

Directors Remuneration Policy (“Policy”)

Executive Directors’ Policy Table

The table below summarises each element of the Policy for the executive directors, explaining how each element operates and how each part links to the corporate strategy.

| | |
|------------------------------|--|
| Base salary | |
| Purpose and link to strategy | Provides the basis on which to recruit and retain executive directors of appropriate calibre. |
| Operation | Salaries are normally reviewed annually by the Committee taking into account a number of factors, including (but not limited to): <ul style="list-style-type: none"> • an executive director’s experience, expertise and/or performance; • competitive salary levels; • pay and conditions elsewhere in the Group; and • affordability and general market conditions. |
| Maximum opportunity | Any annual salary increases will typically be in line with any salary increases awarded to the workforce. Increases beyond those granted to the workforce may be awarded at the Committee’s discretion, such as (but not limited to): <ul style="list-style-type: none"> • where an executive director has been promoted or has had a change in scope or responsibility; • where an executive director’s salary set at initial appointment was below the expected level; • where there has been a change in market practice; or • where there has been a change in the size and/or complexity of the business. |
| Performance measures | Individual and Company performance is taken into account when determining whether any salary increases are appropriate. |

| | |
|------------------------------|---|
| Pension | |
| Purpose and link to strategy | To provide an appropriate level of retirement benefit to executive directors. |
| Operation | The executive directors are eligible to participate in the Company’s defined contribution registered pension scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, the Company may instead pay a cash supplement, or a combination of a cash supplement and pension contributions. |
| Maximum opportunity | Executive directors receive a pension contribution in line with pension contributions available to the majority of the workforce (currently 6% of salary). |
| Performance measures | None |

| | |
|------------------------------|---|
| Benefits | |
| Purpose and link to strategy | To offer competitive and cost-effective benefits to complement the salary in line with those commonly offered by other similar companies. |

| | |
|----------------------|---|
| Operation | <p>Benefits offered include private medical insurance family cover, a car or cash allowance, life assurance and permanent health insurance.</p> <p>Relocation and related benefits may be offered where an executive director is required to relocate in line with Company policy. Relocation and related benefits may be subject to repayment either in full or part if an executive resigns within two years of relocating.</p> |
| Maximum opportunity | The aim is to provide market competitive benefits and their value may vary from year to year depending on the cost to the Company from third party providers. |
| Performance measures | None |

| | |
|------------------------------|--|
| Annual Bonus | |
| Purpose and link to strategy | To incentivise and reward performance against targets that are linked to the Company's strategy. |
| Operation | <p>Awards are based on performance (typically measured over a financial year) against key financial and non-financial strategic targets.</p> <p>Any bonus earned up to 75% of salary is payable in cash with the remainder deferred into shares for three years.</p> <p>Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions set out below will apply.</p> |
| Maximum opportunity | The maximum bonus opportunity for executive directors is 100% of salary. |
| Performance measures | <p>Performance measures and their weighting are determined annually by the Committee reflecting the Company's strategy.</p> <p>At least 70% of the bonus is assessed against key financial measures and the balance may be based on non-financial strategic measures.</p> <p>The Committee may exercise its discretion to amend the level of any bonus award if it considers that the level of payment is inconsistent with the underlying performance of the Company or the experience of stakeholders over the performance period.</p> |

| | |
|------------------------------|---|
| LTIP | |
| Purpose and link to strategy | To incentivise and reward profitable growth and the delivery of sustainable long-term shareholder returns. |
| Operation | <p>Award of performance shares (usually in the form of nil-cost options), which vest after three years subject to performance measures and continued employment. Vested awards will be subject to a two-year holding period.</p> <p>Dividend equivalents may accrue on shares that vest. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions set out below will apply.</p> |

| | |
|----------------------|---|
| Maximum opportunity | <p>For executive directors in office at the date of the approval of this Directors' Remuneration Report, the maximum award:</p> <ul style="list-style-type: none"> • in respect of FY23 will be up to 150% of salary (the "FY23 Award"), converted into a number of shares by reference to the market value of a share at the time of grant (the "FY23 Price"); • in respect of future financial years, will be up to 150% of salary, converted into a number of shares by reference to the FY23 Price. Provided that the grant in respect of any future year may not exceed 200% of the FY23 Award or be less than 50% of the FY23 Award, when calculated by reference to the market value of a share at the time the relevant award is granted. <p>For any executive director appointed after the date of the approval of this Directors' Remuneration Report, the maximum award in respect of any financial year will be up to 300% of salary, calculated by reference to the market value of a share at the time the relevant award is granted.</p> |
| Performance measures | <p>Performance measures and their weighting are determined annually by the Committee reflecting the Company's strategy.</p> <p>The Committee may exercise its discretion to amend the vesting outcome if it considers that the vesting level is inconsistent with the underlying performance of the Company or the experience of stakeholders over the performance period.</p> |

| | |
|------------------------------|--|
| SAYE Plan | |
| Purpose and link to strategy | To promote share ownership and provide alignment with shareholders' interests. |
| Operation | All employees including executive directors are eligible to participate in the HMRC tax-qualifying Save as you Earn (SAYE) plan (and/or such other HMRC tax-qualifying all-employee share plans as the Company may adopt in the future). |
| Maximum opportunity | All eligible employees can save up to the HMRC limits applying over a three year savings period. |
| Performance measures | None |

| | |
|-------------------------------|---|
| Share ownership policy | |
| Purpose and link to strategy | To further align the long term interests of executive directors with those of shareholders. |
| Operation | <p>Executive directors are expected to build up and maintain a shareholding in the Company equivalent in value to 200% of salary.</p> <p>100% of vested LTIP awards (after sale of shares to cover tax liabilities) must be retained until the guideline is met.</p> <p>Executive directors are not subject to formal post-employment shareholding guidelines. However, executive directors will be expected to sell shares in an orderly manner post-employment.</p> |

Incentive plan discretions

The Committee will operate the annual bonus plan and LTIP in accordance with their respective rules and the above Policy table. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

- The ability to adjust or set different performance measures or targets if events occur (such as a change in strategy, a material acquisition and/or divestment or a change in market conditions) which cause the Committee to determine that the performance measures and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy;
- The ability to adjust share awards if events occur (such as rights issues, corporate restructuring, a change of control or special dividends).

Any use of discretion would, where relevant, be explained in the Directors' Remuneration Report and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Malus and clawback

Malus and clawback provisions apply to the annual bonus, deferred bonus awards and LTIP as follows:

| | Malus | Clawback |
|-----------------------|---------------------------------|---|
| Annual bonus | To such time as payment is made | Up to three years following payment |
| Deferred bonus awards | To such time as the award vests | No clawback provisions apply (as malus provisions apply for three years from the date of award) |
| LTIP | To such time as the award vests | To the end of the holding period |

The events in which malus and clawback may apply are as follows:

- material misstatement of financial statements;
- action or conduct of the executive director amounts to a material failure in risk management, employee misbehaviour, fraud or gross misconduct;
- an error in the calculation of the number of shares subject to an award or calculation of performance outcomes;
- the executive director has wholly or partly caused the corporate failure of the Company; or
- the executive director has wholly or partly caused reputational damage to the Company or censure of the Company by a regulatory authority.

Existing arrangements

The Committee reserves the right to settle the vesting of existing arrangements, which includes LTIP awards granted to the CFO on 28 September 2020.

Chairman and Non-Executive Directors' Policy

| | |
|------------------------------|--|
| Fees and benefits | |
| Purpose and link to strategy | To attract and retain non-executive directors of appropriate calibre and experience. |
| Operation | <p>Fees are normally reviewed annually.</p> <p>The Chairman's fee is determined by the Committee (without the Chairman present). The non-executive directors' fees are determined by a sub-committee of the Board comprising the Chairman and the executive directors.</p> <p>Fees may include a basic fee and additional fees for further responsibilities (e.g. chairing Board committees or holding the office of Senior Independent Director).</p> <p>The Chairman and non-executive directors cannot participate in any of the Company's incentive plans and are not eligible to join the Company's pension scheme. The Chairman and non-executive directors may be eligible to receive benefits such as travel costs, secretarial support or other benefits that may be appropriate.</p> |
| Maximum opportunity | <p>Any fee increases will typically be in line with any salary increases awarded to the wider workforce. Increases beyond those granted to the workforce may be awarded at the Committee's discretion, such as (but not limited to):</p> <ul style="list-style-type: none"> • where there has been an increase in the Chairman's or non-executive director's time commitment to the role; • where there has been a change in market practice; or • where there has been a change in the size and/or complexity of the business. <p>Overall fees paid to non-executive directors will remain within the limits set by the Company's Articles of Association.</p> |

Recruitment policy

The policy aims to facilitate the appointment of executive directors with the necessary background, skills and experience to ensure the continuing success of the Company.

The Committee will typically seek to align the remuneration package with the above Policy table. The Committee may include other elements of pay where the Committee believes there is a need to do so in the best interests of the Company and shareholders.

The Committee may make payments or awards in respect of hiring an executive director to "buyout" arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors including any performance measures attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited.

Fees payable to a newly appointed Chairman or non-executive director will be in line with the fee policy in place at the time of appointment.

Service contracts

The CFO's service contract is on a rolling basis and may be terminated by the Company or the CFO upon six months' notice. The notice period for any new executive director will not exceed 12 months by either party.

Non-executive directors' letters of appointment are for an initial three year term followed by annual re-election at the Company's AGM and are subject to a one month notice period by the Company or non-executive director.

All the directors will offer themselves for election or re-election at the forthcoming Annual General Meeting.

| | Date of initial appointment | Notice period |
|--------------------------------|------------------------------------|----------------------|
| Executive Director | | |
| Andrew Cook | January 2020 | 6 months |
| Chairman | | |
| Clive Whiley ¹ | April 2018 | 1 month |
| Non-executive directors | | |
| Gillian Kent | March 2017 | 1 month |
| Mark Newton-Jones ² | July 2014 | 1 month |
| Brian Small | December 2019 | 1 month |

1. Clive Whiley served as Executive Chairman between April 2018 and March 2020 and was appointed as non-executive Chairman in March 2020.
2. Mark Newton-Jones served as Chief Executive between July 2014 and January 2020, as an executive director between January 2020 and July 2021 and was appointed as a non-executive director in July 2021.

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below.

| | Policy |
|--|---|
| Payment in lieu of notice | The Company has discretion to make a payment in lieu of notice. Such a payment would include salary and benefits for the unexpired period of notice. Any such payments will be subject to mitigation. |
| Annual bonus and deferred bonus awards | <p>The extent to which any annual bonus will be paid or unvested deferred bonus award will vest will be determined in accordance with the rules of the STIP.</p> <p>Executive directors must normally be in employment on the payment date to receive an annual bonus. However, if an executive director leaves due to death, ill-health, injury, disability, redundancy, retirement, the sale of their employer or any other reason at the discretion of the Committee, they will be considered for a bonus payment.</p> <p>The level of payment will be determined by the Committee taking into account the extent to which performance targets are satisfied and, unless the Committee determines otherwise, the proportion of the performance period that had elapsed on the date that the executive director ceases employment. The Committee retains discretion to accelerate payment in exceptional circumstances (e.g. death).</p> <p>Other than summary dismissal, unvested deferred bonus awards will continue and vest at the normal vesting date. The Committee retains discretion to accelerate vesting in exceptional circumstances (e.g. death).</p> |

| | |
|-------------------|---|
| LTIP | <p>The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if an executive director leaves due to death, ill-health, injury, disability, redundancy, retirement, the sale of their employer or any other reason at the discretion of the Committee, awards will continue and vest at the normal vesting date. The Committee retains discretion to accelerate vesting (and release) in exceptional circumstances (e.g. death).</p> <p>The level of vesting will be determined by the Committee taking into account the extent to which performance targets are satisfied and, unless the Committee determines otherwise, the proportion of the vesting period that had elapsed on the date that the executive director ceases employment.</p> <p>If an executive director leaves for any reason (other than summary dismissal) after an award has vested but before it has been released (i.e. during a 'holding period'), their vested award will continue and be released at the normal release date. The Committee retain discretion to accelerate the release of a vested award in exceptional circumstances (e.g. death).</p> |
| Change of control | <p>Annual bonus awards will be determined taking into account performance at the time of the event and, unless the Committee determines otherwise, the proportion of the performance period that had elapsed.</p> <p>Deferred bonus awards will vest in full at the time of the event, unless the Committee determines otherwise.</p> <p>Unvested LTIP awards will normally vest (and be released) at the time of the event. The level of vesting will be determined taking into account performance at the time of the event and, unless the Committee determines otherwise, the proportion of the vesting period that had elapsed.</p> |
| Other payments | <p>In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.</p> <p>Awards under the SAYE may vest and, where relevant, be exercised in the event of employment or a change of control in accordance with the rules of the SAYE Plan.</p> |

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's employment.

There is no entitlement to any compensation in the event of non-executive directors' fixed-term agreements not being renewed or the agreement terminating earlier.

Consideration of employment conditions elsewhere in the Company

The Policy for the executive directors is designed with regard to the policy for employees across the Group as a whole.

Mothercare operates in a number of different territories and has employees who carry out diverse roles across a number of countries. All employees, including senior managers, are paid by reference to the local market rate and base salary levels are reviewed regularly.

When considering salary increases for executive directors, the Company will be sensitive to pay and employment conditions across the wider workforce. The Committee is kept updated through the year on general employment conditions, budgets for any basic salary increase, the level of bonus pools and pay-outs, and participation in share plans. Therefore the Committee is aware of how total remuneration of the executive

directors compares to the total remuneration of the general population of employees and the Committee will continue to monitor the progress of retail pay versus that of senior management.

Common approaches to remuneration policy which apply across the Group include:

- a consistent approach to 'pay for performance' is applied throughout the Group, with annual bonus schemes being offered to all employees;
- offering pension and life assurance benefits for all employees, ensuring that salary increases for each category of employee are considered taking into account the overall rate of increase across the Group, as well as Company and individual performance; and
- encouraging broad-based share ownership through the use of all-employee share plans.

Consideration of shareholders views

The Committee engages pro-actively with the Company's major shareholders. For example, when any material changes are made to the Policy, the Committee Chair will consult with major shareholders in advance. The Committee has consulted with the major shareholders in respect of this Policy.