

Remuneration & Nomination Committee

Terms of Reference

Date: September 2026

REMUNERATION & NOMINATION COMMITTEE

TERMS OF REFERENCE

PURPOSE

1. The Remuneration & Nomination Committee (**the Committee**) is a sub-committee of the Board. The purpose of the Committee is to assist the Board in fulfilling its responsibilities in respect of remuneration, nomination and governance matters ensuring that:
 - 1.1 the Company's remuneration policies, practices and incentive arrangements support the long-term success of the Company and are aligned with its purpose, strategy, values, culture, risk appetite and stakeholder interests;
 - 1.2 remuneration arrangements promote effective risk management and comply with applicable legal, regulatory and governance requirements;
 - 1.3 the Board and senior leadership comprise individuals with the appropriate balance of skills, experience, independence, diversity and capability to support the Company's current and future strategic objectives;
 - 1.4 succession planning is maintained for the Board, Senior Managers and other key leadership roles; and
 - 1.5 effective governance arrangements are reviewed and maintained.

DEFINITIONS

Board	the board of directors of the Company
Board Chair	the chair of the Board
Committee	Remuneration and Nomination Committee
Committee Chair	The chair of the Committee
Company	Distribution Finance Capital Holdings PLC
Directors	the directors of the Company and "Director" means any one of them
Group	the Company and its subsidiaries
INEDs	The independent non-executive directors of the Company and "INED" means any one of them
QCA Code	the QCA Corporate Governance Code (2023).

AUTHORITY

2. The Committee is authorised by the Board to:
 - 2.1 investigate any activity within its terms of reference;
 - 2.2 obtain any information it reasonably requires from any employee, officer or contractor of the Group;
 - 2.3 obtain external legal, accounting or other professional advice at the expense of the Company, noting this to the Board; and
 - 2.4 make recommendations to the Board on matters within its responsibilities.

CHAIR

3. **Appointment of Chair:** The Board shall appoint the Committee Chair who shall be an independent non-executive director approved by the FCA and PRA as SMF12 and SMF13. In the absence of the Committee Chair and/or the appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
4. The Committee Chair should make themselves available at each annual general meeting of the Company to answer questions concerning the Committee's work.
5. **Chair Responsibilities.** The Committee Chair shall be responsible for:
 - (a) leading the Committee and ensuring its effective operation;
 - (b) setting the Committee agenda and facilitating effective discussion and challenge;
 - (c) reporting all decisions of the Committee and any significant issues in relation to the remuneration, nomination and governance matters formally to the Board;
 - (d) ensuring that the Committee addresses all of the tasks delegated to it; and
 - (e) lead the annual review of the Committee's effectiveness
6. The Committee will allow sufficient time and resources for the Committee Chair to deal with matters relating to the discharge of any individual responsibilities allocated to them under the Senior Managers Regime.
7. The Committee Chair shall report to the Board following each meeting on matters discussed, key decisions taken under delegated authority, recommendations requiring Board approval and any significant issues within the Committee's remit. Unless otherwise required by the Board, approved Committee minutes or verbal read across of minutes (where meetings are held in close succession) may serve as the primary reporting mechanism.

MEMBERS

8. The members of the Committee shall be:

Members	Chair	Deputy Chair
Independent Non-Executive Chair INED	Independent Non-Executive Chair	INED

9. **Appointment of Committee members:** The members of the Committee shall be appointed by the Board on the recommendation of the Committee in consultation with the Committee Chair. The following are requirements for membership of the Committee:
 - 9.1 **Membership:** a minimum of 3 members (of which the majority shall be Senior Managers under the FCA/PRA regime). It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.

- 9.2 Independence:** to the Committee shall comprise only of INEDs one of which shall be a member of the Board Risk Committee;
- 9.3 General experience:** The committee as a whole shall have competence relevant to the sector in which the Company operates;
- 9.4 Tenure:** subject to annual re-election of directors at the Company's annual general meeting and subject to annual review of the Committee composition, appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional three-year periods, provided the members (other than the Chair of the Board, if they are a member of the Committee) continue to meet the criteria for membership of the Committee.
- 10. Other attendees at meetings:** the following persons are invited to the Committee by standing invite:

Invited Attendees
Chief Executive Officer Chief Sustainability and People Officer/ People Director Company Secretary/Assistant Company Secretary

- 10.1** Any other persons are invited to the Committee by prior arrangement with the Committee Chair of the Committee with input from the CEO (based on the subject of discussion and where performance is discussed).

QUORUM

- 11.** The quorum shall be any 2 members, comprised of the Chair plus one other INED.

SECRETARY

- 12.** The Company Secretary or their nominee shall be secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 13.** The Secretary will keep minutes of the proceedings and resolutions. Draft minutes shall be circulated promptly to the Committee Chair and subject to all members of the Committee for their review.

RESPONSIBILITIES

- 14.** The Committee shall, on behalf of the Board oversee the matters set out below and make recommendations to the Board where appropriate. In addition, reference should be made to the Board Reserved Matters and Delegated Authority Schedule:
- 15. Remuneration**
- 15.1** Determine and agree with the Board the framework or approach for the remuneration of the Board Chair, Chief Executive Officer, Executive Directors, the Company Secretary, and such other employees (as designated in the Company's Remuneration Policy).
- 15.2** Ensure that no director or employee is involved in decisions as to their own

remuneration.

- 15.3** Review the Remuneration Policy and ensure it remains aligned with the Company's strategy, purpose, culture and risk appetite.
- 15.4** Receive advice from Board Risk Committee and determine accordingly whether remuneration structures support prudent and effective risk management and do not encourage excessive risk-taking. The Committee shall consult, as necessary, with other Board committees when setting performance measures, incentive targets or determining outcomes, including to ensure that outcomes are aligned with risk management, internal controls, conduct, customer outcomes, culture and sustainability matters relevant to the Company's strategy.
- 15.5** Determine the composition and structure of the remuneration packages for Executive Directors, Senior Leadership and Senior Managers (and other designated employees), including o fixed pay, annual incentives, long-term incentives, share awards and benefits except where such authority is delegated in accordance with the Remuneration Policy.
- 15.6** Ensure remuneration arrangements are consistent with the delivery of good customer outcomes, encourage employees to act within approved risk parameters and the Company's obligations under applicable regulatory requirements, including Consumer Duty where relevant.
- 15.7** Approve the design, operation and performance measures of annual incentive or performance related remuneration schemes operated by the Company.
- 15.8** Review and recommend to the Board for approval the design of any share incentive plans and determine performance periods, performance measures and award outcomes.
- 15.9** Review and approve any material changes to pension arrangements.
- 15.10** Review and approve any significant changes to the employee benefit arrangements.
- 15.11** Ensure that contractual terms on termination and any related payments for Executive
- 15.12** Directors, Senior Managers and Material Risk Takers are fair, proportionate and compliant with applicable legal and regulatory requirements
- 15.13** Review and approve any exceptions to standard contractual treatment of leavers relating to Senior Leadership.
- 15.14** Review and approve the Company's policy relating to expenses claims by the Chair and Chief Executive Officer.
- 15.15** Review remuneration trends across the Company and consider their implications for remuneration policy and governance.
- 15.16** Oversee the appointment, independence, effectiveness and terms of engagement of any remuneration consultants engaged by the Committee.

16. Board Composition and Succession Planning

- 16.1** Review on an annual basis the structure, size, composition and effectiveness of the Board and Board Committees.
- 16.2** Keep under review the balance of skills, knowledge, experience, diversity and independence required of the Board having regard to current and future strategic priorities, risk profile, regulatory expectations, sustainability, cyber security, emerging technology, consumer finance and other areas relevant to the Group's business model.
- 16.3** Maintain oversight of a Board skills matrix and succession planning framework.
- 16.4** Oversee succession planning for the Chair, Executive Directors, Non-Executive Directors, Senior Leadership and other key leadership roles identified as critical to the continued operation of the Group, and considering both planned and unplanned departures.
- 16.5** Keep under review the leadership development needs of the organisation, both executive and non- executive.
- 16.6** Monitor developments affecting the Company and the market in which it operates to inform succession and Board composition planning.
- 16.7** Identify and nominate candidates for appointment to the Board and, make

recommendations to the Board regarding such appointments. Before any recommendation on such appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board.

- 16.8** Oversee Board recruitment processes and ensure appointments are made against objective criteria and on merit, while recognising the benefits of diversity and inclusion.
- 16.9** Review and approve role specifications for Board appointments, including the appointment of the Chair.
- 16.10** Review and manage actual, potential and perceived conflicts of interest relating to Board appointments.
- 16.11** Ensure that Non-Executive Directors receive appropriate letters of appointment and induction arrangements.
- 16.12** Review annually the performance, contribution and time commitment of Non-Executive Directors.
- 16.13** Review the findings of the Board effectiveness reviews that relate to the composition of the Board, succession planning and Committee responsibilities.
- 16.14** Oversee, and report to the Board on, the annual evaluation of the Committee's own performance and any matters arising from the Board performance review which relate to the Committee's remit, including opportunities for improvement, development needs and succession planning implication.
- 16.15** Keep under regular review any authorisations granted by the Board in connection with a directors' conflict of interest.
- 16.16** Review and recommend to the Board the Company's policy on diversity and inclusion

17. Governance and Reporting

- 17.1** Review and recommend to the Board, the Remuneration Committee report for inclusion within the Annual Report and Accounts.
- 17.2** Provide oversight of remuneration-related disclosures and ensure compliance with applicable legal, regulatory and governance requirements.
- 17.3** Ensure that all legal and regulatory requirements regarding disclosure of information, and those set out in the QCA Code, are fulfilled,
- 17.4** Oversee the preparation of any remuneration, governance, succession or Board composition disclosures required for inclusion in the Annual Report and Accounts or other regulatory reporting.
- 17.5** Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. Including recommendations on:
 - (a) succession planning for Executive and Non-Executive Directors and in particular for the key roles of Chair and Chief Executive;
 - (b) appointment of the Senior Independent Director (iii) membership of the Board Committees;
 - (c) the appointment, re-appointment and re-election of Directors;
 - (d) any matters relating to the continuation in office of any director at any time; and
 - (e) the appointment of any director to executive or other office.
- 17.6** Reviewing key frameworks and policies including associated mandates which are summarised in the Board Reserved Matters and Delegated Authority Schedule. The Committee shall consider such others matters as may be requested by the Board and work and liaise as necessary with all other committees.
- 17.7** Facilitate the effective contribution and involvement of non-executive directors through appropriate escalation and reporting of significant matters to the Board.
- 17.8** Review periodically, the adequacy, quality and effectiveness of management information provided to the Committee.
- 17.9** Undertake an annual assessment of its effectiveness, composition, skills and

performance and report the outcome to the Board

VOTING ARRANGEMENTS

- 18.** Resolutions of the Committee shall be passed by a majority of votes.
- 19.** Each member of the Committee shall have one vote which may be cast on matters conserved at the meeting. Votes can be cast by members attending a meeting of the Committee and subject to the Committee Chair's discretion, members unable to attend a meeting may submit their votes in advance, provided that such votes are received within a sufficient timeframe before the meeting.
- 20.** 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 at the meeting in respect of that matter.

PROCEDURE AND FREQUENCY OF MEETINGS

- 21.** Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
- 22.** Meetings of the Committee:
 - 22.1** shall be held at least twice a year and at such other times as the Committee Chair requires (normally immediately before or after regular meetings of the Board);
 - 22.2** may be held by telephone or video conference; and
 - 22.3** may be called by the Secretary of the Committee at the request of any member of the Committee.