

**Card Factory plc**  
**(the “Company”)**

**Terms of Reference: Remuneration Committee**

as adopted by the Board of Directors of the Company in September 2023

References to the “**Committee**” shall mean the Remuneration Committee.

References to the “**Board**” shall mean the Board of Directors.

References to the “**Code**” shall mean the UK Corporate Governance Code (2018)

**1 Membership**

**1.1** Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee of the Company and in consultation with the Chair of the Committee (the “**Committee Chair**”). The Committee shall be made up of at least three independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair of the Board.

**1.2** Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, Chief Financial Officer, People Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.

**1.3** Subject to the annual periodic re-election of directors, appointments to the Committee shall be for an initial period of up to three years, which may be extended for up to two additional three year periods provided the director continues to meet the criteria for membership of the Committee.

**1.4** The Board shall normally appoint the Committee Chair who shall be an independent non-executive director who has, before such appointment, served on a remuneration committee for at least 12 months. 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 by the Board. The Chair of the Board shall not be the Committee Chair.

**1.5** The Board shall periodically review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals.

**2 Secretary**

The Company Secretary or their nominee shall act as the secretary of the Committee (the “**Committee Secretary**”) and shall attend all its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees, as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues to be considered at the relevant meeting.

**3 Quorum**

**3.1** The quorum necessary for the transaction of business shall be two members.

- 3.2 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.
- 3.3 A member of the Committee shall not be counted in the quorum where decisions are to be made or discussions are to take place concerning such member's remuneration.
- 3.4 All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

#### **4 Meetings**

The Committee shall meet as frequently as the Committee Chair shall require and also at regular intervals to deal with routine matters and, in any event, not less than twice in each financial year. Any member of the Committee may request a meeting if he/she considers that one is necessary or expedient.

#### **5 Notice of Meetings**

- 5.1 Meetings of the Committee shall be called by the Committee Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall normally be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five 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.

#### **6 Minutes of Meetings**

- 6.1 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to the Chair of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

#### **7 Engagement with shareholders**

The Committee Chair should attend the Company's annual general meeting to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

#### **8 Duties**

- 8.1 The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.
- 8.2 The Committee shall have delegated responsibility for setting the remuneration policy for all executive directors and for setting remuneration for the executive directors (including members of the executive management of the Group and the Company Secretary) and the

Company's Chair, including pension rights and any compensation payments, in accordance with the Principles and Provisions of the Code.

**8.3** The Committee shall:

- 8.3.1** establish remuneration schemes that promote long term shareholding by executive directors that support alignment with long-term shareholder interests with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- 8.3.2** design remuneration policies and practices to 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 and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.
- 8.3.3** when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- 8.3.4** ensure that no director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board (excluding the non-executive directors) should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.
- 8.3.5** in determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. 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.
- 8.3.6** review the ongoing appropriateness and relevance of the remuneration policy.
- 8.3.7** 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 members of the executive management of the Group, including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances.
- 8.3.8** 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.
- 8.3.9** review the design of all 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 amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used.

**8.3.10** review workforce remuneration and related policies; and

**8.3.11** work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

## **9 Reporting Responsibilities**

**9.1** The Committee Chair shall:

**9.1.1** report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and action to be taken;

**9.1.2** 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 available for Board discussion when necessary; and

**9.1.3** provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.

**9.2** The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.

**9.3** 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.

## **10 Other Matters**

The Committee shall:

**10.1** have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required and access to the internal audit function to validate calculation of incentive payments to executive directors, Company Secretary and other designated members of the executive management;

**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 relevant laws and regulations, including the general duties of directors set out in the Companies Act 2006, and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the Pensions and Lifetime Savings Association (PLSA) and any other applicable rules, as appropriate;

**10.4** arrange for periodic reviews of its own performance; and

**10.5** 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.

**11 Authority**

The Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

Approved by the Remuneration Committee & the Board: 21 September 2023