

## CAVENDISH FINANCIAL PLC (THE "COMPANY")

### REMUNERATION COMMITTEE – TERMS OF REFERENCE

#### 1. Membership

- 1.1 The Remuneration Committee (the "**Committee**") shall comprise of a minimum of 2 members. All of the members of the Committee should be independent non-executive directors. The Chair of the Board of the Company (the "**Board**") may also serve on the Committee as an additional member (but may not Chair the Committee) provided he or she was considered independent on appointment as Chair of the Board.
- 1.2 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Committee Chair. Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further three year periods, provided the members (other than the Chair of the Board, if he or she is a member of the Committee) continue to be independent.
- 1.3 The Board, on the recommendation of the Nomination Committee, shall appoint the Chair of the Committee (who must be an independent non-executive director), and shall determine the period for which he/she shall hold office. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 Only Committee members have the right to attend Committee meetings. However, the Chief Executive and HR Director may be invited to attend all or part of meetings of the Committee on a regular basis, and other individuals may be invited to attend all or part of any meetings as and when appropriate and necessary.

#### 2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee (except where an executive director is the Company Secretary) and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

#### 3. Quorum and Voting

- 3.1 The quorum for decisions of the Committee shall be any 2 members. Meetings of the Committee may be conducted when the members are physically present together, or in the form of either a video or audio (telephone) conference.
- 3.2 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.

3.3 A decision is taken at a meeting of the Committee by a majority of the votes of the members of the Committee who are participating in the meeting, with each participating member having one vote. If there is an equality of votes, the chairman of the Committee (or other person chairing the meeting) has a casting vote. No director or other individual shall be involved in any decisions as to their own remuneration.

3.4 Each member of the Committee must, at or prior to the commencement of each meeting, disclose to the Committee any interest that he/she has in any matter or proposal to be considered at the meeting. A member of the Committee must not participate in any discussions concerning, and is not entitled to vote in relation to, any matter or proposal to be considered at a meeting in which he/she has a direct or indirect interest unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest.

#### **4. Frequency of meetings**

4.1 The Committee shall meet at least three times each year and at such other times as the Committee Chair shall require.

#### **5. Notice of meetings**

5.1 Meetings of the Committee shall be called by the Secretary of the Committee on the request of the Committee Chair or any of its members.

5.2 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 any other person required to attend no later than five working days before the date of the meeting. Wherever possible, supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

#### **6. Minutes of meetings**

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2 Draft minutes of the meetings of the Committee shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

#### **7. Annual General Meeting**

7.1 The Committee should attend the Annual General Meeting to answer shareholder questions on the Committee's activities and areas of responsibility.

## **8. Duties**

The Committee shall:

8.1 Determine, monitor and periodically review the Company's broad policy for the remuneration of all staff (including, where appropriate, in accordance with the requirements of the MIFIDPRU Remuneration Code (SYSC 19G) (the "MIFIDPRU Code")), and oversee its implementation;

8.2 Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chair, Chief Executive Officer, other Executive Directors, the Company Secretary and such other senior executives roles as are formally agreed to be within its remit. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;

8.3 review the ongoing appropriateness and relevance of the remuneration policies;

8.4 approve the design of, and determine the targets and key performance indicators for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes (having considered the recommendation of the Chief Executive Officer);

8.5 review the design of and determine the performance periods, measures and targets for all share incentive plans for approval by the Board. 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 executive directors [and other senior executive roles formally agreed to be within its remit] and the performance targets to be used;

8.6 determine clawback and equivalent arrangements in the event of a significant downturn in performance or impropriety;

8.7 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;

8.8 within the terms of the agreed policies and in consultation with the Chair and/or Chief Executive Officer as appropriate, determine:

- total individual remuneration package of the Chair, each executive director, the Company Secretary other senior executive roles formally agreed to be within its remit, and each of the Group's Material Risk Takers (as defined under the MIFIDPRU Code), including bonuses, incentive payments and share options or other share awards. For employees below this level, the Committee will have oversight of aggregated annual compensation recommendations from the Chief Executive Officer which should be in line with the budget agreed in advance by the Board;
- new hire packages for the appointment of executive directors, other senior executive roles formally agreed to be within its remit, and each of the Group's Material Risk Takers. For other employees, the Chief Executive Officer will have the authority to determine remuneration related decisions provided the remuneration is consistent with relevant company policies, agreed budgets and remuneration packages offered to new employees joining the Group.

- 8.9 determine leaving payments/conditions/severance for executive directors other senior executive roles formally agreed to be within its remit, and Material Risk Takers and ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.10 Approve the aggregate pay review for all employees below the level of senior executive roles formally agreed to be within the Committee's remit having considered the recommendations of the Chief Executive Officer;
- 8.11 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Quoted Companies Alliance (QCA) Corporate Governance Code (the "**QCA Code**"), the QCA's Remuneration Committee Guide for Small and Mid-Size Quoted Companies, the AIM Rules for Companies, the MIFIDPRU Code (where appropriate) and the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules, as well as any future remuneration requirements.
- 8.12 review and note annually the remuneration trends across the Company or Group;
- 8.13 oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.14 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.15 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity; and

- 8.16 agree the policy for authorising claims for expenses from the Chief Executive and Chairman.

For the avoidance of doubt, the Committee shall not consider the remuneration of any non-executive director which shall be a matter for the Board or, where required by the articles of association, the shareholders who, in each case, shall determine the remuneration within the limits set in the articles of association

## **9. Reporting responsibilities**

- 9.1 All decisions of the Committee shall be reported formally to the Board by the Committee Chair.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state the fees and services rendered and whether they have any other connection with the Company.

## **10. Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and Head of HR for assistance as required;
- 10.2 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;
- 10.3 work and liaise as necessary with all other Board committees; and
- 10.4 conduct an annual review of its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

The Committee is authorised by the Board:

- 11.1 to seek any information or assistance it required from any employee of the Company in order to perform its duties;

- 11.2 in connection with its duties, at the Company's expense, to obtain any outside legal or other professional advice on any matters within its terms of reference and subject to any budgetary constraints imposed by the Board;
- 11.3 within any budgetary restraints set by the Board, to appoint remuneration consultants and commission any reports or surveys on information which it deems necessary to help fulfil its duties.

References in these terms of reference to the "Group" mean the Company, its subsidiaries and its subsidiary undertakings.

Adopted by the Board of the Company on 31 August 2023