



Cenkos Securities plc
Remuneration Committee
Terms of Reference
November 2022

Version: 2.0
Ownership: Company Secretary

Document History

Date	Changes Made	Changes Made By	Version
January 2020	Updated to new format	S Doherty	1.0
October 2021	General update for IFPR and MIFIDPRU Remuneration Code	J Osler & A Wood	2.0

Review of initial draft/subsequent changes

Version	Comments required by	Review Date	Review Coordinator
1.0	Board	January 2020	S Doherty
2.0	Board	November 2022	J Osler

1. PRINCIPLE FUNCTION

1.1 The Remuneration Committee (the "Committee") has delegated responsibility from the Board of the Company (the "Board") to review the overall remuneration policy of the Company (the "Policy") and to oversee implementation of the Policy and associated practices so established. The objective of the Policy shall be to ensure that the Company's staff (interpreted broadly) are rewarded in a fair and responsible manner and provided with appropriate incentives to encourage enhanced performance, thereby growing the value of the business and maximising shareholder returns but in a way that ensures consistency with and promotes sound and effective risk management promoting risk awareness and prudent risk taking, avoids conflicts of interest and encourages responsible business conduct. In determining such policy, the Committee shall take into account all factors that it deems necessary, including relevant legal and regulatory requirements. It shall also take into account any risk and risk management concerns raised by the Board that may have implications for the Policy.

1.2 The Committee has delegated responsibility from the Board to determine the terms and conditions of employment, remuneration and benefits of all staff of the Company. Separately but in conjunction with this, the Committee must take special care to ensure that fixed and variable remuneration awarded to staff is performance related (which must include an assessment of financial and non-financial criteria) and compliant with all relevant provisions of the MIFIDPRU Remuneration Code as set out at chapter 19G of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook ("SYSC") and that Material Risk Takers are identified at least annually in accordance with SYSC 19G.5.3 R.

1.3 The Committee also has delegated responsibility from the Board for the exercise of certain powers under the terms of share option, long term incentive and any other schemes that have been specifically reserved to a Committee of non-executive directors.

2. MEMBERSHIP

2.1 The Committee shall consist of a minimum of 2 members appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee, membership being confined to independent non-executive directors.

2.2 The Chairman of the Committee shall be appointed by the Board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their numbers to chair the meeting.

2.3 In deciding chairmanship and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.

2.4 In order to fulfil the Committee's overall purpose of ensuring that the levels of remuneration are sufficient to attract, retain and motivate staff and that remuneration for Material Risk takers and the award of incentives to them under the Company's incentive schemes is independently approved and monitored, the members of the Committee shall:

- (a)** have no personal financial interest, other than as shareholders in the Company (if applicable), in the Committee's decisions;
- (b)** have no "cross-directorships" with the executive directors which could be thought to offer scope for mutual agreements to bid up or otherwise enhance each other's remuneration;
- (c)** be independent of the Company's management and free from any business or other relationship with the Company which could materially interfere with the exercise of their independent judgement; and
- (d)** have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the ambit of the Committee's business.

3. SECRETARY

The Company Secretary or his nominee shall act as the Secretary of the Committee and as a coordinating intermediary between the Board and the Committee.

4. QUORUM

The quorum for decisions of the Committee shall be 2 members. 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.

5. MEETINGS

5.1 Meetings of the Committee shall be held not less than two times a year and at such other times as the Chairman of the Committee requires, normally immediately before or after regular meetings of the Board but formal meetings may also be held by telephone or video conference.

5.2 Meetings may also be called at the request of any member of the Committee.

5.3 Meetings should be organised so that attendance is maximised.

6. NOTICE OF MEETINGS

6.1 At least 2 days' notice of any meeting of the Committee shall be given to each member of the Committee (confirming the venue, time and date of the meeting and attaching an agenda of items to be discussed (together with any supporting papers)) although such notice period may be waived or shortened with the consent of all the members of the Committee for the time being.

6.2 Only members of the Committee have the right to attend and to vote at meetings of the Committee. The Company's Chief Executive Officer and/or Finance Director/Head of Finance may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

7. MINUTES

7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised.

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

7.3 The minutes of the meetings of the Committee shall be circulated to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

8. ANNUAL GENERAL MEETINGS

The Chairman of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

9. DUTIES AND RESPONSIBILITIES

9.1 The Committee shall, on behalf of the Board and the shareholders of the Company:

(a) determine, monitor and periodically review the Company's broad policy for the remuneration of all staff in accordance with SYSC 19G.2 and oversee its implementation;

(b) in determining such policy and associated practices take into account all factors that it deems necessary, including relevant legal and regulatory requirements such as ensuring it is gender neutral in accordance with SYS 19G.2.1 R and that the awarding of variable remuneration during any performance period takes into account financial and non-financial performance criteria. In addition, the Committee shall have particular regard to any concerns raised by the Board on the implications of the remuneration policy for risk and risk management. The objective of such policy shall be to ensure that the Company's remuneration policies and practices are consistent with and promote sound and effective risk management and that these are in line with the business strategy, objectives and long-term interests of the firm. Accordingly, the Committee should ensure Material Risk Takers are provided with appropriate incentives to encourage enhanced financial

and non-financial performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Company where the financial position of the Company permits it. Where severance payments may be paid to Material Risk Takers, the policy must clearly set out any maximum amount to be paid or the criteria for determining such amount;

- (c) review at least annually the entire individual remuneration packages including, but not limited to, the determination of terms and targets for any financial performance-related pay or incentive schemes operated by the Company, bonuses, incentive payments and any compensation payments including share option entitlements and (if relevant) pension arrangements) for each Material Risk Taker;
- (d) consult with the Chief Executive Officer about the Committee's proposals relating to the individual remuneration packages of all of the Company's Material Risk Takers;
- (e) review the on-going appropriateness and relevance of the remuneration policy including conducting a central and independent internal review of whether implementation of the remuneration policy and practices complies with that adopted by the Board;
- (f) approve the design of and determine targets for any performance related pay schemes operated by the Company, including the application of relevant performance criteria and the phasing of awards. The Committee shall ask the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements;
- (g) exercise such functions as fall to it under the terms of share option, long term incentive and any other incentive schemes including the granting of options/awards and the allotment of shares in the Company to satisfy the exercising of those options/awards;
- (h) determine the policy for and scope of pension arrangements and, in determining such policy, take into account all factors that it deems necessary, including relevant legal, regulatory and taxation requirements;
- (i) ensure that any contractual terms on termination, and any payments made, are consistent with the terms of any such severance pay as set out in the remuneration policy as noted at 9.1 (b), are fair to the individual and the Company, that failure or misconduct is not rewarded and that the duty to mitigate loss is fully recognised;
- (j) work closely with the Nomination Committee in relation to all remuneration to be offered to any new Material Risk Taker to ensure it complies with all relevant rules particularly where remuneration includes any element of guaranteed variable remuneration, retention awards and buy-out awards;
- (k) be aware of and oversee any major changes in employee benefit structures throughout the Company;
- (l) review and note annually remuneration trends and employment conditions within the sector;
- (m) in relation to the remuneration of Executive Directors, give such consideration to the principles set out in the Quoted Companies Alliance corporate governance code as is appropriate given the size of the Company, giving full consideration to the best practice provisions set out therein, including as to disclosure, remuneration policy, service contracts and compensation and taking account, as is seen fit, of other guidance issued by the FCA or any other regulator, relating to corporate governance, regulation and executive remuneration that may be appropriate given the size of the Company;

9.2 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. No director or senior manager shall be involved in, or be present at, any discussions as to their own remuneration.

10. ADVICE AND INFORMATION

10.1 The Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully.

10.2 The Committee is authorised to obtain at the company's expense any legal or other independent professional advice in carrying out its tasks and such persons shall be permitted to attend meetings of the Committee but shall not be members of it.

11. REPORTING TO THE BOARD

- 11.1** All decisions of the Committee shall be reported to the Board after each meeting of the Committee.
- 11.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

12. REVIEW OF THE COMMITTEE'S EFFECTIVENESS

The Committee shall, at least once a year, review 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.

13. TERMS OF REFERENCE

The Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board. The requirement to make this information available would be met by making such information available on request and including these terms of reference and such explanation on the Company website.