

SHAWBROOK GROUP PLC
REMUNERATION COMMITTEE
TERMS OF REFERENCE

The following are the terms of reference of the Remuneration Committee (the “**Committee**”) of Shawbrook Group plc (the “**Company**”) and its subsidiaries (together, the “**Group**”). References to the “**Parent**” refer to Marlin Bidco Limited and reflect the Framework Agreement between the Company and the Parent.

1. Chair

- 1.1 The Board shall appoint the Chair of the Committee (the “**Chair**” or “**Committee Chair**”), who shall be an independent non-executive director (but not the Chair of the Board) who has ordinarily served on a remuneration committee for at least 12 months.
- 1.2 In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one member who is an independent non-executive director to chair the meeting. The Chair of the Board shall not chair the Committee.

2. Membership

- 2.1 The Committee shall be appointed by the board of Directors of the Company (the “**Board**”), subject to the Framework Agreement¹ and shall comprise at least three independent members. The Chair of the Board can serve as a member of the Committee, but not as Committee Chair. Appointments to the Committee shall be for a period of three years which may be extended for up to two additional three-year period, provided members (other than the Chair of the Board, if they are a member) continue to be independent.
- 2.2 The Institutional Directors shall be members of the Committee.

3. Attendance

- 3.1 Only members of the Committee have the right to attend Committee meetings. However, the Committee may at its discretion invite other individuals to attend meetings. In particular, the Chief Executive Officer, the Chief People and Marketing Officer and Chief Risk Officer may be invited to attend.

4. Quorum

- 4.1 Any two members, one of whom must be an independent non-executive director.
- 4.2 A duly convened and quorate meeting of the Committee shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Voting Arrangements

- 5.1 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.
- 5.2 Except where they have a personal interest, the Chair of the Committee shall have a casting vote.

6. Frequency of meetings

- 6.1 The Committee shall meet at least four times a year and at such other times as required. Meetings may be convened by telephone or other electronic means (as agreed) when necessary.

7. Secretary

- 7.1 The Company Secretary, or their nominee, shall act as Secretary of the Committee unless the Committee determines otherwise and shall attend each meeting.

8. Notice of meetings

- 8.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members.

¹ In the case of a conflict, the terms of the Framework Agreement shall prevail.

- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, will be forwarded to each Committee member and any other person required to attend no later than five business days prior to the meeting. An agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and to other attendees as appropriate, at the same time.
- 8.3 The notice period for a meeting may be reduced to consider urgent business on receipt of shareholder consent. In these cases, at least 24 hours' notice will be provided with an accompanying agenda and papers for the meeting.

9. Main Responsibilities

The Committee will be responsible for:

- 9.1 determining, for recommendation to the Board and Parent, the Group's overall remuneration policy, including the directors' remuneration policy. The objectives of such policy shall be:
- (A) to support the business strategy and promote the long-term sustainable success of the Group, with remuneration aligned to Group purpose and values and clearly linked to the successful delivery of the long-term strategy as well as the need to promote effective risk management; and
 - (B) to attract, retain and motivate the talent required to run the Group successfully, rewarding, in a fair and responsible manner, individual contributions to the success of the Group without paying more than is necessary, and having regard to the views of shareholders and other stakeholders.

In determining this policy, the Committee shall take into account all factors it deems necessary, including relevant legal and regulatory requirements, including the provisions of the Remuneration Part of the Prudential Regulation Authority's Rulebook, as well as SYSC 19D within the Financial Conduct Authority's Handbook (the "**Remuneration Code**").

- 9.2 determining, within the terms of the agreed policy, the requirements of the Remuneration Code and in consultation with the Chair of the Board and / or the Chief Executive Officer as appropriate, the total individual remuneration package for the Chair of the Board, the executive directors, and Material Risk Takers, including salary, incentive payments (both annual bonus and long-term incentive), pension, other benefits in kind that do not form part of the Group's standard proposition, and any material amendments to any of their respective service agreements.
- 9.3 ensuring that Material Risk Takers in Control Functions are remunerated independently from the performance of the business areas they oversee.
- 9.4 subject to paragraph 9.5 below, approving the design of any variable incentive schemes operated by the Group. For such plans, determine whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and other Material Risk Takers, the relevant performance criteria and targets to be used, and the application of risk adjustment (including malus and clawback). The Committee shall ensure any performance-related elements of the policy are transparent, stretching and rigorously applied.
- 9.5 determining, for recommendation to the Board and Parent, any allocations of any shares or awards under other equity-based incentives or long-term incentive plans of the Group.
- 9.6 determining the policy for and scope of service agreements, recruitment arrangements and termination payments for executive directors and other Material Risk Takers. The Committee shall ensure that contractual terms on termination are observed, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 9.7 ensuring that the Group's remuneration policies and procedures do not promote excessive risk taking and are aligned with the Group's overall corporate governance framework, corporate culture, risk appetite and the related governance processes, and consider liquidity and capital levels (including ensuring that the policies should support the Group in maintaining a sound capital base).
- 9.8 when determining executive director remuneration policy and practices, consider the UK Corporate Governance Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

- 9.9 working with and seeking advice from the Board's Risk Committee and the Chief Risk Officer, as appropriate, in relation to risk management considerations pertaining to remuneration, including advice on the measurement of performance in the context of incentives and the application of risk adjustment, including malus and clawback. The Chief Risk Officer will produce an independent annual report for presentation to the Committee in relation to this topic.
- 9.10 exercising independent judgement and discretion when determining remuneration awards, taking account of Group and individual performance, and wider circumstances. The Committee shall have the authority to approve the reduction of variable remuneration to zero if thought appropriate.
- 9.11 approving the Material Risk Taker identification methodology and process and overseeing its implementation on an ongoing basis, as part of the overall remuneration policy, with input from the Board Risk Committee. This includes approving the list of Material Risk Takers and any exclusions under the regulations at least annually.
- 9.12 reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the remuneration policy for executive directors and the Material Risk Takers of the Group. The Committee will ensure that there is engagement with employees on executive pay, taking any views received into account when determining the directors' remuneration policy.
- 9.13 overseeing any major changes in employee benefit structures throughout the Group.
- 9.14 agreeing the policy for authorising claims for expenses from the directors.
- 9.15 considering reliable, up-to-date information about remuneration in other companies and market practice generally. The Committee shall have full authority to appoint remuneration consultants and/or commission any reports or surveys which it deems necessary at the expense of the Group but within any budgetary restraints imposed by the Board. The Committee however will avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 9.16 ensuring that the Group's remuneration policies and procedures, are, at least annually, subject to central and independent internal review to ensure compliance with relevant legal and regulatory requirements.
- 9.17 periodically reviewing the overall appropriateness and relevance of the Group's remuneration policies and procedures and recommending any changes to the Board and Parent for approval.
- 9.18 working and liaising with other Board committees as required, ensuring the interaction between committees and with the Board is reviewed regularly. In particular, the Committee shall liaise with the Nominations Committee to ensure that the remuneration of newly appointed executive directors is within the Group's overall remuneration policy. If any part of the remuneration for a newly appointed executive director is outside the remuneration policy, then it will be subject to Parent approval.
- 9.19 no individual shall be involved in any decision as to their own remuneration. The remuneration of non-executive directors shall be a matter for the Chair of the Board and the executive directors subject to the constraints contained in the Company's Articles of Association and the Framework Agreement.

10. Governance and resources

The Committee shall:

- 10.1 have access to sufficient resources to carry out its duties, including access to the Company Secretariat for assistance as required.
- 10.2 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.
- 10.3 give due consideration to, and receive periodic updates on, all relevant laws and regulations, as well as any published guidelines or recommendations regarding directors' remuneration and the formation and operation of share schemes including but not limited to:

- (A) the provisions included in the Framework Agreement (which in the case of any dispute, the terms of the Framework Agreement shall apply).
- (B) the provisions of the Remuneration Code and other relevant provisions of the PRA Rulebook and the Financial Conduct Authority Handbook.
- (C) the provisions of the UK Corporate Governance Code.
- (D) any other regulatory requirements including any applicable rules and guidance issued by regulatory bodies.

10.4 oversee any investigation of activities which are within its terms of reference.

10.5 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 for approval.

10.6 make available the Committee's terms of reference on the Company's website.

The Committee is authorised by the Board (subject to the terms of the Framework Agreement) to:

10.7 obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference and invite those persons to attend meetings of the Committee where required.

10.8 set the terms of reference for any remuneration consultants appointed. Where remuneration consultants are appointed a statement shall be made available (and included in the annual report) as to whether they have any other connection with the Group.

10.9 seek any information that it requires from any Group employee or contractor in order to perform its duties, including, if required, inviting any Group employee or contractor to be questioned at a meeting of the Committee.

11. Reporting

11.1 The Committee Chair shall report to the board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

11.2 The Committee shall make whatever recommendations to the Board and Parent 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.

11.3 The Committee shall ensure that all remuneration record-keeping and disclosure requirements, including those set out in the Remuneration Code and the Capital Requirements Regulations as incorporated into UK law, are fulfilled. The Committee shall also approve the contents of the annual Remuneration Policy Statement for the regulators and, through the Committee Chair, be available to meet with the regulators to discuss the remuneration policy and related points, as required.

11.4 The Committee shall review and recommend a Directors' Remuneration Report (DRR) to be included in the Group's Annual Report and Accounts. The Committee shall also provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.

These terms of reference were reviewed and approved by the Board and Parent on 22 March 2022.

APPROVAL RECORD

Approval Body	Approval Date	Details
Shawbrook Group/Bank Board	June 2014	Adopted by Board
Shawbrook Group/Bank Board	20 March 2015	Adopted by Board
Shawbrook Group/Bank Board	4 April 2017	Adopted by Board
Marlin Bidco/ Board	4 September 2018	Adopted by Board/Parent
Shawbrook Group/Bank Board/Parent	16 March 2021	Adopted by the Board/Parent
Shawbrook Group/Bank Board/Parent	22 March 2022	Adopted by the Board/Parent