

Afentra Plc

Terms of Reference – Remuneration Committee (“Committee”)

Revised Terms of Reference adopted by resolution of the Board dated 5 August 2022

The Remuneration Committee’s full terms of reference are available below but in summary, its main responsibilities include:

Responsibility for determining the framework or broad policy for the remuneration of the Company’s Chief Executive, Chairman and non-executive Directors. The Committee also recommends and monitors the level and structure of remuneration for senior executive management, ensuring safeguards are in place to prevent awards being made for failure.

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board of Directors (“Board”). The Committee shall be made up of 2 members, all of whom are non-executive Directors and at least one of whom shall be an independent non-executive Director.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, HR Manager and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 1.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided the Director still meets the criteria for membership of the Committee.
- 1.4. The chairman of the Committee shall be an independent non-executive Director (the “Committee Chairman”). If the membership of the Committee contains more than one independent non-executive Director, the Board shall appoint the Committee Chairman. The Chairman of the Board shall not be Committee Chairman.

2. Secretary

- 2.1. The Company secretary or his or her nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be 2 members. 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.

4. Frequency of Meetings

- 4.1. The Committee shall meet at least twice a year (a) at the end of each calendar year and (b) prior to the publication of the statement on the Committee’s work in the Company’s annual report (see 9.3) and at such other times as the Committee Chairman shall require.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Committee Chairman at the request of any of its members.

- 5.2. Unless otherwise agreed, 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, any other person required to attend and all other Directors, no later than 3 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1. The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless inappropriate to do so.

7. Annual General Meeting

- 7.1. The Committee Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee shall:

- 8.1. determine and agree with the Board the framework or broad policy for the remuneration of the company's Chief Executive, Chairman, the executive Directors (if any), the company secretary and such other members of the senior management as it is designated to consider. The remuneration of non-executive Directors shall be a matter for the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration;
- 8.2. in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully, to encourage enhanced performance and ensure, in a fair and responsible manner and without paying more than is necessary, individuals are rewarded for their individual contributions to the success of the company. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals;
- 8.3. review the ongoing appropriateness and relevance of the remuneration policy;
- 8.4. approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes;
- 8.5. review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors and other senior management and the performance targets to be used;
- 8.6. determine the policy for, and scope of, pension arrangements for each executive Director and other senior management;

- 8.7. ensure that contractual terms on termination, and any payments made, are: (i) fair to the individual and the company; (ii) such that failure is not rewarded; and (iii) such that the duty to mitigate loss is fully recognised;
- 8.8. design and invoke agreed safeguards, for example recovery and withholding provisions, to protect against the possibility of rewards for failure through appropriate risk management of incentive arrangements to ensure that any performance-related payments reflect actual achievements, where possible;
- 8.9. within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate to ensure no conflicts of interest arise, determine the total individual remuneration package of each executive Director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 8.10. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the QCA Corporate Governance Code and the AIM Rules and associated guidance;
- 8.11. review and note annually the remuneration trends across the company or group;
- 8.12. oversee any major changes in employee benefits structures throughout the company or group;
- 8.13. ensure that all provisions regarding disclosure of remuneration including pensions, as required by law, the QCA Corporate Governance Code and the AIM Rules are fulfilled; and
- 8.14. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports or surveys which it deems necessary to help it fulfil its obligations, within any budgetary restraints imposed by the Board; and
- 8.15. Agree the policy for authorising claims for expenses from the Directors.

9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall produce an annual report of the company's remuneration policy and practices which will form part of the company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

10. Other matters

The Committee shall:

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

- 10.2. 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;
- 10.3. give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code, the requirements of the Financial Conduct Authority and UK Listing Authority's Disclosure Guidance and Transparency Rules as appropriate;
- 10.4. oversee any investigation of activities which are within its terms of reference; and
- 10.5. at least once a year, 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.

11. Authority

- 11.1. The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.
- 11.2. In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any external legal or other professional advice on any matter it believes necessary to do so.