

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

These are the Terms of Reference for the Board Remuneration Committee of Tesco Personal Finance Group plc and Tesco Personal Finance plc (together 'the Board' and 'the Company')

Membership	<p>Members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company. The Committee shall consist of at least three members, all of whom shall be independent Non-Executive Directors. The Board Chair may also serve as a member if he or she was considered independent on appointment as Chair.</p>
Chair	<p>The Chair of the Committee shall be an independent Non-Executive Director and shall be appointed by the Board and have relevant experience having served on a UK based Remuneration Committee for at least 12 months.</p> <p>In the event of the Chair not being present, the other Non-Executive Director Committee members shall choose a Chair for the purpose of that meeting.</p> <p>The Board Chair will not chair meetings of the Committee.</p>
In Attendance	<p>Chief Executive Officer Director, Colleague Experience External Advisers Tesco PLC representative</p> <p>Invitations to attend Committee meetings may be extended to other representatives from the Board and to representatives from within the Company as may be deemed appropriate from time to time.</p> <p>No person shall be in attendance when matters concerning their own remuneration or fees are discussed.</p>
Quorum	<p>A quorum shall require the attendance of at least two members.</p>
Meetings	<p>Meetings shall be held at least three times per year.</p> <p>Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any of its members or the Company Secretary.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be sent to each member of the Committee, and any other persons required to attend giving sufficient time to consider the matter(s) before the date of the meeting and all supporting papers shall be sent at the same time.</p>

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

Secretary	<p>Company Secretary or their nominee.</p>
Authority	<p>The Committee must ensure that it is provided with sufficient resources to undertake its duties.</p> <p>The Committee is authorised by the Board to investigate any remuneration related matters it considers necessary and to seek information it requires from any employee/director of the Company in order to perform its duties, and to make enquiries of such person regarding the matters within the Committee's remit.</p> <p>The Committee is authorised by the Board to obtain outside legal or other professional advice (including the advice of independent remuneration consultants) at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise as necessary.</p> <p>The Committee will have access to external comparisons commissioned by the Company and will have the right to commission remuneration and benefits studies at reasonable cost to the Company, which it considers necessary in the performance of its duties, however, the Company should avoid designing pay structures based solely on benchmarking to the market or on advice of remuneration consultants.</p> <p>Remuneration advice, independent of the Company, can also be provided by the Tesco PLC Group Reward team who will be available to provide market reward information as well as advice and support on remuneration considerations and decisions.</p> <p>The Committee may also require regular and independent input on risk, compliance and audit matters. These services can be provided by the Company's Risk, Finance and Internal Audit functions.</p>
Role of the Committee	<p>The Committee shall have delegated authority to approve the following:</p> <ul style="list-style-type: none"> • The remuneration policy for the Company, ensuring that the remuneration policy and remuneration practices are established, implemented and maintained in line with the business strategy and risk management strategy, risk profile, objectives, risk management practices, and the long term interests and performance of the Company as a whole, and incorporating measures aimed at avoiding conflicts of interest. • The specific remuneration arrangements for individuals identified as Material Risk Takers ('MRTs')* at the Company. In doing so, the Committee

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

shall ensure these specific remuneration packages (which typically comprise base salary, annual bonus, long-term incentives, benefits, pension arrangements and service contracts) are:

- appropriate in the context of each individuals' responsibility and seniority;
- consistent with the overall financial, risk and business position of the Company; and
- fair in light of each individual's personal performance.

Specifically, in respect of the above, the Committee shall review and approve:

- the remuneration principles, policy and framework that govern their remuneration arrangements.
- the design of incentive awards, including performance metrics and their calibration, ensuring that they promote sound risk management and alignment with the long-term success of the Company.
- the individual and corporate performance assessments and variable pay outcomes
- the individual outcome adjustments of the Performance Share Plan
- the eligibility for variable pay awards
- any salary adjustments or increases.
- the policy for, and scope of, pension and benefit arrangements.
- any new starter contractual payment terms (e.g. bonus/share buy-outs or guaranteed bonuses).
- any exceptional payments (e.g. retention payments).

The Committee shall ensure that the contractual terms and any payments made (including upon termination) are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is appropriately recognised in determining payments to be made, including having discretion to overcome any formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.

The Committee shall seek input from the Board on remuneration matters, where appropriate, to inform its decision making.

The Committee shall receive reports periodically (at least annually) from:

- the Chief Executive of the Company on the performance of their direct reports, including progress against their individual objectives and their contribution to the Company's overall performance.
- the Board Chair in respect of the performance of the Chief Executive of the Company.

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

- the Chief Financial Officer on the financial performance of the Company, including confirmation that the total variable remuneration to be awarded is not detrimental to maintaining a sound capital base.
- the Chief Risk Officer following the recommendations from the Risk Adjustment Forum ('RAF') on risk adjustment at Company-wide, functional and/or individual level. Recommendations shall take into consideration both ex-post and ex-ante adjustments.
- the Company's Risk and/or Internal Audit teams to understand the extent to which internal processes and practices comply with the agreed remuneration policy and external regulatory obligations.
- the Chair of the Board Risk Committee and the Chair of the Board Audit Committee on the performance of the Risk and Internal Audit functions, respectively.
- the Director, Colleague Experience on the remuneration arrangements of MRTs, including the remuneration principles, policy and framework that govern their remuneration arrangements. Information in respect of Management MRTs** may be provided on a consolidated basis, as appropriate.

In addition, the Committee shall also have delegated authority to approve:

- control function pay design and the performance assessment of the heads of the control functions and any control function specific scorecards.
- the framework for the identification of MRTs and those individuals identified as such.
- the overall funding of incentive schemes, across the Company.
- any Company wide incentive plans, including retention and recognition schemes.
- any material changes to employee pension and benefit arrangements across the Company.

The Committee shall also:

- oversee the engagement with colleagues to explain how executive remuneration aligns with wider Company pay policy.
- determine the expenses policy applicable for Executive Directors and senior management of the Company.
- work with the Risk and Colleague Experience functions to ensure that risk management is appropriately represented in the principles and framework of remuneration policies, and appropriately taken into consideration, both the risk profile and risk events, in the determination of remuneration outcomes at both the individual and firm-wide level.

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

	<ul style="list-style-type: none"> • consult and receive advice from the Board Nomination Committee, Board Risk Committee, Board Audit Committee and control functions, as it considers necessary or appropriate. • consult and collaborate with Tesco PLC on remuneration matters as required. • establish the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants appointed to advise the Committee. • review the ongoing appropriateness and relevance of the Remuneration Policy and other key policies as appropriate on an annual basis. • receive independent assurance annually.
<p>Delegated Authority</p>	<p>Where it is not possible for the Committee to meet in a timely manner, authority has been delegated to the Chair of the Committee to approve MRT remuneration arrangements, ensuring the necessary prior engagement with the Board Chair and the senior independent Non-Executive Director, with decisions made being reported at the next scheduled Committee meeting.</p> <p>The Committee has also delegated a number of its powers to the Company Executive Committee members, to support effective operational delivery of the Remuneration Policy.</p> <p>These include:</p> <ul style="list-style-type: none"> • determining salaries for all non MRT colleagues • joining awards or discretionary payments to attract candidates to the Company or retain non MRT colleagues within the agreed framework. • providing an annual update to the Committee of remuneration arrangements for all colleagues. <p>Any operation outside of the approved Remuneration Policy and or material payments to individuals outside of framework will be subject to Remuneration Committee discussion and may require input from the Board.</p>
<p>Committee Governance</p>	<p>Effectiveness review</p> <p>Annually the Committee shall review its own effectiveness, Terms of Reference and training requirements, and recommend to the Board any changes it considers necessary.</p> <p>Reporting procedures</p> <p>Minutes of the Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless in the opinion of the Chair of the Committee it would be inappropriate to do so.</p>

BOARD REMUNERATION COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

	<p>The Chair of the Committee shall provide an update at the following Board meeting on the nature and content of its discussion, decisions and actions to be taken. The Committee shall also report to the Board in a timely manner on the appropriate items due to be discussed and approved by the Committee. The Committee shall make whatever recommendation to the Board that it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for discussion.</p> <p>The Committee shall provide a description of its work to the Board and the Tesco PLC Remuneration Committee at least annually.</p> <p>Regulatory Compliance</p> <p>The Committee shall review any relevant regulatory reporting obligations such as the annual Pillar 3 disclosure and completion of the annual Remuneration Policy Statement.</p> <p>The Committee shall ensure compliance with statutory and regulatory requirements applicable to the Company (including the relevant PRA and FCA remuneration rules).</p>
Last date of review	August 2021

*MRTs include those individuals whose professional activities could have a material impact on the Company's risk profile

**Management MRTs are defined as those individuals who are not Executive Directors, members of the Executive Committee and/or Heads of Controls Functions