

**CAB PAYMENTS HOLDINGS PLC (“CPH”)**

**AND**

**CROWN AGENTS BANK LIMITED (“CAB”)**

**(the “Companies”)**

**TERMS OF REFERENCE FOR THE JOINT REMUNERATION COMMITTEE**

**(approved via email by the Boards of Directors of CPH and CAB on 27 November 2023)**

**1. APPLICATION**

- 1.1 A committee of the respective Boards of each of CPH and CAB shall be established by resolutions of the respective Boards, to be known as the Remuneration Committee (or, the **Committee**). The Remuneration Committee shall sit jointly in respect of CPH and CAB, save in circumstances where it would be inappropriate to do so. These circumstances include, without limitation, where there is a potential conflict of interest between CPH and CAB.
- 1.2 Where a joint meeting of the Remuneration Committee takes place, these Terms of Reference shall apply. Where the Remuneration Committee of CPH or CAB sits separately, these Terms of Reference shall apply save where, due to legal or other reasons considered appropriate by the members, they cannot or should not apply.
- 1.3 For the purpose of these Terms of Reference the term ‘Board’ shall mean, when the Remuneration Committee is sitting as a joint Remuneration Committee, the Boards of each of CPH and CAB. Where the Remuneration Committee is sitting as either as Remuneration Committee of CPH or CAB individually then it shall mean the relevant Board of CPH or CAB only. CPH and its subsidiaries shall together mean, the **Group**.

**2. MEMBERSHIP**

- 2.1 The Remuneration Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The chair of the Board may also serve on the Remuneration Committee as an additional member if they were considered independent on their appointment as chair. Non-executive directors should have sufficient skill and expertise to manage the remuneration-setting process.
- 2.2 Appointments to the Remuneration Committee are made by the Board on the recommendation of the Nomination Committee and in consultation with the chair of the Remuneration Committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the Board, if they are a member of the Remuneration Committee) continue to be independent.
- 2.3 Only members of the Remuneration Committee have the right to attend and vote at committee meetings. However, other individuals such as the Chief Executive Officer, the Chief People Officer

and external advisers may be invited to attend for all or part of any meeting, as and when deemed appropriate and necessary.

- 2.4 In relation to CAB matters, the Chief Risk Officer shall be entitled to report on risk-related matters without other executives present. The chair of the Remuneration Committee shall be appointed by the respective boards of CPH and CAB on the recommendation of the Nomination Committee and shall be an independent non-executive director from among the members of the Remuneration Committee. In the absence of the chair of the Remuneration Committee (and/or an appointed alternate member), the members present at any meeting of the Remuneration Committee shall elect one of their number to chair the meeting. In deciding chairship and membership of the Remuneration Committee, the value of ensuring that committee membership is refreshed, and that undue reliance is not placed on particular individuals shall be taken into account.
- 2.5 Decisions of the Remuneration Committee will be made by majority vote. In the event of an equality of votes, except where he or she is interested in the decision in question, the committee chair shall have a casting vote.
- 2.6 The Company Secretary, or their nominee, shall act as the secretary of the Remuneration Committee and shall attend all of its meetings, and will ensure that the committee (and invitees as appropriate) receive information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 2.7 Each member of the Remuneration Committee shall disclose to the Committee:
- (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interests exist, and from participating in the discussions concerning such resolutions and (if so, requested by the Board) shall resign from the Remuneration Committee.

### **3. QUORUM**

- 3.1 The quorum necessary for the transaction of business shall be two members. Meetings of the Remuneration Committee may be validly conducted when the members are physically present together or in the form of video or audio conference (or any such combination), provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting or are able to receive communications from each of the other Remuneration Committee

members participating in such meeting. Individuals in attendance at committee meetings by invitation may participate in discussions but do not form part of the quorum.

- 3.2 A member of the Remuneration Committee shall not be counted in the quorum where decisions are to be made or discussions are to take place concerning such member's remuneration.
- 3.3 A duly convened meeting of the Remuneration 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 Remuneration Committee.

**4. FREQUENCY OF MEETINGS**

The Remuneration Committee shall meet at least three times a year and otherwise as required. Decisions may be taken by the committee without a meeting if all of the members of the Committee provide their approval in writing.

**5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Remuneration Committee shall be called by the Secretary of the Remuneration Committee at the request of the committee chair or any of its members.
- 5.2 Unless otherwise agreed by the Remuneration Committee, 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 Remuneration Committee and any other person required or invited to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to the Remuneration Committee members and to other attendees, as appropriate, at the same time.

**6. MINUTES OF MEETINGS**

- 6.1 The Secretary of the Remuneration Committee shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance.
- 6.2 At the beginning of each meeting, each member of the Remuneration Committee shall declare the existence of any conflicts of interest and the secretary of the Remuneration Committee shall minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Remuneration Committee. Unless a conflict of interest exists, all other members of the Board may request copies of the minutes of meetings of the Remuneration Committee from the committee chair or the Secretary of the Remuneration Committee.
- 6.3 Final signed copies of the minutes of the meetings of the Remuneration Committee should be maintained for the Companies' records, in hard and soft copy where possible.

## 7. ENGAGEMENT WITH STAKEHOLDERS

- 7.1 In relation to CPH, the chair should attend the annual general meeting to answer any shareholder questions on the committee's activities. All members of the Remuneration Committee shall also attend the annual general meeting.
- 7.2 In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility and take into account the views of shareholders when determining CPH's remuneration policy.
- 7.3 Through the chair of the Board, the Committee chair should ensure that the CPH maintains dialogue as required with the workforce in order to ensure the workforce understands the alignment between executive director remuneration and the broader approach to workforce remuneration.

## 8. DUTIES

- 8.1 The Remuneration Committee should carry out the duties detailed below for major subsidiary undertakings and the group as a whole, as appropriate.
- 8.2 The Remuneration Committee shall, in items pertaining to CPH:
- (a) have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the chair, executive directors and senior management, including the Company Secretary, in accordance with the Principles and Provisions of the UK Corporate Governance Code (the **Code**), the requirements of the Prudential Regulation Authority (the **PRA**) and the Financial Conduct Authority (the **FCA**) and FCA's Listing Rules (the **Listing Rules**) and any other current or future legislation and/or associated guidance;
  - (b) establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, a formal policy on in-employment shareholding guidelines and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
  - (c) when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality, and alignment to culture;
  - (d) in determining remuneration policy and practices, take into account all other factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance, and the Group's risk appetite and risk management strategy. The objective of such policy shall be to appropriately remunerate executive management of the quality required to run CPH successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
  - (e) review the ongoing appropriateness and relevance of the remuneration policy. Within the terms of the agreed policy and in consultation with the chair and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each executive director, the chair of the Board of CPH and other designated members of senior management, including, but not limited to, salaries, bonuses, incentive payments and share options or other share awards, benefits packages, pension rights and arrangements in connection with the individual's cessation of office or employment (including the terms of

settlement agreements or similar documents). The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards and frameworks, taking account of CPH and individual performance, and wider circumstances;

- (f) review workforce remuneration policies and practices to ensure they are aligned to the culture of the Group and take these into account when setting executive director remuneration;
- (g) review and note on an ongoing basis remuneration trends and employment conditions across the Group;
- (h) Oversee any major changes in employee benefits structures for the Group; and
- (i) review and approve any disclosure and submission CPH or the Group is required to make under PRA or FCA regulations, or those in respect of pay gaps or disparity (such as under the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), and any future regulation that may be applicable.

### 8.3 In items pertaining to CAB:

- (a) determine and recommend the CAB remuneration policy, and any related procedures, and review and approve the policy for directors' remuneration;
- (b) review the remuneration policy at least annually;
- (c) annually, and where required more regularly, consider, and approve the list of all employees identified as material risk takers under the relevant regulatory requirements;
- (d) determine the total individual remuneration package for all material risk takers and other key individuals in accordance with the remuneration policy;
- (e) approve the treatment of any deferred awards and any compensation payments on termination for material risk takers in excess of such employee's entitlement under their contractual terms;
- (f) considering the application of risk adjustment (ex-post and ex-ante) or any other adjustments (individual or collective) based on qualitative and quantitative advice provided by the Risk Committee and Risk function and determine the value of any risk adjustment, including any application of malus and clawback. To consider:
  - (i) the risk-focused advice, information and input provided by the Chief Risk Officer and Risk Committee, as well as other relevant legal and regulatory requirements, when determining the remuneration policy, evaluating incentives created by the remuneration system and making individual assessments under them; and
  - (ii) the risk related input and advice of the Risk Committee and Risk function, including on compliance with regulatory requirements risk weightings to be applied to performance objectives incorporated into executive incentives, when making its assessments.

### 8.4 In items pertaining to both CPB and CAB:

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- (a) design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to the Group’s purpose, values and culture, clearly linked to the successful delivery of the Group’s long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances. The Remuneration Committee must ensure it has appropriate contractual powers to exercise such discretion in place to enable it to do so;
- (b) ensure that no director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board itself should determine the remuneration of the non-executive directors within the limits set in the articles of association (if applicable) and ensure it reflects the time commitment and responsibilities of each non-executive director’s role;
- (c) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Remuneration Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys, or information which it deems necessary at the expense of either of the Companies but within any budgetary restraints imposed by the Board. However, the Remuneration Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- (d) review pension arrangements for each executive director and member of senior management in the context of the approach taken for the wider workforce;
- (e) review the design of all share incentive plans (including any “all employee” plans) for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards and the terms and maximum value of the individual awards for executive directors and senior managers, and the performance measures and targets to be used. In determining the targets, the Committee will take into account advice from the Chair of the Group Risk committee and Risk function;
- (f) ensure that contractual terms on termination are fair to the individual and the Companies, as appropriate, and reflect the principles that poor performance should not be rewarded and departing directors should be obliged to mitigate loss;
- (g) agree the policy for authorising claims for expenses from the directors; and
- (h) work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

The Committee members must act in accordance with the Directors’ Duties as set out in sections 171 – 177 of the Companies Act 2006 (**Act**) when discharging their obligations as set out in these Terms of Reference.

## 9. REPORTING RESPONSIBILITIES

- 9.1 The Committee chair shall report to the respective Board after each meeting on the nature and content of its discussion, recommendations and actions to be taken.
- 9.2 The Remuneration Committee shall make whatever recommendations to the respective Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 9.3 In relation to CPH:
- (a) the annual report on remuneration will be subject to an annual advisory shareholder vote. The remuneration policy shall be voted on by shareholders at least once every three years;
  - (b) the Remuneration Committee shall provide a description of its work in the annual report in line with the requirements of the Code;
  - (c) the Remuneration Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Code (as amended from time to time) and relevant PRA and FCA regulations are fulfilled, and that a report on the directors' remuneration policy and practices is included in the annual report and put to shareholders for approval at the annual general meeting as necessary; and
  - (d) if the Remuneration Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Group or individual directors.

## 10. OTHER MATTERS

The Remuneration Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- (c) give due consideration to all relevant laws and regulations, the principles and provisions of the Code and published guidelines or recommendations regarding the remuneration of CPH directors and the formation and operation of share incentive plans, the provisions of the Code, the requirements of the Listing Rules, Prospectus Regulation Rules Sourcebook, Disclosure Guidance and Transparency Rules Sourcebook, the Market Abuse Regulation, relevant PRA and FCA regulations and guidance, the guidelines published by the Investment Association, ISS and any other applicable rules or investor guidance, as appropriate;
- (d) at least annually, review or participate in a review of its own performance, the results of which shall be presented to the Board; and
- (e) at least annually, review its 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 Remuneration Committee is authorised by each of the Boards to:

- (a) delegate to any subcommittees of the Remuneration Committee any responsibilities of the full committee and to officers of the Companies such responsibilities of the full Remuneration Committee, in each case to the extent permitted by applicable laws, rules or regulations;
- (b) in the event of any investigation relating to any item contained within these Terms of Reference, to oversee such an investigation seek any information it requires from any employee of the Companies in order to perform its duties;
- (c) obtain, at the Companies' expense, independent legal, accounting or other professional advice on any matter if it believes it necessary. The Remuneration Committee is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee and evaluating their performance; and
- (d) invite and request information from any employee at a meeting of the Remuneration Committee as and when required.

Although the Remuneration Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from the executive management's role within the business.

## 12. VERSION HISTORY

Issue No	Version No	Issue Date	Summary of Changes
1	1.0	26 June 2023	Initial document
2	1.1	27.11.2023	Amendment to Initial Document LM