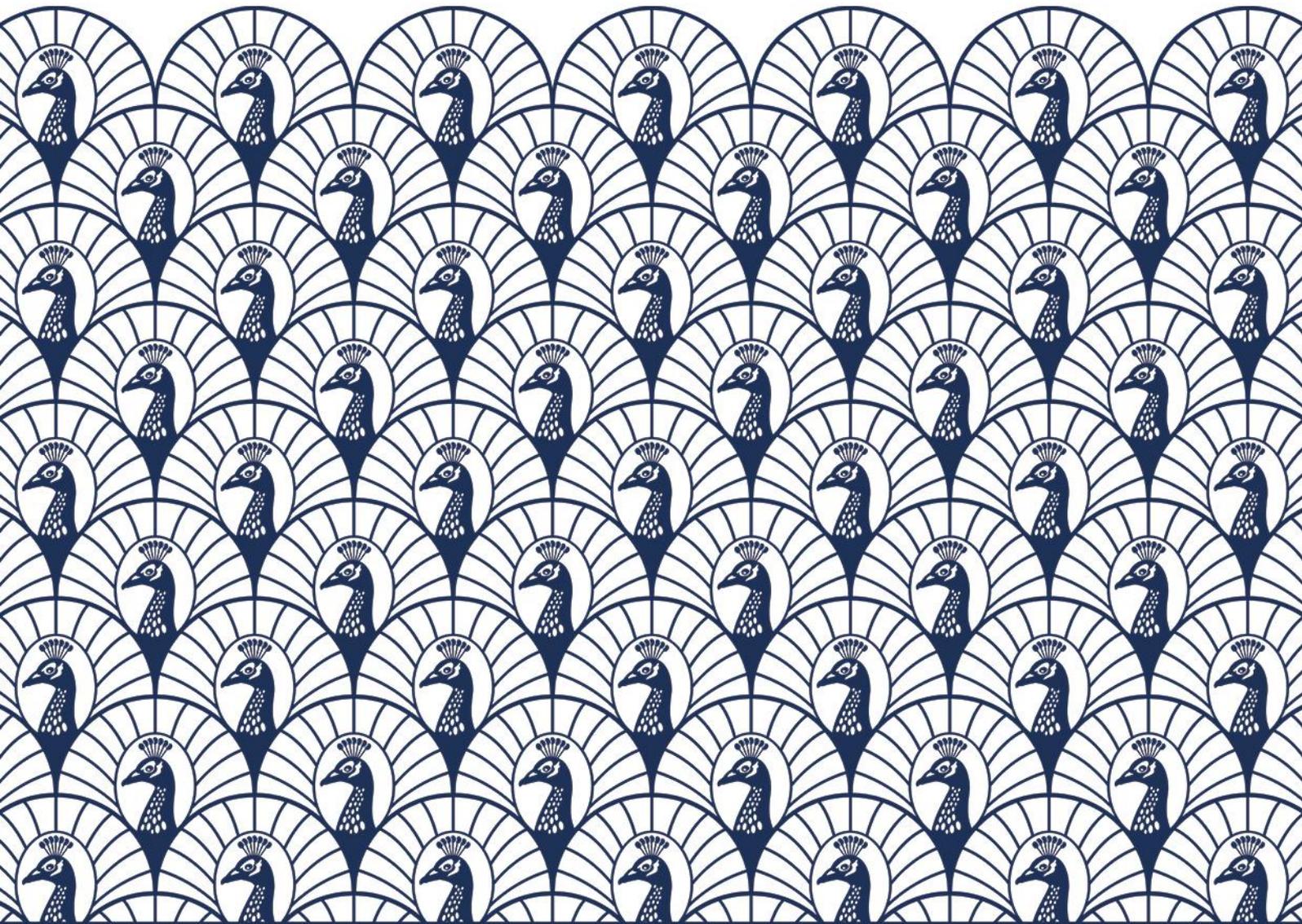




ARBUTHNOT LATHAM

Bankers since 1833



## AL Remuneration Committee Terms of Reference

Approved by the AL Board – 17 November 2020

## AL Remuneration Committee Terms of Reference

<b>Chairperson</b>	<b>Sir Henry Angest, Chairman</b>
<b>Secretary</b>	Nicole Smith, Head of Corporate Governance
<b>Members</b>	Paul Marrow, Non-Executive Director Sir Michael Peat, Non-Executive Director Angela Knight, Non-Executive Director  All members of the Committee must be Non-Executive Directors
<b>Quorum</b>	Two members, one of whom must be the Chairman or his chosen alternate.
<b>Invitees</b>	As decided by the Chairman of the Committee but may include the Chief Executive, the Finance Director and Deputy Chief Executive, the Deputy Chief Executive, the CRO and the COO.
<b>Meetings</b>	The Committee will normally meet at least once per year, or more frequently where necessary.
<b>Delegated Authority</b>	The Board of Arbuthnot Latham & Co. Ltd. (AL) authorises the Committee to: <ul style="list-style-type: none"> <li>• Exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</li> <li>• Examine any activity within its terms of reference.</li> <li>• Seek any information that it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.</li> <li>• Obtain, at AL's expense (subject to reasonable costs), legal or other independent professional advice on any matter within its terms of reference.</li> </ul>
<b>Main Responsibilities</b>	The responsibilities of the Committee are set out below: <ul style="list-style-type: none"> <li>• Determine the policy for and amount of executive director remuneration.</li> <li>• In this regard, the Committee shall: <ul style="list-style-type: none"> <li>- take into account, all factors which it deems necessary, including relevant legal and regulatory requirements and provisions and recommendations of relevant guidance;</li> <li>- approve a remuneration policy which attracts, retains and motivates executive directors of AL without paying more than necessary and takes account of AL's appetite for risk and long-term strategic goals with a significant proportion of</li> </ul> </li> </ul>

remuneration structured so as to link rewards to corporate and individual performance;

- detail the policy for, and scope of, pension arrangements for each executive director;
  - ensure that contractual terms on termination of executive directors, and any payments made, are fair to both the director and AL, do not reward failure and recognise the duty to mitigate loss;
  - ensure that remuneration schemes promote long-term shareholdings or quasi-shareholdings by executive directors that support alignment with long-term shareholder interests, with awards granted for this purpose having appropriate vesting periods;
  - include, where appropriate, the right of the Committee to override formulaic outcomes, with the ability to recover and/or make withholdings in specified circumstances;
  - ensure that remuneration policy and practices are:
    - (a) clear;
    - (b) simple;
    - (c) such that rewards do not derive from excessive risk-taking;
    - (d) predictable (such that the range of reasonable values are reasonably calculable at the time of award);
    - (e) proportionate to the work undertaken by the executive directors, with no rewards for poor performance; and
    - (f) aligned with the Arbutnot Principles and the culture deriving therefrom; and
  - review workforce remuneration and related policies and the alignment of incentives and rewards with culture and values, taking these into account when setting the policy for executive director remuneration.
- Determine non-executive director remuneration in accordance with the Articles of Association, reflecting the time responsibilities for the role.
  - To determine and agree the remuneration of the Chief Credit Officer, Head of Compliance & MLRO, Head of Operational Risk and Head of Internal Audit.
  - To review the ongoing appropriateness and relevance of the remuneration policy.
  - To review the Directors' Remuneration Report.
  - To review the design of, and determine targets for, any performance-related pay schemes having a potential aggregate value per individual

exceeding an amount agreed by the Board from time to time, and approve the total annual payments made under such schemes.

- To obtain reliable, up-to-date information (whether through conversations with others in the industry, or otherwise) about remuneration in other companies of comparable scale.
- To review and approve the Annual Review of Remuneration Policy Statement.
- To consider such other matters as may be requested by the Board of directors.

In the event that the Committee does not agree unanimously on any matter, the dissenting member shall have the opportunity to present his/her view to the Board, and any final decision will in this case be made by the Board.

**No director shall be involved in any decisions as to his or her own remuneration.**