

The Remuneration Committee (the "Committee") has been established by the board of directors (the "Board") of Mattioli Woods plc (the "Company" or the "Group") as a committee of the Board.

## **1 PURPOSE**

- 1.1 The purpose of the Committee is to oversee the establishment and implementation of a remuneration policy for employees and directors, which is designed to support long term business strategy and values of the Group, as well as promote effective risk management and comply with applicable legal and regulatory requirements. It will review performance and approve remuneration arrangements as set out within its terms of reference.
- 1.2 The Committee may sub-delegate any of its powers and authority as it sees fit, including, without limitation, through the establishment of sub-committees to consider particular issues and report back to the Committee.

## **2 COMMITTEE COMPOSITION**

- 2.1 Membership will be made on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee.
- 2.2 The Committee shall have at least two members, both of whom shall be independent non-executive directors. The Chair of the Board may also serve on the Committee if they were considered independent on appointment.
- 2.3 Only members of the Committee shall have the right to attend meetings. Membership is personal to the position holder and cannot be delegated.
- 2.4 Membership shall be for a period of three years, which may be extended for up to two additional three-year periods, provided the member still meets the criteria for membership of the Committee.
- 2.5 The Committee's Chair shall be appointed by the Board and shall be accountable for the effective operation of the Committee, the appointee shall have served on a remuneration committee for at least 12 months.
- 2.6 In the absence of the Committee Chair, their deputy, or in their absence the remaining members shall elect an independent non-executive director to chair that particular meeting. The Chair of the Board shall not be the Chair of the Committee.
- 2.7 Other individuals may also be invited to attend all or part of any meeting as and when the Chair deems appropriate and necessary.
- 2.8 Regular invited attendees are likely to be, but are not limited to, Chief Executive Officer, Chief Financial Officer, the Group Operating Officer and a representative HR expert.

## **3 MEETINGS**

- 3.1 The secretary of the Committee shall be the Company Secretary or such other person as the Committee may appoint.
- 3.2 The Committee shall meet at least twice annually. The Chair has the discretion to cancel, reschedule or call additional meetings as required. Meetings shall be called by the Secretary at the request of its Chair or any of its members.
- 3.3 Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.
- 3.4 A quorum for the Committee shall be two members.
- 3.5 The agenda for each meeting shall be approved by the Chair. Notice of each meeting, together with an agenda of items to be discussed shall be forwarded to each Committee member, and any attendees, no later than 5 working days before the meeting. Supporting papers shall be sent to Committee members, and other attendees as appropriate, at the same time.
- 3.6 The Secretary shall prepare formal minutes for every meeting capturing key issues raised and any decisions/approvals made/granted by the Committee.

#### **4 RESPONSIBILITIES**

No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.

The Committee shall:

- 4.1 Determine and recommend to the Board the policy for remuneration across the Group, which shall support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, bearing in mind the Company's appetite for risk.
- 4.2 In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- 4.3 When determining director remuneration policy and practices, the Committee shall aim to achieve clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. A significant proportion of remuneration should be structured so as to link reward to corporate and individual performance and the remuneration policy should enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share

awards under appropriate specified circumstance.

- 4.4 When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the Company and Group, especially when determining salary increases.
- 4.5 The Committee shall ensure that the remuneration policy promotes the alignment of the long-term interests of shareholders and employees, by requiring directors and senior management, where appropriate, to maintain a holding in the Company's shares.
- 4.6 Review the ongoing appropriateness and relevance of the remuneration policy.
- 4.7 Review the design of all performance related pay or share incentive 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 payment or amount of such awards, the individual payments or awards for executive directors and senior managers, and the performance targets to be used.
- 4.8 Determine the policy for, and the scope of, pension arrangements for each executive director and senior management.
- 4.9 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director, the Company Chair and senior managers including bonuses, incentive payments and share options or other share awards. The Committee shall consider input from the Risk & Compliance Committee when considering performance related elements of remuneration.
- 4.10 Assess the remuneration paid by other AIM listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive directors' remuneration is appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies.
- 4.11 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.
- 4.12 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 the company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 4.13 Review workforce remuneration and related policies annually.
- 4.14 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 4.15 Consider other matters relating to the remuneration of or terms of employment applicable

to the executive directors that may be referred to the Committee by the Board.

- 4.16 Consider and recommend for approval by the Board any changes to the remit of the Employee Benefit Trust.
- 4.17 Approve the policy for director's expenses.

## **5 SHAREHOLDER ENGAGEMENT**

- 5.1 The Chair of the Committee shall attend the Company's Annual General Meeting ("AGM"), prepared to respond to any shareholder questions on the Committee's activities and responsibilities.
- 5.2 Through the Chair of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **6 REPORTING RESPONSIBILITIES**

- 6.1 The Chair shall report to the Board on the Committee's proceedings on all matters within its accountabilities and responsibilities and the minutes for all Committee meetings shall be included in the papers for the subsequent Board meeting.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for Board discussion when necessary.
- 6.3 The Committee Chair shall make a statement in the Company's Annual Report about the activities of the Committee.
- 6.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (directors' Remuneration Policy and directors' Remunerations Report) Regulations 2019 and the QCA Corporate Governance Code are fulfilled, and that a report on the Company's remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.
- 6.5 If the 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 Company or individual directors.

## **7 OTHER MATTERS**

- 7.1 The Committee shall:
  - 7.1.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretary for advice and assistance as required.
  - 7.1.2 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.
  - 7.1.3 Give due consideration to all relevant laws and regulations, the provisions of the QCA Corporate Governance Code and associated guidance, the requirements of the

London Stock Exchange plc, AIM Rules for Companies, the Market Abuse Regulations (to the extent applicable) the Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

- 7.1.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 7.1.5 At least annually, review the Committee's 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.
- 7.2 The Committee is authorised by the Board to:
  - 7.6.1 investigate any activity within its terms of reference;
  - 7.6.2 seek any information 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;
  - 7.6.3 obtain outside legal or other independent professional advice at the Company's expense; and
  - 7.6.4 instruct external professional advisers to attend any meeting if it considers this necessary or appropriate.
- 7.3 The Committee will consider reports or topics, as may be requested by the Board;
- 7.4 The Committee will perform oversight functions as requested by the Board.
- 7.5 The Committee shall make available these terms of reference and include the information on the Company's website.

These terms of reference were adopted on 22 May 2020.