

# MOONPIG GROUP PLC

(the Company)

## TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(approved at a meeting of the board of directors of the Company held on 27 June 2023)

### 1. MEMBERSHIP

- 1.1 The committee shall comprise at least three members, all of whom shall be independent non-executive directors. The chair of the board may also serve on the committee as an additional member if they were considered independent on their appointment as chair.
- 1.2 Appointments to the committee are made by the board on the recommendation of the nomination committee and in consultation with the chair of the remuneration committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the committee) continue to be independent.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.4 The board shall appoint the committee chair who shall be an independent non-executive director who should have 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 (save that the experience requirement may be disregarded if no remaining member has such experience). The chair of the board shall not be chair of the committee.
- 1.5 If any member of the committee is unable to act for any reason, subject to paragraph 1.1, the committee chair may appoint any other independent non-executive director of the Company to act as his or her alternate.
- 1.6 Decisions of the committee will be made by majority vote. In the event of an equality of votes, except where he or she is interested in the decision in question, the committee chair shall have a casting vote.

### 2. SECRETARY

The Company Secretary or their nominee 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.

### 3. QUORUM

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

### 4. FREQUENCY OF MEETINGS

The committee shall meet at least twice a year and otherwise as required. Decisions may be taken by the committee without a meeting if all of the members of the committee provide their approval in writing.

## **5. NOTICE OF MEETINGS**

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members.
- 5.2 Unless otherwise agreed by the committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than two 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.

## **6. MINUTES OF MEETINGS**

- 6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 At the beginning of each meeting, each member of the committee shall declare the existence of any conflicts of interest and the secretary shall minute them accordingly.
- 6.3 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.
- 6.4 Final signed copies of the minutes of the meetings of the committee should be maintained for the Company's records, in hard and soft copy where possible.

## **7. ENGAGEMENT WITH SHAREHOLDERS**

- 7.1 The committee chair should attend the annual general meeting to answer any shareholder questions on the committee's activities. If requested to do so by the chair of the board, the committee chair should make a statement to the annual general meeting on the activities and achievements of the committee over the year.
- 7.2 In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.
- 7.3 Through the chair of the board, the committee chair should ensure that the company maintains dialogue as required with its principal shareholders in order to ensure that the company understands their views on issues relating to remuneration.
- 7.4 Through the chair of the board, the committee chair should ensure that the Company maintains dialogue as required with the workforce in order to ensure the workforce understands the alignment between executive director remuneration and the Company's broader approach to workforce remuneration.

## **8. DUTIES**

The committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The committee shall:

- (a) Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's chair, executive directors and senior management, including the Company Secretary, in accordance with the Principles and Provisions of the UK

Corporate Governance Code (the **Code**), the Financial Conduct Authority's Listing Rules (the **Listing Rules**) and any associated guidance.

- (b) 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.
- (c) 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. The committee must ensure it has appropriate contractual powers to exercise such discretion in place to enable it to do so.
- (d) When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- (e) No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The board itself should determine the remuneration of the non-executive directors within the limits set in the Articles of Association.
- (f) 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 appropriately remunerate 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.
- (g) Review the ongoing appropriateness and relevance of the remuneration policy.
- (h) Within the terms of the agreed policy and in consultation with the chair and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each executive director, the Company chair and senior managers including but not limited to bonuses, incentive payments and share options or other share awards, benefits packages, pension rights and arrangements in connection with the individual's cessation of office or employment (including the terms of settlement agreements or similar documents). 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.
- (i) Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the committee shall 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 but within any budgetary restraints imposed by the board. However the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- (j) Review pension arrangements for each executive director and member of senior management in the context of the approach taken for the wider workforce.
- (k) Review the design of all share incentive plans (including any "all employee" 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 and the terms and maximum value of the individual awards for executive directors and senior managers, and the performance targets to be used.

- (l) Review workforce remuneration policies and practices to ensure they are aligned to the long-term strategic goals of the Company and take these into account when setting executive director remuneration;
- (m) Ensure remuneration schemes promote alignment with long-term shareholder interests by (where appropriate) adopting shareholding policies that apply during and after employment and malus and clawback policies.
- (n) Ensure that contractual terms on termination are fair to the individual and the Company and reflect the principles that poor performance should not be rewarded and departing directors should be obliged to mitigate loss.
- (o) Oversee any major changes in employee benefits structures for the Company or the Group.
- (p) Agree the policy for authorising claims for expenses from the directors.
- (q) Review and approve any disclosure the Company or group is required to make in respect of pay gaps or disparity (such as under the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.
- (r) 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 report to the board after each meeting on the nature and content of its discussion, recommendations and actions to be taken.
- 9.2 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 available for board discussion when necessary.
- 9.3 The annual report on remuneration will be subject to an annual shareholder vote. The remuneration policy shall be voted on by shareholders at least once every three years.
- 9.4 The committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- 9.5 The committee shall also ensure that provisions regarding disclosure of information as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Companies (Miscellaneous Reporting) Regulations 2018 and the Code, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code (each as amended from time to time) 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 annual general meeting as necessary.
- 9.6 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.

- 9.7 In particular, the committee should ensure that the remuneration report sets out the work done to satisfy the committee that the remuneration structure is appropriate, including the engagement that has taken place with the workforce, shareholders and the extent of any discretion applied by the committee. In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the committee will report on the ratios of pay between the Chief Executive Officer and required percentiles of the Company's employees.
- 9.8 The committee shall have the authority to delegate to any subcommittees of the committee any responsibilities of the full committee and to officers of the Company such responsibilities of the full committee, in each case to the extent permitted by applicable laws, rules or regulations.

## **10. OTHER MATTERS**

The committee shall:

- (a) Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required.
- (b) 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.
- (c) Give due consideration to all relevant laws and regulations, the principles and provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the Listing Rules, Prospectus Regulation Rules Sourcebook, Disclosure Guidance and Transparency Rules Sourcebook, the Market Abuse Regulation, the guidelines published by the Investment Association, the ISS, the Pensions and Lifetime Savings Association and any other applicable rules or investor guidance, as appropriate.
- (d) At least annually, review or participate in a review of its own performance, the results of which shall be presented to the board.
- (e) At least annually, review its constitution and terms of reference to ensure that 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:

- (a) Seek any information it requires from any employee of the Company in order to perform its duties.
- (b) Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so in accordance with the Company's Guidelines for Independent Professional Advice. The committee is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee and evaluating their performance.
- (c) Call any employee to be questioned at a meeting of the committee as and when required.
- (d) Have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the committee and the board.

12. **VERSION HISTORY**

| <b>Issue No</b> | <b>Version No</b> | <b>Issue Date</b> | <b>Summary of Changes</b> |
|-----------------|-------------------|-------------------|---------------------------|
| 1               | 1.0               | January 2021      | Initial Document          |
| 2               | 1.1               | July 2021         | Amendment to Clause 1.3   |
| 3               | 1.2               | June 2022         | No change – annual review |
| 4               | 1.3               | June 2023         | No change – annual review |