

**VANQUIS BANKING GROUP PLC and VANQUIS BANK Ltd****Remuneration Committee****Terms of Reference****The Company**

each of Vanquis Banking Group plc (the plc) and Vanquis Bank Ltd (VBL). Where these Terms of Reference are used for either the plc and VBL then it shall mean the relevant company only.

**Board**

when used as a joint document, the Boards of both the plc and VBL. Where Terms of Reference are used as either of the plc and VBL then it shall mean the relevant Board only.

**Committee**

when used as a joint document, the Remuneration Committees of both the plc and VBL. Where Terms of Reference are used as either of the plc and VBL then it shall mean the relevant Remuneration Committee only.

**Director**

a director of the Board of each of the plc and VBL.

**Group**

the plc and its subsidiaries as defined by the Companies Act 2006. Should these Terms of Reference be used solely then the same definition shall apply but when used for VBL then this definition shall mean only those subsidiaries of the VBL.

**Major subsidiaries**

the major subsidiaries of the plc are: Vanquis Bank Limited, Moneybarn No 1 Limited and

Moneybarn Limited (together known as “Moneybarn”) and Cheque Exchange Limited.

Provident Financial Management Services Limited and Provident Personal Credit Limited (together known as “CCD”), and Provident SPV Limited (for the CCD Scheme of Arrangement also known as ‘SchemeCo’) are in members voluntary liquidation.

**Material Risk Takers (MRTs)** all employees designated as Material Risk Takers under the PRA Rulebook and any other remuneration regulations as appropriate and as identified in the PFG MRT Identification Criteria Document.

**Relevant Population**

the plc:

- Group and Joint MRTs
  - which includes: Chair; Executive Directors; Company Secretary; Senior Management (ExCo) Control Function Senior Management; and
  - which excludes: all other Non-executive Directors.
- All colleagues across the Group (including those employed by VBL).

VBL:

- Bank MRTs.

**The Code**

The 2018 UK Corporate Governance Code and any later version superseding this version.

**The Policy**

The Group Remuneration Policy.

**The Remuneration Regulations** The remuneration section of the of the PRA Rulebook, the FCA Dual-Regulated Firms Remuneration Code (SYSC 19D), and EBA

Guidelines on sound remuneration policies under Directive 2013/36/EU (July 2021) and disclosures on sound remuneration policies under Articles 74(3) and 75(2) of Article 450 of Regulation (EU) No 575/2013 on 21 December 2015..

## 1. Overview

- 1.1 The Boards and Committees of the plc and VBL have predominantly identical membership and sit jointly on most occasions. The Remuneration Committees of the plc and VBL have identical membership. Where a joint meeting takes place these Terms of Reference for the Committee shall apply. Where the Committees of the plc or VBL sit separately, these Terms of Reference shall apply except where due to statute, regulation or other reasons considered appropriate by the directors/executives they cannot or should not apply.
- 1.2 For the purpose of these Terms of Reference the term 'Articles of Association' shall mean, when the Committee is sitting as a joint Committee, the Articles of Association of each of the plc and VBL. Where the Committee is sitting as either a Committee of the plc or VBL then it shall mean the Articles of Association of the relevant company only.
- 1.3 For the avoidance of doubt reference to shares and share schemes are to shares and schemes of the plc only.
- 1.4 Paragraphs or provisions marked with '\*' are expected to apply primarily to, or require approval by, the Committee of the plc and unless otherwise determined by the Committee that it should also apply to the plc, the paragraphs or provisions marked with a '†' are expected to apply primarily to, or require approval by the Committee of VBL. Such matters are not exclusive and can be amended from time to time on an ad hoc or continuous basis, separate to any agreement to amend these Terms of Reference, provided that a quorum of the

relevant Committee agrees and this derogation is minuted as such.

- 1.5 Where a matter relating to VBL requires VBL Remuneration Committee approval, this matter will not also require approval from the Remuneration Committee of the plc.
- 1.6 The Committee is a committee of the Board and is responsible for the remuneration of the Relevant Population.

## 2. Name

This Committee of the Board shall be known as the Remuneration Committee (the "Committee").

## 3. Membership and attendance

### *Basic membership*

- 3.1 The membership of the Committee shall comprise independent Non-executive Directors.

### *Requirements of membership*

- 3.2 The membership of the Committee shall comprise at least two members who shall be independent Non-executive Directors.
- 3.3 \* The Chair of the Committee will be an independent Non-executive Director and shall have a minimum of 12 months experience serving on a remuneration committee prior to appointment as Chair of the Committee.
- 3.4 The Chair of the Board may serve on the Committee as an additional member if he or she was considered independent on appointment as Chair but shall not be Chair of the Committee.

### *Appointment*

- 3.5 The Chair of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation

with the Chair of the Committee.

- 3.6 In the absence of the Chair of the Committee at a committee meeting, the remaining members present shall elect one of themselves (other than the Chair of the Board) to chair the meeting.

#### *Attendance*

- 3.7 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chair of the Committee to attend all or part of any meeting, as and when appropriate and necessary.
- 3.8 No individual shall be present when his or her own remuneration is being discussed.

#### 4. Secretary

- 4.1 The Company Secretary, or his or her nominee in consultation with the Committee Chair, shall act as the Secretary of the Committee.

#### 5. Quorum

- 5.1 The quorum necessary for the transaction of business will be two members in attendance.
- 5.2 Meeting attendance may be in person or remotely, by means of telephone or video link.

#### 6. Meetings

##### *Frequency*

- 6.1 Meetings will be held at least three times a year and otherwise as required at appropriate intervals.

### *Notice*

- 6.2 Meetings of the Committee shall be called by the Committee Secretary at the request of the Chair of the Committee or any of the members of the Committee.
- 6.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and the relevant supporting papers, shall be made available to each member of the Committee and any other person required to attend (as appropriate), as soon as reasonably practical and at least five working days before the date of the meeting.

### *Voting and conflicts*

- 6.4 The members of the Committee, at the beginning of the meeting, shall declare the existence of any conflicts arising and the Committee Secretary shall minute them accordingly.
- 6.5 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by a majority, with the Chair of the Committee having the casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote is taken, can ask for his or her dissent to be noted in the minutes.

### *Minutes*

- 6.6 The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.7 Draft minutes of Committee meetings shall be agreed with the Committee Chair.
- 6.8 Once finalised, minutes will be made available to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chair.

6.9 Final signed copies of the minutes of meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

7. Engagement with Shareholders

7.1 The Chair of the Committee (or his/her nominee) shall attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

7.2 In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's area of responsibility, as and when required.

8. Duties

The Committee is responsible for the following (for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate):

8.1 Setting and recommending to the Board the (i) \*Directors Remuneration Policy and (ii) the Policy in accordance with the Principles and Provisions of The Code and The Remuneration Regulations covering salary/fees, benefits, pension rights and incentives as well as compensation payments;

8.2 \*When determining Directors' Remuneration Policy having regard to the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;

8.3 Ensuring the remuneration policies and practices are designed to support strategy and promote the long-term sustainable success of the businesses in alignment with shareholders and other stakeholders and the public interest;

8.4 \*Reviewing the ongoing appropriateness and relevance of the Directors' Remuneration Policy and the Policy and making changes as considered necessary;

8.5 Determining and approving the remuneration packages for all MRTs

(Group, Joint and Bank) excluding Non-executive Directors, including:

- a. The terms of any service agreement or letter of appointment or similar setting out the provision for remuneration payments, payments for loss of office and triggers for malus and/or clawback, working with the Nomination Committee as necessary;
  - b. Salary/fee levels and salary/fee increases;
  - c. Benefits packages;
  - d. Pension rights; and  
Incentive arrangements (including the exercise of discretion where appropriate).
- 8.6 \*Reviewing the design of any share incentive plans, for approval by the Board and shareholders and ensuring that the plans enable the use of discretion and contain provisions, where appropriate, that would enable the Group to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- 8.7 Establishing performance conditions for incentive arrangements for the Relevant Population and reviewing performance against the set performance targets, including targets relating to customers, colleagues, community, environment and culture;
- 8.8 \*Setting the overall parameters for annual salary reviews and bonus plans of the Group employees, including Group annual bonus levels and arrangements and allocation of annual bonus pool;
- 8.9 Approving the proposed annual incentive payments to each MRT and the overall level of payment under the annual bonus scheme;
- 8.10 Approving the proposed equity awards for each Relevant Population and \*overseeing the overall shareholder dilution from equity schemes;
- 8.11 Considering the application of any proposed risk adjustment (ex-post and ex-ante) or any other variable pay adjustment (individual or collective) based on qualitative and quantitative advice provided by the Risk Committee as part of the Group Risk Adjustment Framework,



and determine the value of any risk adjustment, including any application of malus and clawback, in relation to the Relevant Population;

- 8.12 Exercising discretion to override formulaic outcomes where these do not reflect the underlying corporate performance or individual performance and invoking malus and/or clawback if circumstances indicate this is appropriate;
- 8.13 Approving severance payments, in line with the \*Directors' Remuneration Policy and/or the Policy in relation to the Relevant Population;
- 8.14 \*Reviewing annually the shareholdings of the Executive Directors in the context of the Share Ownership Policy;
- 8.15 \*Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture and having regard to the remuneration trends across the Group when setting Directors' Remuneration Policy;
- 8.16 Overseeing any major changes in employee reward and benefits structures, as described in the Group Reward Framework;
- 8.17 Overseeing the central and independent annual review of the Policy, \*the Directors Remuneration Policy and their implementation undertaken by Internal Audit to ensure full compliance with the relevant regulations, regulatory expectations and Group policies;
- 8.18 Reviewing and approving annually the issuance of a report on the Gender Pay Gap and consider the Group's pay equality position on at least an annual basis, working with the Nomination Committee, which has primary responsibility to oversee diversity and inclusion, to review improvement opportunities and ensure that meaningful steps are taken to identify, eliminate and rectify any identified gaps.

- 8.19 Reviewing and approving the MRT Identification Criteria Document and associated process for identifying MRTs under The Remuneration Regulations;
- 8.20 Approving the resultant list of all MRTs on an annual basis and any individual roles which are proposed to be excluded from the list, including any notification to and/or approval request to the PRA and FCA.

### **Audit / Review**

- 8.21 Reviewing the on-going appropriateness, effectiveness and relevance of the remuneration policy, strategy and methodology in setting the variable pay in order to ensure they support sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk;
- 8.22 Reviewing the Group Risk Adjustment Framework to ensure it takes into account all types of current and future risks, liquidity and capital levels and that the framework is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the company;
- 8.23 Ensuring the other relevant internal corporate functions (i.e. human resources, legal), as well as other key supervisory function committees (i.e. audit, risk and nominations committees), are closely involved in reviewing the remuneration policies of the institution in order to ensure alignment with the institutions' risk management strategy and framework;
- 8.24 Receiving periodic reports from Risk, Finance and People shared service (HR) on scenario analysis undertaken to determine how the remuneration policies and practices react to external and internal events, and back-test the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes;

- 8.25 Ensuring the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration.

## **Disclosures**

- 8.26 The Committee shall ensure that:

- a. \*the requirements for the disclosure of information relating to Directors' remuneration, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code are fulfilled and prepare a Directors' Remuneration Report each year for approval by shareholders at the Annual General Meeting. The Directors' Remuneration Report shall include the Directors' Remuneration Policy when it is being put to binding shareholder vote at the Annual General Meeting; and
- b. the requirements for remuneration disclosure as set out in The Remuneration Regulations are fulfilled; review and approve the relevant disclosures and submissions to the PRA and FCA.

- 8.27 \*If the Committee has appointed remuneration consultants, the Directors' Remuneration Report shall identify such consultants by name and state whether they have any other connection with the Group or individual directors in the annual report.

## 9. Reporting responsibilities

- 9.1 The Committee Chair shall formally report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat, People shared service (HR) and independent control functions for advice and assistance as required;
- 10.2 be exclusively responsible for establishing the selection criteria, and the selecting, appointing and setting of the terms of reference for any remuneration consultants who advise the Committee;
- 10.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.4 give due consideration to all relevant laws and regulations, in particular, the directors' duties contained in the Companies Act 2006, the provisions of the Code and published guidance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, the Prudential Regulation Authority and the Financial Conduct Authority's Senior Managers and Certification Regime and any other applicable rules, as appropriate;
- 10.5 oversee any investigation of activities which are within this terms of reference;
- 10.6 work and liaise as necessary with all other Board committees; and
- 10.7 arrange for periodic reviews of its own performance and, at least annually, 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.

11. Authority

11.1 The Committee has delegated authority from the Board in respect of

the functions and powers set out in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee;

11.2 The Committee Chair is authorised to request remedial action be taken in relation to any matter, within the Committee’s Terms of Reference, which the Committee Chair considers has not been addressed promptly or sufficiently.

The Committee is authorised to:

11.3 seek any information it requires from any employee of the Group in order to perform its duties;

11.4 obtain, at the Group’s expense, independent legal or other professional advice on any matter within its terms of reference it believes it necessary to do so, providing the cost of the advice in relation to a specific matter this does not exceed £20,000 (exclusive of VAT). Should it exceed this figure, approval from Board is to be obtained in advance;

11.5 call any employee to be questioned at a meeting of the Committee as and when required; and

11.6 have the right to publish in the Company’s annual report, details of any issues that cannot be resolved between the Committee and the Board.

12. Change Control

<b>Date</b>	<b>V</b> .	<b>Changes Made</b>	<b>Approved By</b>
July 2018		Refresh in line with best practice	

January 2019		Change to align with 2018 UK Corporate Governance Code	Board
March 2020		Minor amends to reflect change in external reporting	Board
June 2020		Minor amends to reflect the Gender Pay Gap reporting	Board
December 2021		Amends to reflect combination of PF plc and VBL Remuneration Committees and to reflect external regulatory requirements	Committee
March 2023		Updated for change of plc name and Consumer Duty	None required
January 2024		Updated to reduce minimum membership to two and remove requirement to have member of Audit Committee	Board
February 2024		Updated to reflect the cessation of the CCE and the passing to the Remuneration Committee of the relevant responsibilities	Board

## **ADDENDUM**

### **Factors to be considered**

The purpose of this document is to capture, in one place, the factors that the Committee may wish to consider in discharging its responsibilities, such as when determining and reviewing remuneration policy and practices and when setting remuneration levels.

Factors to be considered include:

- (i) the need to promote the long-term sustainable success of the Company without paying more than is necessary;
- (ii) having regard to the views of shareholders and other stakeholders as well as the public interest;
- (iii) ensuring that executive directors and senior managers are rewarded in a fair and responsible manner and are provided incentives to encourage enhanced performance and are rewarded for their individual contributions;
- (iv) the need to attract, retain and motivate senior management of the quality required to run the Group/Company successfully without paying more than necessary, having regard to views of the shareholder and other stakeholders;
- (v) the purpose, business strategy, culture and corporate objectives of the Company, ensuring that remuneration policy and practice is linked explicitly to the delivery of the Group and Company strategy and long term performance of the Group, and reflects and supports the long-term strategy, objectives, values and interests of the Company;
- (vi) having regard to the risk appetite of the Group and Company and alignment to the Group's/Company's long-strategic term goals and promotion of sound and effective risk management;
- (vii) the need for a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group/Company;
- (viii) ensuring reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based

incentive plans, are identified and mitigated;

- (ix) avoiding complexity and ensure that the rationale and operation of them is easy to understand;
- (x) aligning decisions to the culture of the Group/Company and be consistent with the Group's purpose, values and strategy;
- (xi) that all relevant legal and regulatory requirements, the provisions and recommendations of The Remuneration Rules, The Code, the FCA Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, ISS and the Pensions and Lifetime Savings Association and any other associated guidance, as appropriate;
- (xii) the Remuneration Regulation requirements for remuneration policy and practices of clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- (xiii) ensuring that there should be an appropriate balance between fixed and performance-related, immediate and deferred remuneration
- (xiv) ensuring that performance conditions, including non-financial metrics when appropriate, should be relevant, stretching, fair and designed to promote the success of the Company and Group; and
- (xv) the performance and conduct of the individual.