risk and Audit responsibilities*

- 10.9 The Committee shall be responsible for reviewing and recommending to the Board the Remuneration Policy and shall, within the terms of the agreed Policy, advise on the principles on which remuneration schemes shall operate including:

- alignment to BM's risk appetite including evolving external and internal risk and compliance considerations;
  - Consistency with an assessment of BM's financial condition and prospects;
  - Alignment to performance such that sustained value creation is recognised and failure is not rewarded and that the duty to mitigate loss is fully recognised;
  
- It takes into account pay policy and employment conditions of the wider workforce of the Group, especially when deciding the remuneration of the executive Directors and other employees described in paragraph 10.7 above.

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

10.11 The Committee shall compile a report of the work of the Committee in discharging its responsibilities for inclusion in the Annual Report, including: a) a description of the significant issues dealt with by the Committee; b) a description (to the extent required by such code) of how the Committee has addressed any specific requirements of the UK Corporate Governance Code; and c) a summary of the use of discretion by the Committee (and, if no discretion was exercised, confirmation of this) and the reasons why.

10.12 Working with BM HR, Finance, Compliance and Risk functions to review appropriate adjustments to incentive funding so that consideration for current and future risks are incorporated.

#### *Delegated Responsibilities*

10.13 The Committee is authorised by the Board to seek any information that it properly requires from any employee in order to perform its duties and will specifically draw on the support of the Risk, Compliance, HR and Finance functions to assist it to discharge its responsibilities.

#### *Other*

10.14 Working closely with the Risk and Compliance Committee (RCC) to assess whether the Group's Remuneration Policy is aligned with the business strategy and risk appetite and does not encourage excessive risk taking. The approach to and content of the assessment will be as agreed by the Chairs of the two committees.

## **11 Reporting Responsibilities**

The Committee Chair shall provide a regular update to the Board on all matters within its duties and responsibilities. A verbal briefing is sufficient unless the Committee Chair or Board consider a more formal update to be appropriate. The Committee may make recommendations to the Board as it deems appropriate on any area within its remit.

## **12 Ongoing support**

The Committee shall have access to sufficient resources in order to carry out its duties;

- 12.1.1 At the expense of BM, the Committee will be able to select, appoint and agree the terms of reference of any advisers deemed appropriate by the Committee to provide advice to the Committee, including those used by management provided no conflict of interest arises, and invite such advisers to attend meetings to assist the Committee.
- 12.2 The Committee must give due consideration to all applicable laws and regulations, including the UK Corporate Governance Code, together with any relevant developments or implementation of new requirements as advised by the Company Secretariat.