

**BLME Holdings plc** ('BLMEH plc' or 'Company')**BOARD NOMINATIONS AND REMUNERATION COMMITTEE ('Committee')****TERMS OF REFERENCE (as at 26<sup>th</sup> June 2020)****1. Appointment of Board Nominations and Remuneration Committee**

This Committee is established under the authority of the Board of BLMEH plc to assist the Board to exercise its responsibilities for all aspects connected with the composition of the Board of the Company and of remuneration practice and policy

The Articles of Association of BLMEH plc ("the Articles") adopted by Special Resolution of the Board passed on 24<sup>th</sup> June 2013 and most recently adopted by special resolution passed on 26<sup>th</sup> June 2020, impose membership criteria and establish proceedings protocol (unless varied by way of Board Resolution) on both the Board and its Committees. Any such stipulations are reflected in these Terms of Reference which are intended to be fully compliant but should any conflict arise between the Terms of Reference for any committee established under the authority of the Board and the Articles, then the requirements of the Articles will take precedence.

The Committee notes that the Board has emphasised that members of the Committee have both collective and individual responsibilities. In this regard the Board reminds Committee members of their obligations as described in the Individual Accountability policy as appropriate to the knowledge and experience of each member of the Committee.

**2. Purposes****i. Nominations matters**

The Committee is responsible for providing guidance and recommendations to the Board on all matters affecting the composition of the Board including the appointment of new directors and for the creation and maintenance of succession plans for the Board. This responsibility extends to any of the Company's subsidiaries.

Given the importance of a Sharia'a Supervisory Board (SSB) to the operations of a Sharia'a compliant Company, the Committee will also assist the Board in providing support for the identification and appointment of scholars to the SSB.

**ii. Remuneration matters**

The Committee is responsible for considering matters relating to the overall reward framework across the Company, including policy for Executive Directors and Senior Executive Management and their individual remuneration rewards. It is responsible for all aspects of remuneration practice and policy and ensuring that these are fully compliant with Sharia'a principles, accord with statutory and good market practice and designed to encourage behaviour conducive to the interests of the Company and its shareholders and to enhance shareholder value.

The Board is aware of and supports the Financial Conduct Authority code of remuneration practice and its general requirement that remuneration policies must be consistent with effective risk management. It, therefore, requires the Committee to:

- a) exercise, and be constituted in a way that enables it to exercise independent judgement;
- b) be able to demonstrate that its decisions are consistent with a reasonable assessment of the firm's financial situation and future prospects;
- c) have the skills and experience to reach an independent judgement on the suitability of the policy, including its implications for risk and risk management; and
- d) be responsible for approving and periodically reviewing the remuneration policy and its adequacy and effectiveness.

### 3. Membership

The Committee will be appointed by the Board and will be comprised of Non-Executive Directors and the majority will be independent of management and business and other relationships that could affect exercise of their independent judgement.

The Board will be responsible for appointing the Chairman and members of the Committee and for determining the length of time of those appointments.

The present membership of Board Nominations and Remuneration Committee is as follows:

<b>Members:</b>			
Joanne Hindle	Chairman	1 vote	Independent Non-Exec Director
Michael Williams	Deputy Chairman	1 vote	Independent Non-Exec Director
Calum Thomson		1 vote	Independent Non-Exec Director
David Williams		1 vote	Independent Non Exec Director
Abdul-Salam Al-Saleh		1 vote	Shareholder Non-Exec Director

The Committee has the right to appoint independent advisors and for the advisors to be present at any meeting.

### 4. Quorum, voting and conflicts of interest

3 voting members of the Committee are required to constitute a quorum. In the event of a split vote, the casting vote rests with the Chairman of the meeting.

In the absence of the Chairman, any of the independent Non-Executive Director members, as above, may act as Chairman of a meeting.

If any Committee member identifies any actual or potential conflict of interest affecting any Committee member, then the conflicted member shall not vote at a meeting of the Committee on any resolution concerning a matter in which he or she has, directly or indirectly, an interest and should also consider excusing themselves from discussion of such a matter.

### 5. Chair

The Chairman of the Committee will be elected by the Board.

At the discretion of the Chairman, any other invitees, including advisors may attend all or part of any Committee meeting

## 6. Frequency of Meetings

The Committee will meet at least three times per year and at other times at the request of the Chairman.

## 7. Secretary and Minutes

The nomination of a secretary will be the responsibility of the Chairman.

Minutes of the proceedings and decisions of the Committee will be agreed and circulated promptly to members and to other recipients identified by the Chairman. Relevant matters may also be circulated to members of the Board.

Action points will be assigned to named individuals for resolution and will be reviewed and updated on a regular basis. Approval of the minutes will be given at the commencement of the subsequent meeting of the Committee.

The Chairman will be responsible for reporting the Committee deliberations and any recommendations to the subsequent Board meeting.

## 8. Escalation

Matters that are deemed to be outside the responsibilities of the Committee will be submitted to the Board for consideration.

## 9. Powers and Responsibilities of the Committee

This Committee will work closely with the Board, Executive Directors, Chief Executive Officer, Head of Human Resources and any professional advisors that the Committee determines necessary to assist with their responsibilities.

The Committee may engage any outside professional advisers who may be necessary for the Committee to carry out its duties.

The Committee's Nominations related duties will include the following matters:

- 9.1 To ensure that any person nominated for election to the Board is fit and proper with the appropriate skills and experience for the post in accordance with regulatory requirements and principles of good corporate governance.
- 9.2 To ensure that appointments to the Board have been made on merit and against objective criteria.
- 9.3 To ensure that there is a formal, rigorous and transparent procedure for the appointment of directors to the Board.
- 9.4 To review the fees and expenses of non-executive members of the Board on an annual basis.
- 9.5 To oversee the Board assessment process including the creation and maintenance of a Board skills matrix, to ensure that satisfactory analysis is undertaken of the performance of the Board, and report to the Board on at least an annual basis on its assessment taking account of the balance of skills, knowledge, independence and experience on the Board. This may be by

way of an independent performance evaluation of the Board, its principal committees and the respective Chairmen of those committees and the Committee will identify who will undertake the evaluation

- 9.6 In light of the evaluation and with responsibility for all matters relating to the composition of the Board identify any skill gaps on the Board and any succession planning issues and recommend to the Board how these gaps will be addressed.
- 9.7 To oversee the training as necessary of all Board members.
- 9.8 Make recommendations to the Board concerning the appointment of independent non-executive Directors using the criteria for independence as defined in the UK code on corporate governance and review the independence of non-executive Directors on an annual basis.
- 9.9 Make recommendations to the Board on the appointment of any new Directors to the Board and accept an overseeing role in any appointment process having prepared a description of the role and capabilities required for a particular appointment and having regard to the overall balance of the Board.
- 9.10 Make recommendations to the Board on the appointment of any new Directors to the Board of any subsidiaries and accept an overseeing role in any such appointment process.
- 9.11 Responsibility for preparing the job specification and appointment of Chairman of the Board using an objective assessment of relevant criteria including the assessment of time commitment in general and in event of crises.
- 9.12 As invited, make recommendations to the Board on the appointment of any new scholars to the Sharia'a Supervisory Board and accept a role in any appointment process.
- 9.13 Ensure that the provisions regarding the results of the annual performance evaluation of the Board as listed in the Dubai Financial Services Authority Corporate Governance Best Practice Standards and any other relevant legislation are fulfilled.
- 9.14 With regard to succession planning the Committee should make recommendations to the board concerning:
  - i. formulating plans for succession for both executive and non-executive directors;
  - ii. suitable candidates for the role of Senior Independent Director and / or Deputy Chairman of the Company;
  - iii. any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company.
- 9.15 With regard to succession planning of roles covered by the Senior Managers and Certification Regime (non-Board members) the CEO is to notify the Committee of updated succession plans whenever there is a change.
- 9.16 Approve any amendments to the service contracts of all Directors.

The Committee's Remuneration related duties will include the following matters:

- 9.17 Ensure the responsibilities and process of the Committee reflect and are conducted in accordance with the latest principles of the code of conduct for remuneration committee practices as promulgated by the Financial Conduct Authority.
- 9.18 Decide and report to the Board on the framework for remuneration. The Committee will set remuneration for the Chairman and the Chief Executive Officer ('CEO'). It will approve the remuneration of Executive Directors on recommendation of the CEO and will monitor and

review the performance and remuneration of other Senior Executive Management and directly oversee the remuneration of senior managers in the Risk and Compliance functions (being those who have a voting membership of either the Executive Committee or the Counterparty Credit Risk Committee) in order to ensure they are provided with appropriate incentives and represent a fair reward for their individual contributions to the success of the business.

- 9.19 Other Senior Executive Management comprises all Material Risk Takers, all direct reports to the CEO and all other highly paid staff, as defined by the Committee.
- 9.20 In determining such framework, take into account pay and conditions elsewhere in the market to ensure remuneration packages are competitive, but not excessive, wherever it operates and at a level that will enable the Company to attract, retain and motivate executive directors and executive management of the necessary calibre.
- 9.21 Ensure that all remuneration policies and practices are Sharia'a compliant and are reviewed regularly for appropriateness and relevance.
- 9.22 Within the terms of the agreed framework, and in consultation with and taking recommendations from the CEO, Chairman of the Board, Chairman of other Board Committees and any external advisors, determine the total remuneration package, including salary, pension, bonuses and benefits under any short or long term cash or equity incentive arrangements operated by the Company for the CEO, each Executive Director and such other Senior Executive Management of the Company as identified by the Committee or the Board.
- 9.23 Determine, with the necessary input from Risk Management and Compliance, the potential level of payments and performance measures for performance related pay schemes and other cash based incentive arrangements operated by the Company ensuring adequate measures to handle potential conflicts of interest.
- 9.24 Review and recommend the design of all new share or other incentive plans for approval by the Board and shareholders and ensure Committee involvement in and determination of the quantum of annual vesting entitlements against the approved measures for performance criteria.
- 9.25 Determine the policy and scope for the pension arrangements, contracts, service agreements, termination payments, compensation commitments and any other proposed contractual obligations for the Chairman, CEO and Material Risk Takers including any exercise of such arrangements.
- 9.26 Approve the policies for authorising claims for expenses from all Directors.
- 9.27 Oversee any major changes in employment benefit structures throughout the Company and annually note the remuneration trends across the Company in comparison with reliable up to date information in other companies in the financial sector.
- 9.28 Obtain any information from any employee or adviser of the Company it deems necessary to perform its duties.
- 9.29 Ensure that the disclosure of remuneration is in line with all relevant listing rules and other regulatory requirements.
- 9.30 Review and recommend an annual report, for approval by the Board, of the Company's remuneration policy and practices that forms a part of the Annual Report and Financial Statements which will be submitted to the Annual General Meeting for members' approval.

In the exercise of such responsibilities, the Committee has agreed a timetable of Reports from the CEO, Chief Financial Officer and Head of Human Resources (for those employees for which the Committee are responsible) in accordance with the following:

- An annual schedule of all salary changes approved by the CEO together with recommendations for those to be approved by the Committee
- Similarly, an annual schedule of all incentive awards allocations approved by the CEO together with recommendations for those to be approved by the Committee
- An annual schedule of policy changes and exceptions from policy for both the Remuneration Policy Statement (RPS), HR policies and the Employee Handbook
- Review and preparation of the draft Annual Report remuneration sections for consideration by the Committee
- An annual review of the appropriateness of remuneration policy by the Head of Human Resources

Such other reports as the Committee deems necessary from time to time prepared by its independent advisors or management to assist it in establishing appropriate policies, remuneration schemes and in determining the appropriate level of rewards bearing in mind regulatory constraints, market practice, the Company's and the individual's performance, and the risks taken to generate performance.

The Committee's general duties will include the following:

- 9.31 Reporting to the Board on its proceedings after each meeting on all matters within its powers and responsibilities.
- 9.32 To review its performance and terms of reference annually to ensure it is operating effectively and will recommend any changes necessary to improve performance for Board approval.
- 9.33 The Chairman of the Committee will be represented at the Annual General Meeting to respond to shareholders questions on Committee activities and on the Remuneration Report.
- 9.34 Consider and make recommendations on any other nominations or remuneration issues as requested by the Board.
- 9.35 Establish the selection criteria and make the appointment of any advisors to the Committee including their terms of reference and remuneration.
- 9.36 Ensure that the Committee's activities are in accordance with the Sharia'a as interpreted by the Sharia'a Supervisory Board.