

# MGM Advantage Holdings Limited

# Remuneration &

# Nominations Committee

## Terms of Reference

### 1. Purpose

1.1 The purpose of the Remuneration and Nominations Committee (the "Committee") is to assist the Board in relation to remuneration (including share incentive) and nomination activities of MGM Advantage Holdings Limited (the "Company") and its subsidiaries (the "Group"), and ensure that the related statutory and regulatory requirements are met. In particular, the Committee shall be accountable to the Board and shall assist the Board and the Company's subsidiaries in meeting their responsibilities for ensuring that:

1.1.1 All persons who effectively run the Group or have other key functions at all times are "fit and proper", i.e. their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and they are of good repute and integrity (proper);

1.1.2 Remuneration to Directors (both Executive and Non-Executive) and senior management is fair and complies with regulatory and administrative requirements; and

1.1.3 There are appropriate nominations for vacancies to the Group Boards of Executive and Non-Executive Directors.

### 2. Scope

The scope of the Committee is to review, and on some aspects make decisions on, Group remuneration and nomination matters on behalf of the Board, including the remuneration of Directors (both Executive and Non-Executive), senior management and staff generally.

### 3. Membership

3.1 All members of the Committee and its Chairman shall be appointed by the Board from the Non-Executive Directors.

3.2 The Committee shall consist of not less than three members and the quorum for any valid meeting shall be two members.

- 3.3 Arrangements for alternates for members of the Committee, who may form part of the quorum for a meeting, may be agreed by the Board.
- 3.4 The Company Secretary or his nominee shall act as the Secretary of the Committee.
- 3.5 The Committee may invite any Directors to attend meeting(s) of the Committee as it may consider desirable to assist the Committee in the fulfilment of its duties. The Group Chief Executive Officer shall have a standing invitation to attend unless requested by the Committee not to do so for meetings (or parts of meetings) when his or her own remuneration or position is being considered. The Strategic HR Manager shall have a standing invitation to attend for all remuneration related matters unless requested by the Committee not to do so. From time to time, other appropriate Human Resources staff and other members of the executive team may also be invited to attend.
- 3.6 Whilst members of the Committee have a legal duty as Directors to act on the Committee only in the interests of the Company, they are authorised so to act notwithstanding their having interests in other parties to a transaction, such as interests in the majority shareholder which may be providing or re-acquiring shares pursuant to a staff shareholding arrangement.

#### **4 Meetings**

- 4.1 The Committee shall schedule meetings as and when required.
- 4.2 The Chairman of the Committee may call additional meetings to examine and consider other such matters relating to its responsibilities as the Committee may consider desirable.
- 4.3 The Chairman of the Committee shall be responsible for reporting to the Board. The minutes of the meetings and resolutions of the Committee shall be circulated to the members of the Committee within two weeks following the meeting.
- 4.4 The agenda for meetings shall be circulated in advance to members of the Committee.

#### **5 Authority**

The Board authorises the Committee to:

- 5.1 Establish a policy or policies for remuneration and nominations;
- 5.2 Investigate any matter within its Terms of Reference and seek any information it requires from any Group employee (all employees being directed to co-operate with any such request by the Committee) and to obtain outside legal or other independent professional advice at the cost of the Company including obtaining advice from third parties with relevant experience and expertise in connection with the matters within these Terms of Reference;

- 5.3 Engage, if it so wishes, the same external advisers as are used by the management of the Group provided that the Committee is satisfied that no conflict of interest arises. The Committee should ensure that a statement of whether the advisers have any other connection with the Group is made available;
- 5.4 Determine any other matter, which the Board has advised the Committee is reserved to be determined by it.

## **6 Resources**

- 6.1 The Committee shall be provided with sufficient resources to undertake its duties.

## **7 Authority**

- 7.1 The Board authorises the Committee to:
  - 7.1.1 Establish a policy or policies for remuneration and nominations;
  - 7.1.2 Investigate any matter within its Terms of Reference and seek any information it requires from any Group employee (all employees being directed to co-operate with any such request by the Committee) and to obtain outside legal or other independent professional advice at the cost of the Company including obtaining advice from third parties with relevant experience and expertise in connection with the matters within these Terms of Reference;
  - 7.1.3 Engage, if it so wishes, the same external advisers as are used by the management of the Group provided that the Committee is satisfied that no conflict of interest arises. The Committee should ensure that a statement of whether the advisers have any other connection with the Group is made available; and
  - 7.1.4 Determine any other matter which the Board has advised the Committee is reserved to be determined by it.

## **8 Duties and Responsibilities**

The Committee shall:

### **Generally**

- 8.1 Have regard to the general principles of good corporate governance as set out in the UK Corporate Governance Code, and to the statutory and regulatory obligations directly applicable to the Company, and to any other relevant corporate governance codes;

## **Remuneration**

- 8.2 Make recommendations to the Board on the Group's policy and framework for Executive Directors' remuneration, including pension rights and any compensation payments, and its cost, ensuring that the remuneration of the Executive Directors is adequate to attract, motivate and retain personnel of a high calibre and provides reward for responsibility and in relation to each Director's individual contribution;
- 8.3 Review the ongoing appropriateness and relevance of the remuneration policy in respect of Executive Directors, having regard to the risk appetite of the Group and alignment to the long-term strategic goals, and;
- 8.4 Within the terms of the policy determine and authorise on behalf of the Board the base salaries of the Executive Directors;
- 8.5 Approve the design of, and determine the targets for, any performance related pay schemes operated by the Group for Executive Directors and approve the individual annual payments made under such schemes;
- 8.6 Approve the design of and determine the targets for any corporate bonus scheme operated by the Group and approve the level of any annual payments made under such schemes;
- 8.7 Undertake an annual review of the remuneration of all managers with a basic salary of more than £100,000 per annum ("Senior Management Salaries") by considering the Chief Executive Officer's recommendations regarding gradings and personal assessments;
- 8.8 Determine and authorise on behalf of the Board, Senior Management Salaries;
- 8.9 Approve and report to the Board the outcome of all reviews relating to staff remuneration generally, including bonus schemes;
- 8.10 Undertake an annual review of Non-Executive Directors' fees and make appropriate recommendations to the Board;

## **Employee shares and share schemes**

- 8.11 Direct the administration of all arrangements for Executive Directors and other Group employees (together, "eligible employees") to acquire, hold and, when appropriate, dispose of shares in the Company, including through share schemes, including (subject to the rules of any scheme and any applicable legal requirements) the:
  - 8.11.1 Selection of those eligible employees to whom shares, awards or options should be transferred, issued or granted;
  - 8.11.2 Timings of any transfer, issue or grant;
  - 8.11.3 Numbers of shares to offered to be issued or transferred and any purchase price for them;

- 8.11.4 Numbers of shares over which any options or awards are to be granted and, where applicable, their exercise price;
- 8.11.5 Imposition of any objective condition which must be complied with before any option or award may be exercised or vest;
- 8.11.6 Determination of transferability and other terms and conditions in respect of an eligible employee's shares, awards or options;
- 8.11.7 Determination of any Good Leaver or Bad Leaver status (each as defined in Article 9.10 of the Company's Articles) in respect of any eligible employees ceasing to be employed by the Group, such determination to be based on the circumstances of the employee as notified to the Committee by the Strategic HR Manager or other appropriate person from Group Human Resources;
- 8.11.8 Authorisation on behalf of the Company of the execution of all deeds, agreements, documents, transfers and other instruments that may be necessary or desirable in order to give effect on behalf of the Company to any arrangements required by or connected with the administration of: (a) acquisitions or disposals of shares in the Company by eligible staff (or former staff); and/or (b) any Group share scheme.

### **Nominations**

- 8.12 Keep under review the structure, size and composition of the Board of the Company and its subsidiaries to ensure that the Directors can bring to their deliberations a broad spectrum of knowledge and experience relevant to the business;
- 8.13 Whenever a vacancy for a Non-Executive Director occurs, seek and review one or more possible candidates for presentation to the Board for its consideration;
- 8.14 Review the individual performance of Non-Executive Directors and make appropriate recommendations to the Board from time to time;
- 8.15 Whenever a vacancy for an Executive Director or a senior member of staff within the Group (including the With Profits Actuary, Company Secretary and Compliance Officer) occurs, seek and review possible candidates when requested to do so, in order to make a recommendation for appointment to the Board; and
- 8.16 Support the Board in its active engagement in succession planning for both directors and senior executive roles to ensure that Board composition is periodically reviewed and that each Group Board retains its effectiveness at all times.

## **9 Relationship with the Board**

- 9.1 The Committee should confirm annually to the Board that all the responsibilities set out in its Terms of Reference have been carried out and



shall review annually its Terms of Reference and its own effectiveness and recommend any necessary changes to the Board.

## **10 Reporting Procedures**

- 10.1 The Chairman of the Committee shall report orally to the Board on its proceedings after each meeting. The minutes of meetings shall be circulated to the members of the Committee within two weeks following meeting.

Approved by Resolution of the Board on 29 September 2015