

## **OXFORD BIOMEDICA PLC**

### **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

#### **1. Constitution**

- 1.1 The current remuneration committee (**Committee**) was constituted as a committee of the board of directors (**board**) of Oxford Biomedica Plc (**Company**) at a full meeting of the board held in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### **2. Role**

- 2.1 The role of the Committee is to assist the board to fulfil its responsibility to shareholders to ensure that:
  - (a) remuneration policy and practices of the Company and its subsidiaries (**Group**) are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
  - (b) executive remuneration is aligned to Group purpose and values and linked to delivery of the Group's long-term strategy.
- 2.2 Subject to paragraph 2.3, in particular, the Committee shall consider:
  - (a) remuneration policies, including base pay, long-term and short-term incentives, post-employment shareholding requirements and use of the Committee's discretion;
  - (b) remuneration practice and its cost to the Group;
  - (c) recruitment, service contracts and severance policies;
  - (d) pension and superannuation arrangements and other benefits;
  - (e) the engagement and independence of external remuneration advisers; and
  - (f) a review of workforce remuneration and related policies and the alignment of incentives and rewards with culture.
- 2.3 The remuneration of the senior independent director and non-executive directors of the board shall be determined by the chair and the executive directors to be decided at a

meeting of the board to be determined within the limits set in the Company's articles of association. No director shall be involved in any decisions as to their own remuneration.

### **3. Duties and terms of reference**

The Committee shall carry out the following duties for the Group and advise the board appropriately:

#### **3.1 Remuneration policy and practices (including share-based remuneration and bonus arrangements)**

- (a) determine and agree with the board the policy for the remuneration and benefits, including pension rights and compensation payments, of the executive directors and set the remuneration for:
  - (i) the chair of the Company;
  - (ii) executive directors;
  - (iii) the company secretary; and
  - (iv) the senior executive team (**SET**);
- (b) subject to paragraph 3.4(b), in determining the remuneration policy and incentive arrangements, consider:
  - (i) all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (July 2018) and associated guidance;
  - (ii) the need to promote the long-term sustainable success of the Group and the alignment to the Group purpose and values clearly linked to the successful delivery of the Group's long-term strategy, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that executive directors, the company secretary and SET members are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
  - (iii) the need to support the strategy of the Group and how the policy reflects and supports the long-term strategy; and
  - (iv) any shareholding requirements, including the promotion of long-term shareholdings by executive directors that support alignment with long-term shareholder interests, a total vesting and holding period of at least five years, and a formal policy for any post-employment shareholding requirements for executive directors, the company secretary and SET members that encompass both unvested and vested shares;

- (c) when determining executive director remuneration policy and practices, address the following factors set out in Provision 40 of the UK Corporate Governance Code:
  - (i) clarity;
  - (ii) simplicity;
  - (iii) risk;
  - (iv) predictability;
  - (v) proportionality; and
  - (vi) alignment to culture;
- (d) when determining remuneration schemes, incentive arrangements and the remuneration policy, consider the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards in appropriate specified circumstances;
- (e) review the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- (f) within the terms of the agreed remuneration policy and in consultation with the chair and/or CEO as appropriate, determine the total remuneration package for the chair of the board and each element of the total individual remuneration package for each executive director, the company secretary and SET members including (to the extent applicable):
  - (i) base salary;
  - (ii) profit sharing and specific incentive remuneration schemes or arrangements;
  - (iii) participation in share option schemes and share ownership plans;
  - (iv) pension arrangements, including the level of contributions by the Group; and
  - (v) other bonuses and benefits in cash or in kind;
- (g) ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval;
- (h) within the terms of the agreed remuneration policy, decide on any ex-gratia payments to be made and benefits granted to directors and SET members and their surviving spouses;

- (i) review and recommend for approval by the board (and where required, the shareholders) the design of, and determine the targets for, the operation of all share incentive plans, including all schemes involving the award of shares or the grant of options, in which executive directors, the company secretary and SET members participate. For any such schemes or plans, determine each year whether the awards will be made, and if so, the overall amount of such awards, the individual awards for those individuals, and the performance targets to be used;
- (j) exercise discretion and independent judgment when determining remuneration outcomes and awards in accordance with any incentive schemes and the remuneration policy, taking account of Group and individual performance, and wider circumstances and in relation to performance-based incentive plans using a range of financial and non-financial strategic measures to ensure that targets are aligned with how the Group will deliver value over the long-term in line with the Group's purpose; and
- (k) agree the policy for authorising claims for expenses from the directors.

### **3.2 Pensions**

Review the pension arrangements for the executive directors, the company secretary and SET members and consider:

- (a) the alignment of pension contribution rates, or payments in lieu, for executive directors, the company secretary and SET members with those available to the workforce; and
- (b) the pension consequences and associated costs to the Group of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for directors close to retirement, when compared with workforce arrangements.

### **3.3 Service contracts and severance**

- (a) approve the terms of the service contracts, the duration of which shall not normally exceed one year's notice period, for executive directors, the company secretary and SET members and any material amendments to those contracts;
- (b) determine the policy for, and scope of, termination payments and compensation commitments for each executive director, and SET members and the company secretary and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance; and
- (c) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group and in accordance with legal and regulatory

requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

### **3.4 Workforce remuneration and related policies**

- (a) review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- (b) when setting the policy for executive director remuneration, take into account the matters in paragraph 3.5(a);
- (c) engage with the workforce to explain how decisions on executive pay reflect wider Group pay policy; and
- (d) oversee any major changes in remuneration and employee benefits structures throughout the Group.

### **3.5 Remuneration consultants**

- (a) to help it to fulfil its obligations and enable it to judge where to position the Group relative to other companies, have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Group (but within any budgetary restraints imposed by the board) but the Committee should avoid designing pay structures based solely on benchmarking to the market or the advice of remuneration consultants; and
- (b) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee – any such consultant should be identified in the annual report along with a statement about any other connection it has with the Group or individual directors.

### **3.6 Reporting responsibilities**

- (a) report formally to the board after each meeting on the nature and content of its discussions, records and action to be taken (including any matters on which the board has requested the Committee's opinion) and the minutes of all Committee meetings shall be included in the board papers for a subsequent board meeting.
- (b) produce a report to shareholders annually on matters relating to executive remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the UK Corporate Governance Code, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Listing Rules (as published by the Financial Conduct Authority) (**Listing Rules**) and any other relevant statutory, regulatory or governance codes and incorporate:

- (i) an annual statement by the Committee's chair and annual report on directors' remuneration (together, **annual remuneration report**); and
  - (ii) the directors' remuneration policy when it must be submitted for approval at the AGM(**directors' remuneration policy**) and, in any other case, either the directors' remuneration policy, a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website;
- (c) submit the directors' remuneration policy for approval on a binding basis by the board and shareholders:
  - (i) every three years;
  - (ii) in any year in which there is a change to the policy;
  - (iii) if shareholder approval was not obtained when last submitted; and
  - (iv) if majority shareholder approval was not achieved on the last submitted annual remuneration report; and
- (d) submit the annual remuneration report for approval on an advisory basis by the board and shareholders at the annual general meeting each year; and
- (e) ensure, through the chair of the board, that the Group maintains contact, and the Committee chair seeks engagement, as required, with the Group's major shareholders on significant matters relating to the Committee's areas of responsibility;
- (f) subject to delegation of authority by the board, engage in appropriate discussions as necessary with shareholders if, 20 per cent. or more of votes have been cast by shareholders against a resolution to approve the annual remuneration report or directors' remuneration policy or any long-term incentive scheme at any annual general meeting or general meeting, as the case may be, and agree with the board any appropriate disclosure, including in the annual report.

### **3.7 Other matters**

- (a) keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants;
- (b) subject to delegation of authority by the board, determine whether the disclosure of any information on performance conditions and performance targets would be commercially sensitive;
- (c) consider such other matters as are referred to the Committee by the board; and
- (d) work and liaise as necessary with all other board committees.

#### **4. Membership**

- 4.1 The Committee shall comprise a chair and a minimum of two other members. Each Committee member shall be an independent non-executive director as determined by the board (in accordance with the UK Corporate Governance Code). If any member of the Committee is deemed not to be independent, then the board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.
- 4.2 The board shall appoint members of the Committee, on the recommendation of the nomination committee, in consultation with the Committee chair. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 4.3 The chair of the board may be a member of, but not chair, the Committee if he or she was considered to be independent on appointment as chair.
- 4.4 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, so long as members (other than the chair of the board if he or she is a member of the Committee) continue to be independent.
- 4.5 The board shall appoint the Committee chair who shall be an independent non-executive director and determine the period for which the Committee chair will hold office, and before such appointment, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee chair or an appointed deputy, the remaining members of the Committee present at a meeting shall elect one of their number present to chair the meeting.
- 4.6 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.7 The company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **5. Attendance at meetings**

- 5.1 The Committee shall meet at least twice a year and otherwise as required.
- 5.2 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the chief executive officer, the chief people officer and external advisers may be invited to attend for all or part of any meeting, as

and when appropriate and necessary and with the agreement of the Committee chair. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.

5.3 No person (including directors, the chair of the board or SET members) of the Company shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.

5.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

5.5 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

## **6. Notice of meetings**

6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any member of the Committee.

6.2 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, no later than five 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair. In addition, in the event urgent matter arise, meetings may be held at short notice.

6.3 The Committee may send notices, agendas. And supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

## **7. Quorum**

7.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference.

7.2 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.

## **8. Voting arrangements**

8.1 Subject to paragraph 8.2 and paragraph 8.3, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by

members attending a Committee meeting (whether in person or by audio or video conference).

- 8.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 8.3 Except where he or she has a personal interest, the Committee chair shall have a casting vote.
- 8.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **9. Minutes of meetings**

- 9.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other board members and the company secretary unless, exceptionally, in the opinion of the Committee chair, it would be inappropriate to do so.
- 9.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **10. Engagement with shareholders**

The Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **11. Annual general meeting**

The Committee chair shall attend the annual general meeting to answer shareholder questions on the Committee's activities and shall be available to respond to any shareholder questions on the Committee's activities and achievements over the year (including details on engagement with shareholders on significant matters).

## **12. General matters**

The Committee shall:

- 12.1 Consider other duties determined by the board from time to time.

- 12.2 Have access to sufficient resources to carry out its duties, including access to the company secretary and management for advice and assistance as required.
- 12.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. Any individual training is to be discussed and agreed with the company secretary.
- 12.4 Give due consideration to relevant laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share incentive plans including but not limited to the Companies Act 2006, the principles and provisions of the UK Corporate Governance Code, the requirements of the Listing Rules, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Lifetime Savings Association, the GC100 and Investor Group and any other applicable rules, as appropriate.
- 12.5 Work and liaise as necessary with all other board committees, including the nomination committee in respect of any remuneration package to be offered to any new appointee of the board, ensuring that the interaction between committees and the Committee and the board is reviewed regularly.
- 12.6 Arrange for periodic reviews of its own performance and, at least annually, review its 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.

### **13. Authority**

The board authorises the Committee to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Group's documents and information and to obtain, at the Group's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- 13.2 Seek any information it requires from any employee of the Group to perform its duties.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Group's expense.
- 13.4 Call any employee of the Group to be questioned at a Committee meeting as and when required, and all such employees are directed to co-operate with any request made by the Committee.

- 13.5 Have the right to publish in the Group's annual report details of any issues that cannot be resolved between the Committee and the board.

Adopted at the board meeting of the Company on 28<sup>th</sup> July 2022.