



GROUP REMUNERATION COMMITTEE

Terms of Reference

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Glossary

Board	The Board of Directors of Manx Financial Group PLC
Committee	Remuneration Committee
Company	Manx Financial Group PLC
Group	Manx Financial Group PLC and subsidiary companies

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. The Committee shall be made up of at least 2 members.
- 1.2 All members of the Committee shall be non-executive directors of the Company. The Chair of the Board shall not be a member of the Committee.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chair of the Committee to attend all or part of any meeting as and when appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to 3 years, which may be extended by the Board for a further 3-year period (or, in exceptional circumstances, two further 3-year periods), provided the director remains independent. The Board may approve annual extensions to any director who has served 3 consecutive terms.
- 1.5 The Board shall appoint the Chair of the Committee who shall be a non-executive director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

- 2.1 The Company Secretary of the Company or his or her 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 issues.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be 2 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. Committee members may attend by telephone.

4. Frequency Meetings

4.1 The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Chair of the Committee.

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 be forwarded to each member of the Committee and any other person required to attend no later than 5 working days before the date of the meeting.

6. Minutes of Meetings

6.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The secretary shall record any conflicts of interest divulged at the meeting.

6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. The Committee will determine if they should be circulated to the Board.

7. Annual General Meeting

7.1 The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

8.1 The Committee shall:

- (i) Have responsibility for setting the remuneration policy for all executive directors, including pension rights and any compensation payments.
- (ii) Recommend and monitor the level and structure of remuneration for senior management.
- (iii) In determining such policy take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of The QCA Corporate Governance Code, Isle of Man legislation and Isle of Man FSA Regulations and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Group and alignment to the Group's long-term strategic goals. Incentive related payments and other non-salaried benefits should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group.
- (iv) When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company/Group, especially when determining annual salary increases.
- (v) Review the ongoing appropriateness and relevance of the remuneration policy.

- (vi) Within the terms of the agreed policy and in consultation with the Group Chair and or Chief Executive, as appropriate determine the total individual remuneration package of each executive director, the Chair of the Group and other senior executives including bonuses, incentive payments and share options or other share awards.
- (vii) 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.
- (viii) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- (ix) Approve the design of, and agree targets for, any performance-related incentive schemes operated by the Company and approve the total annual payments made under such schemes and, in addition, any payments made which do not reflect the terms of the schemes other than rounding differences.
- (x) Review and design all share incentive plans for approval by the Board and 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 to executive directors, the Company Secretary and other senior executives and the performance targets to be used.
- (xi) Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- (xii) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, and that failure is not rewarded and that the duty to mitigate costs is fully recognised.

- (xiii) Oversee any major changes in employee benefits structures throughout the Group.
- (xiv) Work and liaise as necessary with other Board committees.

9. Reporting Responsibilities

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

9.2 The Committee shall:

- (i) Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (ii) Ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts & Reports) Regulations 2008, and The QCA Corporate Governance Code, are fulfilled.
- (iii) Produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.
- (iv) Make these Terms of Reference available to shareholders by placing them on the Company's website.

10. Other

10.1 The Committee shall:

- (i) Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- (ii) 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.

- (iii) Give due consideration to laws and regulations and the provisions of The QCA Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules, as appropriate.
- (iv) Arrange for periodic reviews of its own performance and, 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

11.1 The Committee is authorised to:

- (i) Seek any information it requires from any employee of the Group in order to perform its duties.
- (ii) Obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference.
- (iii) Subject to the constitutional documents of the Company to determine its own procedures. The frequency and timing of meetings will differ according to the needs of the Company.