

**Lords Group Trading plc (the "Company")**  
**Remuneration Committee Terms of Reference**

**Constitution**

The Remuneration Committee (**Committee**) was constituted as a committee of the board of directors of Lords Group Trading plc (**Company**)(**Board**) at a meeting of the Board held on 14 July 2021 in accordance with the Articles of Association of the Company.

**Objectives**

The overarching objectives of the Committee are to:

- develop remuneration packages which motivate directors and support the delivery of business objectives in the short, medium and long-term;
- align the interests of the executive team with the interests of long-term shareholders;
- encourage executive and senior team members to operate within the risk parameters set by the Board; and
- ensure that the Company can recruit and retain high-quality executives through packages which are fair and attractive, but not excessive.

**Terms of Reference**

The Committee Terms of Reference have been approved by the Board and are set out below.

**1. MEMBERSHIP**

- 1.1. The remuneration committee of the Company (the "Committee") shall be appointed by the Board of the Company and shall consist of the at least two independent non-executive directors of the Company. The chairperson of the Board of the Company may serve as an additional member of the Committee provided he is independent, but shall not chair the Committee.
- 1.2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods.
- 1.3. The Board of the Company shall appoint the chairperson for the Committee (the "Committee Chair").

**2. SECRETARY**

- 2.1 The Company Secretary (or their nominee) shall act as the secretary of the committee.

**3. QUORUM AND VOTING**

- 3.1 The quorum necessary for the transaction of business shall be any two members of the Committee.
- 3.2 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 3.3 The Committee Chair shall not have a casting vote.

#### **4. FREQUENCY OF MEETINGS**

- 4.1 The Committee shall meet not less than twice a year and at such other times as the Committee shall determine.

#### **5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of 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 invited to attend not less than five working days prior to the date of the meeting. Supporting papers shall be sent to members of the committee, and to other attendees as appropriate, at the same time.

#### **6. MINUTES OF MEETINGS**

- 6.1 The secretary shall prepare and circulate promptly minutes of the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

#### **7. DUTIES**

The Committee shall:

- 7.1 determine the framework or broad policy for the remuneration of the executive directors of the Company, the company secretary (where the company secretary is an employee) and such other members of management as it is designated to consider;
- 7.2 in determining remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the Company without paying more than necessary and align the interests of the executive with long-term shareholders. The remuneration policy shall bear in mind the Company's appetite for risk and be aligned to the Company's long-term strategic goals;
- 7.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 7.4 approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 7.5 review the design of all Share, Bonus & Long-Term Incentive Plans for approval by the Board and determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to directors and the performance targets to be used. The Committee will also approve the overall pool of awards to be made to employees (other than directors) and the broad policy or framework for determining the distribution thereof;
- 7.6 determine the policy for, and scope of, pension arrangements for each director and other senior executives;

- 7.7 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;
- 7.8 within the terms of the agreed policy, determine the total individual remuneration package of the CEO and Chief Financial Officer and any other executive director of the Board from time to time, including bonuses, incentive payments, and other benefits. The positions and individuals subject to this provision may be varied by decision of the Board;
- 7.9 when determining directors' remuneration, take into account the pay and employment conditions across the Company and the wider group, particularly when considering salary increases;
- 7.10 oversee any major changes in employee benefits structures throughout the Company;
- 7.11 produce a suitable remuneration report to be included in the Company's annual report which complies with applicable laws and regulations, the AIM rules and the minimum recommended requirements of the QCA Corporate Governance Code (or such other corporate governance code as the Company may adopt from time to time). The Committee shall additionally consider recommendations for optional enhanced disclosures under the relevant corporate governance code and incorporate those where it considers it appropriate. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company;
- 7.12 ensure appropriate communications with shareholders in relation to remuneration matters outside of the Annual Report;
- 7.13 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 7.14 review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

## **8. REPORTING RESPONSIBILITIES**

- 8.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 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. AUTHORITY**

The Committee is authorised:

- 9.1 to seek any information it requires from any employee or director of the Company in order to perform its duties;
- 9.2 in connection with its duties to obtain, at the Company's expense, any outside legal or other professional advice.

## **10. GENERAL**

- 10.1 The Committee Chair should make themselves available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 10.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.3 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of publicly traded companies and formation and operation of share schemes as appropriate.
- 10.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Adopted by the Board of Lords Group Trading plc on 14 July 2021.