

## IG DESIGN GROUP PLC

### REMUNERATION COMMITTEE TERMS OF REFERENCE

NOVEMBER 2021

#### 1. BACKGROUND & CONSTITUTION

- 1.1. The Board of Directors of the Company (the "Board") has established a Remuneration Committee (the "Committee") in accordance with the articles of association of the Company. These terms of reference replace any previous terms of reference for any remuneration committee of the Board.
- 1.2. The role of the Committee is to assist the Board in fulfilling its responsibilities to shareholders to ensure that:
  - (i) the remuneration policies and practices of the Company are designed to promote the long-term success of the Company, and are aligned with the Company's strategy and values, having regard to all statutory and regulatory requirements and to the views of stakeholders; and
  - (ii) senior executives are provided with fair and sustainable remuneration which is linked to the delivery of strong personal and corporate performance.

#### 2. COMPOSITION

- 2.1. The Committee shall be made up of at least three members appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee from time to time. The Committee shall consist of independent Non-Executive Directors. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee. The Chair of the Board may be a member of, but not chair, the Committee provided he or she was considered independent on appointment.
- 2.2. Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent. Appointments and extensions in this regard are made by the main Board not the Committee.
- 2.4. The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 2.5. The Board shall appoint one member of the Committee to act as its Chair who shall be an Independent Non-Executive Director. In the absence of the Committee Chair and/or an 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. The Chair of the Board shall not be Chair of the Committee.

### **3. MEETING ADMINISTRATION**

- 3.1. The Committee shall meet at least three times a year at the times agreed by the members and at such other times as determined by the Committee Chair. Proceedings shall be conducted in accordance with the Company's articles of association.
- 3.2. The Company Secretary or such person as the Company Secretary nominates shall act as the 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. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.
- 3.3. Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required), together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 3.4. The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, minutes should be circulated to all members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

### **4. AUTHORITY**

- 4.1. The Committee is authorised by the Board to:
  - (i) Undertake any activity within its terms of reference;
  - (ii) Seek any information that it requires from any Group employee in order to perform its duties;
  - (iii) Delegate any of its powers to one or more of its members or the secretary;
  - (iv) Obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference including the commissioning of reports or surveys as required.

### **5. GENERAL DUTIES OF THE COMMITTEE**

- 5.1. When performing its duties under these Terms of Reference, the Committee shall take into account all factors deemed necessary, including:

- (i) relevant legal and regulatory requirements and recommendations including the provisions and recommendations of the QCA Corporate Governance Code (and associated guidance) and any other relevant guidance (e.g. the latest ISS and other applicable voting guidelines);
- (ii) the views of shareholders and other stakeholders;
- (iii) whether remuneration is adequate to attract, retain and motivate personnel of the quality required to run the Company successfully;
- (iv) the need to promote the long-term success of the Company, and the link between remuneration and the delivery of the Company's long-term strategic goals and performance;
- (v) whether remuneration arrangements are consistent with the Company's culture, values, risk appetite and risk management strategy;
- (vi) workforce remuneration policies, practices and trends across the Company and its subsidiaries (collectively, the "Group");
- (vii) published or other available information relating to remuneration of executives in companies which are comparable to the Company.

5.2. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary restraints imposed by the Board and considering any other connection that they may have with the Group. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants.

5.3. The Committee shall have discretion to ensure that formulaic incentive outcomes are adjusted or remuneration outcomes scaled back, if the Committee considers this appropriate.

5.4. The Committee shall ensure that no Director or manager shall be involved in any decision relating to their own remuneration.

5.5. The Committee shall exercise independent judgement when considering the recommendations or advice of any third party consultants or the views of the Executive Group (defined below).

5.6. The Committee shall consider any other matters as may be requested by the Board and work and liaise as necessary with all other Board committees.

5.7. The duties of the Committee do not include:

- (i) the remuneration of the Non-Executive Directors, which shall be determined by the Chair of the Board and the Executive Directors;
- (ii) decisions to employ or dismiss employees who fall within the remit of these Terms of Reference.

## **6. SPECIFIC DUTIES OF THE COMMITTEE**

### Remuneration policy

6.1. The Committee shall determine and agree with the Board the remuneration policy for:

- (i) the Chief Executive Officer,
- (ii) the Chief Financial Officer,
- (iii) other Executive Directors of the Company,
- (iv) the Company Secretary;
- (v) any other members of the executive management who report directly to the Chief Executive Officer;
- (vi) and members of the wider management teams who report into the Chief Executive Officer's direct reports;

collectively referred to in these Terms of Reference as the "Executive Group".

6.2. The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.

6.3. The Committee shall agree the policy for authorising claims for expenses from the Directors.

### Setting remuneration

6.4. Within the terms of the agreed remuneration policy and in consultation with the Chair and/or Chief Executive Officer, as appropriate, the Committee shall consider and determine all elements of the remuneration of the Executive Group, namely:

- (i) Base salary (taking into consideration the pension consequences of basic salary increases);
- (ii) Bonuses and performance-related payments (including profit-sharing schemes);
- (iii) Discretionary payments;
- (iv) Benefits in kind;
- (v) Share-based incentive schemes;
- (vi) and pension arrangements.

6.5. The Committee shall review and determine the fees payable to the Chair of the Board taking into account feedback from the Senior Independent Director and the Board evaluation.

### Bonus and performance-related payments

6.6. In respect of any element of remuneration of the Executive Group which is performance-related, the Committee shall formulate suitable performance-related criteria and agree the overall bonus scheme for all senior and professional staff and monitor their operation.

6.7. The Committee shall ensure that such schemes include appropriate recovery and withholding provisions.

6.8. The Committee shall approve individual annual payments made to any member of the Executive Group under such schemes.

#### Share-based incentive schemes

6.9. The introduction of share-based incentive schemes or major changes to existing schemes, shall be put to the Board and, if necessary, shareholders for prior approval.

6.10. The Committee shall review the design and development of all share schemes, subject to final approval by the Board, and oversee the administration of such schemes including but not limited to (and subject always to the rules of that scheme and any applicable legal and stock exchange requirements):

- (i) the selection of those eligible executives of the Company and its subsidiary companies to whom options or awards should be granted;
- (ii) the timing of any grant;
- (iii) the numbers of shares over which options or awards are to be granted;
- (iv) the exercise price at which options or awards are to be granted;
- (v) the imposition of any objective condition which must be complied with before any option or award may be exercised (including assessing performance against such condition);
- (vi) the length of the vesting period and the inclusion of any holding periods;
- (vii) the inclusion of appropriate recovery and withholding provisions; and
- (viii) delegating the administration and implementation of any share schemes to appropriate individuals subject to reasonable supervision of the same.

#### Share ownership guidelines

6.11. The Committee shall establish and keep under review share ownership guidelines for executive directors and (where applicable) other senior executives.

#### Pension arrangements

6.12. The Committee shall determine the policy for, and scope of, pension arrangements for the Executive Group.

#### Service agreements and termination payments

6.13. The Committee shall consider and determine the terms of the service agreements of the Executive Group, including any material amendments to be made.

6.14. The Committee shall review and approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of a member of the Executive Group and any other terms and conditions to apply on termination of that person's employment. In doing so it will ensure that any payments made are fair to the individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

## **7. REPORTING RESPONSIBILITIES**

7.1. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 7.2. The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3. The Committee shall ensure that provisions regarding disclosure of information as required under all applicable laws and regulations relating to the Company, as well as any associated guidance, are appropriately fulfilled and shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report.
- 7.4. The Committee shall consider and make recommendations to the Board concerning disclosure of details of remuneration packages and structures in addition to those required by law or other regulations.
- 7.5. The Committee Chair shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

**8. OTHER MATTERS**

- 8.1. The Committee shall 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.
- 8.2. The Committee shall, at least once a year, review its own performance, 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.
- 8.3. These Terms of Reference shall be made publicly available on the Company's website.