



# ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

as revised with effect from 11 December 2023

The purpose of the Remuneration Committee (the "**Committee**") is to establish a formal and transparent procedure for developing policy on executive remuneration and to set or oversee as appropriate the remuneration packages of individual directors, senior management and employees of Aston Martin Lagonda Global Holdings plc (the "**Company**").

#### 1. CONSTITUTION

- 1.1 The Committee was constituted as a sub-committee of the board of directors of the Company (the "**Board**"), subject to the Company's shares being admitted to the premium listing segment of the Official List of the FCA and to trading on the LSE's main market for listed securities, at a meeting held on 19 September 2018.
- 1.2 The Committee's powers will be subject to the terms of (a) the agreement among the Company and Yew Tree Overseas Limited and others dated 27 February 2020 (as amended on 13 March 2020) (the "**Yew Tree Relationship Agreement**"); (b) the agreement among the Company and Mercedes-Benz AG dated 27 October 2020 (the "**MBAG Relationship Agreement**"); (c) the agreement among the Company and the Public Investment Fund dated 29 July 2022 (the "**PIF Relationship Agreement**") and (d) the agreement among the Company and Geely International (Hong Kong) Limited dated 18 May 2023 (the "**Geely Relationship Agreement**") in each case until that relationship agreement has been terminated.
- 1.3 In accordance with Article 106 of the Articles of Association, the Committee has the delegated authority of the Board in respect of the functions and powers set out in these Terms of Reference. The remuneration of directors should be determined in accordance with Article 88 of the Articles of Association which provides that this will be decided by the Board (unless otherwise decided by the Company by ordinary resolution).
- 1.4 Subject to paragraphs 1.2 and 1.3, levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of their roles.

#### 2. GOVERNANCE

- 2.1 The chair of the Committee (the "**Chair**") is appointed by the Board on the recommendation of the Nomination Committee. Before appointment as the Chair, the appointee will have served on a remuneration committee for at least 12 months, or such other period as may be provided under the UK Corporate Governance Code (the "**Code**"). The Chair shall be an independent non-executive director.
- 2.2 The Committee will comprise at least three independent non-executive directors, provided that in addition a Representative Director may be appointed as an

observer to the Committee under each of (a) the Yew Tree Relationship Agreement; (b) the MBAG Relationship Agreement; (c) the PIF Relationship Agreement; and (d) the Geely Relationship Agreement in each case until that relationship agreement has been terminated. 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. The chair of the Board shall not be Chair of the Committee.

- 2.3 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair. All members of the Committee must be independent non-executive directors.
- 2.4 The Company Secretary or his/her nominee will act as secretary of the Committee (the "**Secretary**"). The Secretary will provide all necessary support to the Committee, including circulating notices of meetings, minutes, information and papers to Committee members in a timely manner to enable full and proper consideration to be given to the issues. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 2.5 Appointments to the Committee will be for a period of up to three years (subject to the relevant director remaining a member of the Board), which may be extended by the Board for up to two further periods of up to three years, provided that the director still meets the criteria for membership of the Committee.
- 2.6 The Committee shall meet at least three times per year, at such times and places determined by the Chair, and agree further meetings at its discretion. The Committee may hold meetings at a physical place or by means of any electronic facility (or both in respect of the same meeting). The Committee may take decisions without a meeting by unanimous written consent, when the Chair considers this to be necessary or desirable.
- 2.7 Any member of the Committee, including the Secretary, has the power to call a meeting at the request of the Committee Chair or any of its members.
- 2.8 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, or the electronic facility to be used for the meeting, any information members need to access the meeting, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee (and to other attendees where appropriate) no later than five working days before the date of the meeting. The Chair has sole discretion to reduce the above notice period to whatever the Chair considers appropriate in the circumstances.
- 2.9 The quorum for the Committee will be two independent non-executive directors, provided that any Representative Director appointed as an observer to the Committee is sent timely notice of the meeting (together with any supporting papers). In the absence of the Chair and/or appointed deputy, the other 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.
- 2.10 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.
- 2.11 Draft minutes of Committee meetings shall be promptly circulated to the Chair for review and comment before the final minutes are circulated to the Committee for approval at the next properly convened Committee meeting with the Committee

- papers for that meeting. Upon request, minutes shall be circulated to all other members of the Board, unless the Chair thinks it would be inappropriate to do so.
- 2.12 Each Committee member shall have one vote, which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 2.13 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising in relation to the matters to be discussed and the Secretary shall minute them accordingly. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 2.14 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, except where he has a personal interest, the Chair shall have a casting vote. Any member of the Committee who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.
- 2.15 Subject to paragraph 1.2, only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Chief Financial Officer, HR director, any relevant Board director, senior management and/or external advisers, or directors having observer status may be invited to attend for all or part of any meeting, as and when appropriate and necessary at the invitation of the Committee.

### **3. DUTIES**

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. Although the Committee may receive input and advice from internal management, external professional advisers and/or external remuneration consultants, the Committee should exercise independent judgement when carrying out its duties, having regard to their directors' duties and the Company's wider circumstances.

The Committee shall:

- 3.1 have responsibility for proposing the terms of the directors' remuneration policy for the chair of the Board and executive directors and senior management (here meaning the Chief Industrial Officer, Global Chief Brand & Commercial Officer, Chief Creative Officer, Chief Technical Officer, Chief People Officer, Chief Procurement Officer, General Counsel, the Company Secretary and any other senior employees of the Company as the Board may determine from time to time (together, the "Executive Group")) for approval by shareholders, where required or desirable taking into account all factors which it deems necessary, including, without limitation, relevant legal and regulatory requirements, the provisions and recommendations of the Code and such other guidance as it considers relevant and to ensure that a formal and transparent procedure for developing that policy is in place. The objective of the remuneration policy shall be to support strategy and promote long-term sustainable success; the remuneration of the executive directors should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long term strategy;

- 3.2 adopt the rebuttable presumption that all notice or contract periods should be set out for one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited externally, such periods should reduce to one year or less after the initial period.
- 3.3 consider, monitor and review the ongoing appropriateness and relevance of the directors' remuneration policy (including its level and structure) and consult with significant shareholders and other stakeholders as appropriate;
- 3.4 have responsibility for setting and authorising all remuneration arrangements and payments for the Executive Group and, in respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria, monitor their operation, and approve the total payments made under such schemes including the terms of any malus or clawback arrangement. This includes (but is not limited to):
- 3.4.1 the terms relating to remuneration arrangements/payments (including on cessation of employment or loss of office) set out in any service agreement, letter of appointment, offer letter or similar document, working with the Nomination Committee as required;
  - 3.4.2 salary or salary increases;
  - 3.4.3 bonus, performance-related incentive and/or share incentive grants, awards or outcomes;
  - 3.4.4 benefits packages;
  - 3.4.5 pension rights; and
  - 3.4.6 arrangements or payments in connection with the individual's cessation of office or employment (including the terms of settlement agreements or similar documents).
- No member of the Executive Group shall be involved in any decisions as to their own remuneration;
- 3.5 when determining the proposed directors' remuneration policy pursuant to paragraph 3.1 above or arrangements/payments pursuant to paragraph 3.4 above, take into account all factors which it deems necessary which may include:
- 3.5.1 relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance;
  - 3.5.2 alignment with the Company's purpose, values and strategy;
  - 3.5.3 the Company's need to attract, retain and motivate directors and senior management of the quality required to run the Company successfully in a way that supports Company strategy and promotes long-term sustainable success without paying more than is necessary;
  - 3.5.4 the views of shareholders and other stakeholders;
  - 3.5.5 the risk appetite of the Company (including in respect of reputational and behavioural risk); and
  - 3.5.6 the principles that:
    - 3.5.6.1 remuneration arrangements should be transparent, promote effective engagement with shareholders and the workforce, avoid complexity and their rationale and operation should be easy to understand;
    - 3.5.6.2 remuneration arrangements should ensure that the following risks are identified and mitigated: reputational and other risks from

- excessive rewards, and behavioural risks that can arise from target-based incentive plans;
      - 3.5.6.3 the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
      - 3.5.6.4 remuneration arrangements should drive behaviours consistent with the Company's purpose, values and strategy and poor performance should not be rewarded;
      - 3.5.6.5 remuneration should be structured so as to clearly link individual rewards to corporate and/or individual performance and designed to support the delivery of the Company's long-term strategy;
      - 3.5.6.6 remuneration arrangements for departing directors should be proportionate and variable based on Committee discretion in order to reflect the circumstances of the departure and the director's conduct and performance;
      - 3.5.6.7 pension contribution rates for directors (or payments in lieu) should be aligned to those available for the workforce; and
      - 3.5.6.8 departing directors should be obliged to mitigate loss;
- 3.6 in addition, when determining remuneration policy or arrangements for executive directors:
- 3.6.1 review and have regard to:
    - 3.6.1.1 the remuneration of the workforce, including any available data relating to pay gaps or disparity (such as gender pay gap information or pay ratio analysis);
    - 3.6.1.2 remuneration-related policies applicable to the workforce; and
    - 3.6.1.3 the alignment of the policy or arrangements/payments being considered with the culture and the Company's broader approach to workforce pay; and
  - 3.6.2 have regard to the principles that:
    - 3.6.2.1 remuneration levels in aggregate should be reasonable and reflect the individual's overall contribution;
    - 3.6.2.2 maximum potential remuneration levels should be clear, and the Committee should have appropriate contractual discretions in place that allow it to cap or vary the amount of remuneration attributable to share price appreciation;
    - 3.6.2.3 share awards should normally be released for sale on a phased basis; and
    - 3.6.2.4 post-employment shareholding requirements (encompassing both unvested and vested shares) are desirable;
- 3.7 promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests;
- 3.8 exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance and wider circumstances;
- 3.9 manage potential conflicts of interest in the process of determining remuneration;
- 3.10 obtain and give due regard to reliable, up to date information about remuneration in other companies of comparable scale and complexity. To help 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;
- 3.11 approve the design of, determine targets for, monitor the operation of and approve the total aggregate payments that may be made under, any material performance-related incentive arrangement each year (and in doing so ensure the Committee has appropriate contractual discretions in place that permit the Committee to use discretion to override formulaic outcomes). In respect of any proposed awards to the Executive Group, authorise the terms and maximum value of individual awards (including any performance measures and targets to be used);
- 3.12 review the design of all share incentive plans (including any “all employee” plans) for approval/adoption by the Board and/or the Company’s shareholders (and in doing so ensure the Committee has appropriate contractual discretions in place that permit the Committee to use discretion to override formulaic outcomes). For any such plans, provided the necessary approvals have been obtained, in respect of each and every proposed award to the Executive Group explain and determine the terms and identify the maximum value of individual awards (inclusive of any performance measures and targets to be used);
- 3.13 ensure remuneration schemes promote alignment with long-term shareholder interests by (where appropriate) adopting (and keeping under review) shareholding policies that apply during and after employment and malus and clawback policies;
- 3.14 ensure that all aspects of any executive share scheme and/or all-employee share scheme operated by or to be established by the Company are conducted in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of His Majesty’s Revenue and Customs (or any other local tax requirements);
- 3.15 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;
- 3.16 approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of, any member of the Executive Group on termination of that person’s employment and, in the case of the executive directors of the Company, to ensure such payment or benefit is consistent with the most recent directors’ remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Rules (as defined below) and all other relevant laws and regulations;
- 3.17 consider, determine and approve the provisions of the service agreements of the Executive Group and ensure that any payments made / non-cash benefits provided under such provisions are in line with the Company’s remuneration policy, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 3.18 be aware of and advise the Board on any major changes in remuneration and employee benefits structures throughout the Company and its group;
- 3.19 regularly report to the Board on all matters within its duties and responsibilities;
- 3.20 review material remuneration-related policies applicable to the workforce to ensure:
- 3.20.1 the Committee is familiar with their structure and terms; and
- 3.20.2 the Committee is satisfied they are aligned to the Company’s purpose, culture, values and strategy;

- 3.21 review and approve any disclosure the Company or its 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);
- 3.22 agree the policy for authorising claims for expenses from the directors; and
- 3.23 ensure that provisions regarding the public disclosure of information are fulfilled.

#### **4. REPORTING RESPONSIBILITIES**

- 4.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including on the nature and content of discussion, decisions and recommendations made, and actions to be taken. The Committee shall share its papers with all members of the Board, unless such papers relate to members of the Board and are sensitive for this reason.
- 4.2 The Committee will report formally to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities (unless it would, in the opinion of the Chair, be inappropriate to do so) and 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 made available for Board discussion where necessary.
- 4.3 The Committee will ensure that provisions regarding disclosure of information, including directors' remuneration and pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Code and all other relevant laws (each as amended from time to time) (together the "Rules"), are fulfilled and produce a remuneration report to be included in the Company's annual report to comprise an annual statement from the Chair, the remuneration policy or summary as appropriate and annual report on remuneration.
- 4.4 In particular, the Committee will 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 and the required percentiles of the Company's employees.
- 4.5 The annual report(s) 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 as required by the Rules and all other relevant laws and regulations.
- 4.6 If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company or individual directors.
- 4.7 Through the chair of the Board, the Committee shall ensure that the Company maintains dialogue as required with its principal shareholders and its workforce in order to ensure the Company understands their views on issues relating to remuneration.
- 4.8 The Chair shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities and

responsibilities, and to make a statement on the activities and achievements of the Committee over the year, as directed by the chair of the annual general meeting.

- 4.9 Where 20 per cent or more of votes are cast against a resolution related to remuneration at a meeting of shareholders, the Committee will consider consultation with shareholders and the provision of an update (including actions to be taken) no later than six months after the shareholder meeting.

## **5. OTHER MATTERS**

The Committee will:

- 5.1 work and liaise as necessary with all other Board committees, ensuring the interaction amongst committees and the Board is reviewed regularly and ensuring that the Committee understands the views of the Company's stakeholders;
- 5.2 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required and, at the Committee's discretion, seek advice from external consultants;
- 5.3 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;
- 5.4 give due consideration in the performance of its duties to applicable laws regulations and published guidelines or recommendations regarding the remuneration of directors of listed companies and (if applicable) formation and operation of share schemes, including but not limited to (to the extent applicable) the principles and provisions of the Code and the requirements of the FCA's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, or guidance published by institutional investors, as appropriate;
- 5.5 oversee any investigation of activities which are within its Terms of Reference;
- 5.6 arrange for periodic reviews of its own performance, composition, 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 or desirable to the Board for approval; and
- 5.7 consider any other matters as may be requested by the Board and at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company and to remuneration trends across the Company more generally.

## **6. AUTHORITY**

The Board authorises the Committee to carry out the duties set out in these Terms of Reference, and the Committee is authorised to:

- 6.1 have unrestricted access to the Company's documents and information;
- 6.2 seek any information it requires from any employee or any contractor, consultant or any other provider of services to the Company and its group to enable it to perform its duties, and call any such person to attend a meeting of the Committee; as and when required;



- 6.3 obtain, at the Company's expense, outside legal or other professional advice on any matter within these Terms of Reference and invite persons giving such advice to attend Committee meetings as and when required;
- 6.4 direct any employee to co-operate with any request made by the Committee;
- 6.5 appoint, at the Company's expense (but within any budgetary restraints imposed by the Board), external remuneration consultants to advise the Committee. 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 ensuring that any consultant and their role is identified in the Company's remuneration report and evaluating their performance;
- 6.6 at the Company's expense (but within any budgetary restraints imposed by the Board), obtain, commission or purchase any reports, surveys or information which it deems necessary to assist it to fulfil its duties;
- 6.7 to facilitate its operational effectiveness delegate authorities to the Committee Chair, in accordance with the relevant policy; and
- 6.8 delegate any of its powers to a sub-committee as it deems appropriate.

## **7. NON-EXECUTIVE DIRECTORS' PAY**

The Board itself, or, where required by the Articles of Association, the shareholders, shall set the approach to remuneration for the non-executive directors within any limits set in the Articles of Association, and the Company's shareholder-approved directors' remuneration policy, including authorising individual payments.