

**Charles Stanley Group PLC (“CSG”)  
Charles Stanley & Co. Limited (“CSC”)  
(together the “Companies”)**

**Terms of reference for the Joint Remuneration Committee**

**1. Purpose**

The Boards of the Companies have established a Remuneration Committee, constituted via this Joint Remuneration Committee (the “Committee”). The responsibilities of the Committee as they relate to CSG and CSC respectively are set out in sections 9 and 10 below.

**2. Membership**

2.1 There shall be at least three members. All of the members of the Committee shall be Independent Non-Executive Directors. The Chairs of the Companies may be a Committee member provided they were considered independent on appointment as Chair.

2.2 Only members of the Committee have the right to attend Committee meetings. At the discretion of the Chair and at their invitation, non-members may attend all or part of any meeting where their attendance is necessary to facilitate improved debate and decision making. Subject to the discretion of the Chair, any non-member invited to attend a meeting shall remain at the meeting only for the duration of the relevant agenda item. No person shall participate during a relevant part of a meeting at which any element of their remuneration is being directly discussed, or shall participate in any recommendation or decision specifically concerning their own remuneration.

2.3 Appointments to the Committee shall be recommended by the CSG and CSC Nomination Committees in consultation with the Committee Chair and approved by the CSG & CSC Boards.

2.4 Appointments shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent.

2.5 The CSG Board shall appoint the Committee Chair who should be an Independent Non-Executive Director and, before such appointment, has previously served on a remuneration committee for at least 12 months. 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. The Chair of CSG should not chair the Committee.

**3. Quorum**

The quorum for any meeting shall be two members.

**4. Secretary**

4.1 The Group Company Secretary, or his or her nominee, shall act as the secretary of the Committee (the “Secretary”) and will ensure that the Committee receives information in a timely manner to enable full and proper consideration to be given to the issues.

4.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

## **5. Frequency of meetings**

- 5.1 The Committee shall meet at least three times per annum and on an ad hoc basis as required.
- 5.2 Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

## **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chair or any Committee member.
- 6.2 Unless otherwise agreed, and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee member no later than five business days before the date of the meeting.

## **7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and all decisions made at the meeting, including recording the names of those persons present and in attendance. The Secretary shall ensure that the minutes of meetings are formally approved by the Committee at the following meeting.
- 7.2 The Secretary shall circulate the minutes of meetings of the Committee to all members plus other individuals as agreed by the Committee.

## **8. Annual General Meeting of CSG**

The Committee Chair should attend the Annual General Meeting of CSG to answer shareholder questions on the Committee's activities as they relate to CSG.

## **9. Scope of responsibility applicable to CSG**

The role of the Committee is to assist the CSG board to fulfil its responsibility to shareholders to ensure that:

- (a) remuneration policy and practices 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; and
- (b) executive remuneration is aligned to company purpose and values and linked to delivery of its long-term strategy.

The Committee shall carry out the following duties in relation to CSG:

### ***Group remuneration strategy and policy***

- 9.1 Recommending to the CSG Board for approval,
  - 9.1.1 the Group Remuneration Policy ("**GRP**"), aiming to provide a structured and balanced remuneration package for all employees within CSG and its subsidiaries (the "**Group**") who are not within the ambit of the DRP (as defined

- below), and which is aligned to the Group strategy, risk appetite, culture, values and long-term interests; and
- 9.1.2 the Directors' Remuneration Policy ("**DRP**") in respect of remuneration of CSG directors.
- 9.2 In determining the **DRP**, the Committee shall consider:
- 9.2.1 all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance;
  - 9.2.2 the need to promote the long-term sustainable success of the company and the alignment to the company purpose and values, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that the CSG Executive Directors, the Company Secretary and senior executives are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
  - 9.2.3 the strategy of the Group and how the **DRP** reflects and supports the long-term strategy;
  - 9.2.4 the Group's risk appetite and risk management strategy, ensuring that the **DRP** is aligned to the Group's risk policies and systems and long-term strategic goals; and
  - 9.2.5 any shareholding requirements, including vesting and holding periods, and any post-employment shareholding requirements for the CSG Executive Directors.
- 9.3 Reviewing annually the ongoing appropriateness and relevance of the **DRP**, noting that the **DRP** must be approved by CSG shareholders at least every three years.
- 9.4 Recommending to the CSG Board the policy for, and scope of, Group pension arrangements taking into account the alignment of pension contribution rates for the CSG executive directors with those available to the workforce.
- 9.5 Recommending to the CSG Board any major changes in employee benefits structures across the Group.
- 9.6 Reviewing the overall application, including total quantum where applicable (but not individual awards except where specified elsewhere in these Terms), of the annual salary review, discretionary bonus schemes and any performance-related remuneration schemes to ensure their operation in line with the Group Remuneration Policy.
- 9.7 Assisting the CSG Board in its engagement with the workforce, including explaining how decisions on executive pay reflect wider company pay policy.
- 9.8 Ensuring that provisions regarding disclosure of information and reporting as set out in the Code and the Companies (Miscellaneous Reporting) Regulations 2018 (regarding, for example, the CEO pay ratio) are fulfilled and reviewing regular associated periodic reports in relation to the same.

### ***Director remuneration***

- 9.9 Within the terms of the **DRP** and having regard to pay and employment conditions across the Group, approving the individual remuneration packages (including basic pay, pension arrangements, annual bonus, performance share awards and vesting of any performance share award ) for the:
- 9.9.1 CSG Executive Directors; and

#### 9.9.2 CSC Executive Directors.

- 9.10 Approving, on termination, the compensation payments, if any, due to an Executive Director, having regard to the circumstances of the termination and terms of the relevant employment contract and performance-based plans. Ensure that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 9.11 Recommending to the CSG Board a CSG shareholding policy to promote the alignment of the interests of the CSG shareholders and CSG Directors.

### **10. Scope of responsibility applicable to CSC**

The role of the Committee is to assist the board to fulfil its responsibility to shareholders to ensure that:

- (a) 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; and
- (b) executive remuneration is aligned to company purpose and values and linked to delivery of the company's long-term strategy

The Committee shall carry out the following duties in relation to CSC:

#### ***Remuneration strategy and policy***

- 10.1 Applying the GRP to CSC. Where variations to the GRP are being considered by the Joint Remuneration Committee, reviewing such changes taking account of CSC and making any recommendations to the CSC Board, for approval by the CSG Board.
- 10.2 Applying the policy for Group pension arrangements to CSC and making recommendations to the CSC Board for approval, taking into account the alignment of pension contribution rates for the Executive Directors with those available to the workforce.
- 10.3 Approving the annual October salary review total, Group discretionary bonus schemes and any performance-related remuneration schemes in line with the GRP having regard to pay and employment conditions across the Group.
- 10.4 Considering and determining CSC's material risk takers falling within the relevant scope of the relevant regulatory requirements and against the Group's risk profile, in conjunction with the Risk Function and to approve the list of individuals to be designated as Material Risk Takers on an annual basis.
- 10.5 Monitoring remuneration arrangements of the Material Risk Takers.
- 10.6 Approving the annual FCA Remuneration Policy Statement.
- 10.7 Ensuring that provisions regarding disclosure of information regarding gender pay gap reporting as set out in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, are fulfilled and reviewing regular associated periodic reports in relation to the same.
- 10.8 Assisting the CSG Board in its duties regarding engagement with the workforce to explain how decisions on executive pay reflect wider company pay policy

### ***Director and Senior Management remuneration***

- 10.9 Within the terms of the DRP, recommending the total individual remuneration packages (including basic pay, pension arrangements, annual bonuses, performance share awards) and any changes thereto for CSC Executive Directors, for approval by the Joint Remuneration Committee in the context of CSG.
- 10.10 Within the terms of the GRP, and in consultation with the CEO, determining and approving any changes to the total individual remuneration package (including basic pay, bonuses, performance share awards) for Senior Management (being the CRO, the Head of Compliance, the Company Secretary and all members of the Executive Committee).
- 10.11 Determining in consultation with the CEO, on termination, the compensation payments, if any, due to the Senior Management within CSC, having regard to the circumstances of the termination and terms of the relevant employment contract and performance-based plans.

### ***Performance-related remuneration and share schemes***

- 10.12 Overseeing the application of any performance-related remuneration schemes operated by CSG and Group share incentive plans for CSC.

## **11. Reporting responsibilities**

- 11.1 The Committee Chair shall report formally and separately to the CSG and CSC Boards on its proceedings after each meeting on all matters within its duties and responsibilities and shall make its minutes available to the Boards of the Companies.
- 11.2 The Committee shall make whatever recommendations to the Boards of the Companies it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall produce a Directors' Remuneration Report for inclusion in the CSG Annual Report and Accounts. If the Committee has appointed remuneration consultants, they will be identified along with any other connections with CSG.
- 11.4 The Committee shall compile a report on its activities to be included in CSG's Annual Report and Accounts.
- 11.5 The Committee shall make its terms of reference available to CSG shareholders via the CSG website.

## **12. Authority**

- 12.1 The Committee shall be authorised, at the Companies' expense, to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Companies' but within any budgetary restraints imposed by the CSG and CSC Boards.
- 12.2 The Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

12.3 The Committee is authorised by the CSG and CSC Boards to obtain, at the Companies' expense, outside legal or other professional advice on any matters within its terms of reference.

12.4 The Committee shall liaise with other Board level committees as appropriate.

### **13. Other**

13.1 The Committee shall determine the Group Directors' expenses policy applicable to CSG and CSC Directors.

13.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretarial Dept. for assistance as required.

13.3 Each member will receive an induction upon appointment to the Committee. The level of induction needed will be considered by the Committee Chair and the Company Secretary. The Committee will receive training on an ongoing basis.

13.4 The Committee shall give due consideration to laws and regulations and in respect of CSG, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

13.5 The Committee shall undertake a formal and rigorous annual review of its own performance and review its terms of reference at least annually, to ensure it is operating at maximum effectiveness. Any material changes to the Committee's terms of reference must be approved by the Boards of the Companies.

**Approved by the CSC and CSG Boards on 17 July 2020**