



Hampden & Co.
BANKERS

Remuneration Policy

April 2022

1. Purpose

This Remuneration Policy document outlines Hampden & Co's general policy on remuneration and the principles and practices that lie behind it.

2. Remuneration Principles

The following overarching remuneration principles are applied to the bank's policy, which is intended to:

1. Ensure the bank remains competitive in the financial services market and provides fair rewards, benefits and conditions that attract, recognise, motivate, and retain talent and high performers.
2. Commit to equal and fair pay which does not discriminate, and which meets statutory requirements in terms of equal pay.
3. Comply with the details and with the spirit of the PRA's Remuneration Code and the FCA's principles and requirements.
4. Align the interests of colleagues and shareholders through colleague share ownership.
5. Ensure malus adjustments and claw back can be applied to all variable pay where required.
6. Remuneration will be awarded to reflect achievements which are aligned to the strategic goals and culture of the Bank and the awards to individual team members will be varied to reflect individual contribution.
7. Reward will promote delivery of longer-term sustainable returns reflecting individual and business performance.
8. Remuneration structures will be straight forward and simple for everyone to understand.

3. Alignment with Goals

The Board of Directors of Hampden & Co wants to ensure that its goals - and the culture that lies behind its goals - are reflected in the Company's remuneration policy, which seeks to align the interests of shareholders and, where appropriate, other stakeholders (including clients, suppliers, community, and regulators) with those who work for the Company.

4. Remuneration components

Colleague remuneration is made up of principally fixed and variable reward elements as follows:

1. Fixed remuneration - base salary

Base salaries are paid monthly and reviewed at least annually in line with economic indicators and business performance. Salaries reflect the size, scope and complexity of the role considering responsibilities with reference to market rates and internal relativities. They are also reflective of the skills and experience of the incumbent.

Ratios of fixed to variable remuneration will be set to ensure that fixed and variable components of total remuneration are balanced as well as compliant with regulatory guidance. The overall annual variable pay opportunity for colleagues as a ratio of total fixed will not exceed a ratio of 2:1.

Deferral, malus, and claw back will be implemented in compliance with the Remuneration Code. A separate malus and claw back policy is in operation.

2. Pension benefits (currently 6% employer contribution)

The law requires employers to establish an auto-enrolment Worksave Pension Plan and a qualifying scheme was rolled out across the business on 1 April 2016 to provide pension benefit to all colleagues.

Contribution levels will be recommended by the Remuneration Committee and approved by the Board. Additional saving into the scheme by colleagues will be encouraged and the employer's contribution will be varied to encourage pension saving.

3. Discretionary variable reward

All variable pay will be subject to the principles of the Remuneration Code laid down by the PRA & FCA. Three plans exist:

1. The Annual Variable Pay plan
2. The Long-Term Incentive Plan
3. The colleague discretionary variable pay plan

Rules for both the Annual Variable Pay and Long-Term Incentive plans describe their objectives, participation, level of award, mechanisms of operation and means of regulatory compliance for employees who fall within the remit of the Code. Discretionary variable pay covers all other employees and is also subject to the principles of the Remuneration Code as laid down by the PRA & FCA.

4. Additional benefits

In addition to a competitive salary, the bank also looks to offer additional benefits as part of an overall remuneration package e.g.

- 27 days annual leave, excluding public holidays
- Salary exchange pension scheme
- Discretionary company share option plan
- Group Life Assurance scheme
- Employee Assistance Program
- Enhanced maternity pay
- Volunteering program
- Give as you earn
- Season ticket loan scheme
- Cycle to Work scheme
- Electric vehicle company car scheme (via salary exchange)
- Private medical health care
- Health cash plan

The Remuneration Committee will review the range of benefits (financial and non-financial) available to colleagues, and within the external market. Where it would be beneficial from a colleague engagement and retention, and / or talent attraction perspective, additional benefits may be introduced.

5. Non-Executive Director Remuneration

With the exception of unpaid CI Directors, the Non-Executive Directors will receive remuneration for their board duties and responsibilities. There will be no other form of variable remuneration payable to or benefits provided for them. Non-executive directors will not be entitled to participate in any share option purchase plans that the Company may run.

CI Directors will not receive any remuneration from the Company.

The Chairman will recommend to the Board the non- executive director fees. No Directors will be present for discussions around their own remuneration.

The Remuneration Committee will make recommendation to the Board for the Chairman fee.

6. Buy out Payments

Any buy out payments must be authorised by the Remuneration Committee and comply with the Remuneration Code.

7. Termination Payments

Any termination payments to Remuneration Code Staff leaving the Company must be authorised by the Remuneration Committee and comply with the Remuneration Code. . Notice periods and severance payments will be in line with contracts of employment.

8. Code of Conduct

All colleagues are expected to adhere to the Bank's Code of Conduct, and underlying policies, which adhere to the behaviours and expectations set out in the PRA/FCA's individual conduct standards. In addition to this, the reward for colleagues in senior management and Code staff positions within the Bank's business operating model and corporate governance framework (which includes Material Risk Takers) will be assessed annually through individual performance assessment to ensure the sound and prudent management of the bank through adherence to the relevant frameworks, procedures, controls, and policies.

9. Remuneration Code staff

The Remuneration Committee considers the remuneration package of Remuneration Code Staff once a year and makes adjustments to his/her remuneration based on an assessment of his/her contribution to the business. These packages may be subject to regulatory limits.

10. Risk Assessment

In its annual review of remuneration, the Remuneration Committee reviews the risks inherent and in practice in the Company's remuneration arrangements and variable pay will be risk adjusted.

11. Regulatory Compliance

The remuneration of the employees of banks is subject to the rules and regulations determined by the PRA and FCA. The Remuneration Committee ensures that the Company's remuneration policies and practices are at all times compliant with those rules and regulations.

12. Disclosure Requirements

The Remuneration Policy of the Company is available to all colleagues and shareholders.

The Remuneration Policy and the remuneration itself is subject to certain disclosure requirements, with which the Company will comply.

13. Governance

The Remuneration Policy of the Company is determined by its Board of Directors, following recommendations from the Remuneration Committee.

The Remuneration Committee, which is composed entirely of non-executive directors, reports to and is accountable to the Company's Board of Directors. The Committee is responsible for ensuring compliance with the Remuneration Code.

14. Approval and Review

This Remuneration Policy was approved by shareholders at the Company's Annual General Meeting on 12 March 2015. Any material change to it requires to be approved by Shareholders in a general meeting.

The policy and its implementation will be reviewed at least annually by the Remuneration Committee.

Document Control

Reviewed by the Remuneration Committee.	26 th April 2022
Approved by the Board.	3 May 2022