



# Remuneration Committee

## Terms of Reference

**LME CLEAR LIMITED**

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A private limited company. Registered in England no 07611628. Registered office as above.

[LME.COM/CLEAR](https://www.lme.com/clear)

**LME CLEAR LIMITED**  
(the "Company")**REMUNERATION COMMITTEE TERMS OF REFERENCE****1. Status**

- 1.1 The Committee is constituted by the Company's board of directors, in accordance with the articles of association of the Company (the "**Articles**").
- 1.2 The primary purpose of the Committee is to maintain oversight of, consider and approve policies and frameworks covering remuneration for the Company's employees.
- 1.3 In discharging its primary purpose, the Committee will uphold the interests of the Hong Kong Exchanges and Clearing Limited group (the "HKEX Group") and at the same time recognise the interests of other relevant stakeholders of the Company.
- 1.4 The Board has delegated the responsibilities set out in paragraph 5 below to the Committee.

**2. Definition**

"Board"	means the board of directors of the Company;
"Chairman"	means the chairman of the Committee;
"Committee"	means the Remuneration Committee established in accordance with these terms of reference;
"Company"	means LME Clear Limited;
"HKEX Group"	means Hong Kong Exchanges and Clearing Limited and all of its subsidiaries

**3. Membership and Attendance****3.1 Membership**

- (a) Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee. The Committee will be composed of at least three (3) members, all of whom shall be Non-Executive Directors.
- (b) If a member of the Committee ceases to hold a non-executive directorship in the Company, their membership of the Committee shall automatically cease.
- (c) Members of the Committee will collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities.
- (d) Committee membership shall be reviewed on a regular basis, by or in consultation with, the Nomination Committee.

### 3.2 Chairman

- (a) The Chairman will be appointed by the Board on the recommendation of the Nomination Committee.
- (b) The Chairman shall have served for at least 12 months on a remuneration committee before taking up the role of Chairman.
- (c) In the absence of the Chairman at any meeting, the Committee will choose from their own number a member to act as chairman of that meeting.
- (d) The chair of the Board shall not be Chairman of the Committee.
- (e) The Chairman's role requires:
  - (i) Fostering an open, inclusive and where appropriate, challenging discussion;
  - (ii) Ensuring that the Committee receives the information necessary to discharge its responsibilities;
  - (iii) Seek engagement with the Company's shareholder on significant matters related to the Committee's areas of responsibility;
  - (iv) Facilitating the running of the Committee to assist it in providing independent oversight of executive decisions; and
  - (v) Reporting to the Board on the Committee's activities.

### 3.3 Secretary

- (a) The Head of the Company's Human Resources function or his or her delegate will act as the Committee Secretary.

## 4. Meetings

- 4.1. The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least once a year and otherwise as required.
- 4.2. Meetings of the Committee will be convened by the Committee Secretary or by the Company Secretary, in either case, at the request of Committee members, the Chairman of the Board, the Chief Executive of the Company or the Head of the Company's Human Resources function. 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 with sufficient prior notice.
- 4.3. Three (3) Committee members shall constitute a quorum. A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions invested in or exercisable by the Committee.
- 4.4. Decisions shall be determined by simple majority and, in the event of a tie, the Chairman shall have a casting vote.



- 4.5. Only members of the Committee have a right to attend meetings; however individuals such as the Chief Executive, Head of Human Resources and other members of the Board or senior management of the Company may be invited to attend for all or part of any meeting, as appropriate.
- 4.6. The Committee Secretary shall take minutes of the proceedings and resolutions of all Committee meetings of the Committee and retain copies of papers presented at or considered at Committee meetings. Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes of the preceding meeting shall be approved by the Committee at each meeting. Once approved, the minutes will be authenticated by the Chairman or the chairman of the meeting as a conclusive record of Committee proceedings at that meeting.
- 4.7. The Committee may meet for dispatch of business, adjourn and otherwise regulate its proceedings as its members deem fit. Without limiting the generality of the foregoing, any member may participate in a meeting of the Committee by way of telephone, computer or any other electronic means of communication, provided that each person participating in the meeting is able to hear and speak. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, the Committee may decide that the meeting is to be treated as taking place wherever any of the participants are located.

## 5. Reporting

- 5.1. The Committee shall report to the Board on how it has discharged its responsibilities, the nature of its discussions, recommendations and actions to be taken and on any other matters referred to it by the Board.
- 5.2. The Committee shall also liaise with the HKEX Group Remuneration Committee.

## 6. Authority and Specific Responsibilities

- 6.1. The Committee operates under delegated authority from the Board.
- 6.2. The Committee shall represent the remuneration needs of the Company to the HKEX Group Remuneration Committee when considering the overall remuneration of the HKEX Group and shall operate within the parameters agreed with the HKEX Group Remuneration Committee in the performance of its duties under these terms of reference.
- 6.3. The Committee has authority to investigate any matter relating to the Company that falls within the scope of its remit under these terms of reference.
- 6.4. The specific duties of the Committee are to:
- (a) Oversee compliance by the Company with applicable remuneration laws and regulations;
  - (b) Consider, agree and recommend to the Board the remuneration policy for the Company, oversee the implementation of that policy by management and review its operation on an ongoing basis;
  - (c) At least annually, whilst having regard to the views of shareholders and other stakeholders, review the remuneration policy in order to reasonably examine and satisfy itself that the policy:



- (i) complies with applicable remuneration laws and regulations;
  - (ii) is consistent with and promotes sound and effective risk management;
  - (iii) supports the long-term sustainable business strategy and promotes the long term sustainable success of the Company; and,
  - (iv) is clearly aligned with the Company's long-term strategic objectives, vision, culture and values;
- (d) Oversee the implementation of the Company's remuneration policy;
- (e) At least annually, the Committee will ensure that the remuneration policy and the implementation thereof are subject to independent review. The Committee will review any material issues arising from the review and make recommendations as it deems appropriate;
- (f) Review contractual terms on termination, and any associated payments made, in order to reasonably examine and satisfy itself that:
  - (i) such terms and/or payments are fair to the relevant individual and the Company;
  - (ii) that failure has not been rewarded; and
  - (iii) that the duty to mitigate loss has been recognised;
- (g) Within the terms of the agreed policy and parameters set by the HKEX Group Remuneration Committee, approve the total individual remuneration package for each Executive Director and the Company's Chairman. Determination of the payments to Non-Executive Directors is a reserved matter for the Board. No Director or senior manager shall be involved in any decisions relating to their own remuneration;
- (h) When determining remuneration policy and practices of the Executive Committee and Company Secretary, the Committee should consider the UK Corporate Governance Code requirements for remuneration arrangements: to be transparent and easily understood; have predictable outcomes which are proportional to performance; and which are aligned to the Company's culture to drive behaviours consistent with the Company's purpose, values and strategy;
- (i) Within the terms of the agreed policy and parameters set by the HKEX Group Remuneration Committee and in consultation with the Chief Executive, as appropriate, at its discretion taking into account the Company's financial situation and prospects, consider the total individual remuneration package of members of the Executive Committee and the Company Secretary including salary, bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances;
- (j) Periodically review the remuneration trends that impact the Company;
- (k) Do any such things to enable the Committee to discharge any powers and functions conferred on it by the Board; and
- (l) Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by applicable legislation or regulation.



Notwithstanding the foregoing, the Committee shall not have authority to approve any decision that could have a significant impact on the risk profile of the Company. Any such decision shall be referred to the Board for approval.

## 7. Other Matters

7.1. The Committee shall:

- (a) have access to sufficient resources and training in order to carry out its duties;
- (b) have access to members of management and legal counsel at any meeting, if necessary; and
- (c) at least annually, review its own performance, 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.

7.2. The Committee is authorised to appoint, at the Company's expense, remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company in respect of any matter within its terms of reference. Where a consultant is appointed, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

7.3. A Committee member must declare to the Chairman the nature and extent of any conflict of interest ("conflict") he or she may have as soon as reasonably practicable. The Committee member shall provide the Chairman with such details of the matter as is necessary for the Chairman to determine how to address the conflict, together with such additional information as the Chairman may request. Where the Chairman considers that any member has an actual or potential conflict on a particular matter, that Committee member shall not be permitted to vote in relation to that matter. Any conflicts shall be dealt with in accordance with the Company's Conflicts of Interest Policy as applicable from time to time.



## Document Change History

Date	Version	Author	Summary of Changes
	0.1-0.6		Drafts
05.12.2013	0.7	Michelle Thompson	Consistency updates for board review
17.10.2014	1.0	Hannah Moulton	Formatting following Board Approval
21.11.2014	2.0	Trevor Spanner	Incorporating changes arising from remuneration committee review on 20.11.2014
06.11.2015	2.0	Trevor Spanner	Reviewed no changes required
10.04.2018	2.1	Company Secretariat	Revised process for the approval of remuneration for Directors.
15.11.2018	2.2	Kye Pearson	Incorporated independence requirement for members and Committee duty to review EXCOM remuneration.
14.11.2019	2.3	John Odada	General annual review and alignment to recent applicable corporate governance standards that apply to remuneration committees.
12.11.2020	2.4	Kye Pearson	Clarified the location of committee meetings.
17.11.2021	2.5	Company Secretary	Annual Review
15.11.2022	2.6	Company Secretary	Annual Review

22.11.2023	2.7	Company Secretary	Annual Review – amendment to membership to comprise NEDs
18.11.2024	2.8	Company Secretary	Annual Review

