

GRESHAM TECHNOLOGIES PLC

Remuneration Committee

Terms of Reference

(as adopted by the board of directors of the Company on 26 February 2019)

Reference to "the Committee" shall mean the Remuneration Committee.

Reference to "the Company" shall mean Gresham Technologies plc and, where applicable, its subsidiaries

Reference to "the Board" shall mean the Board of Directors.

1. Constitution, Membership and quorum

- 1.1. The Committee shall be constituted as a sub-committee of the Board.
- 1.2. Members of the Committee shall be appointed and removed by the Board as a whole on the recommendation of the Nomination Committee in consultation with the Committee chair. The Committee shall be made up of at least two independent non-executive directors, including the Committee chair. If at any time there are fewer than two independent non-executive directors on the Board, the Committee shall include as many independent non-executive directors as are on the Board. The chair of the Board may serve on the Committee as an additional member but not as chair.
- 1.3. The Board shall appoint the Committee chair who shall be an independent (for the purpose of the UK Corporate Governance Code) non-executive director and who shall have served on a Committee for at least 12 months. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves who is an independent director to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chair of the Board shall not be chair of the Committee.
- 1.4. Appointments to the Committee shall be for a period of up to 3 years (subject to the election and re-election provisions in the Company's constitution and in the UK Corporate Governance Code), which may be extended for two further periods of up to 3 years each, provided the director concerned (other than the chair of the Board, if he or she is a member of the Committee) remains "independent" for the purposes of the UK Corporate Governance Code.
- 1.5. The quorum necessary for the transaction of business at a meeting of the Committee shall be two. 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.

2. Duties

- 2.1. The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the group as a whole, unless required otherwise by regulation, as appropriate. In carrying out these duties, the members of the Committee must comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider,

in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.

2.2. The Committee shall:

- 2.2.1. determine the Company's remuneration policy for all executive directors. Unless otherwise required by the Company's constitution, the Board itself should determine the remuneration of the non-executive directors within the limits set by the Company's constitution which should not include share options or other performance-related elements;;
- 2.2.2. in determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should be designed to support strategy and promote long-term sustainable success. Executive directors' remuneration should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long-term strategy;
- 2.2.3. review the ongoing appropriateness and relevance of the remuneration policy, in particular in respect of the approach to recruitment, the policy on payments for loss of office and the exercise of discretion;
- 2.2.4. ensure that all remuneration payments made to any executive director are consistent with the remuneration policy approved by the Company's shareholders or otherwise agreed in advance by the Company's shareholders;
- 2.2.5. in consultation with the chair of the Board and/or the chief executive (as appropriate), determine the total individual remuneration package of each executive director, the chair of the Board and senior management (being the first layer of management below board level, including the company secretary) including salary, bonuses, incentive payments and share options or other share awards. No director or senior manager shall be involved in any decisions as to his or her own remuneration.
- 2.2.6. approve the design of, and determine targets for, any performance-related pay schemes operated by the Company;
- 2.2.7. review the design of all share incentive plans for approval by the Board and (where applicable) shareholders. Such share incentive plans should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted to executive directors should be subject to a total vesting and holding period of 2 years or more (in relation to an annual bonus) or 3 years or more (in relation to a long-term incentive plan), as determined by the Committee and/or in accordance with minimum shareholding guidelines. For any such plans, the Committee should determine each year whether awards will be made, and if so, the overall amount of such awards and the performance targets to be used;

- 2.2.8. ensure that all variable remuneration schemes and policies enable the Committee to override formulaic outcomes and include provisions to allow the Company to recover and/or withhold sums or share awards, setting out the specified circumstances in which it would be appropriate do so. The Committee shall exercise independent judgement when authorising remuneration outcomes, taking account of Company and individual performance and the wider circumstances and, as part of the annual process to determine remuneration outcomes, take an active decision on whether or not to exercise discretion;
- 2.2.9. determine the policy for, and scope of, pension arrangements for each executive director and senior management ensuring that the pension contribution rates for executive directors (including payments in lieu) are aligned with those available to the workforce. The basic salary increases or any other changes to pensionable remuneration or contractual rules should be carefully considered when compared with workforce arrangements;
- 2.2.10. develop a formal policy for minimum shareholding for executive directors, encompassing vested shares and other shareholdings;
- 2.2.11. develop a formal policy for post-employment shareholding requirement for executive directors, encompassing both unvested and vested shares;
- 2.2.12. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised and robustly enforced. Ensure that all loss of office payments made to any director are consistent with the remuneration policy approved by the Company's shareholders or that the payments are otherwise agreed in advance by the Company's shareholders. Notice periods for executive directors should be one year or less unless it is necessary to offer a longer period to recruit a new director, in which case the notice period should reduce to one year or less after the initial period;
- 2.2.13. agree the policy for authorising claims for expenses from the directors;
- 2.2.14. be exclusively responsible for establishing the selection criteria and for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. Independent judgement should be exercised by the Committee when evaluating the advice of remuneration consultants and other third parties and when receiving views from executive directors and senior management;
- 2.2.15. oversee any major changes in employee benefits structures throughout the Company or group including (without limitation) in relation to employee incentive schemes;
- 2.2.16. review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when setting the remuneration policy for executive directors;
- 2.2.17. set out in the description of the work of the Committee in the annual report what engagement has taken place with the workforce to explain how executive remuneration aligns with wider Company pay policies;

2.2.18. work and liaise as necessary with all other Board committees.

2.3. The Committee shall remain up to date with reliable information about remuneration in other comparable companies, and take such information into account in performing its duties. The Committee is authorised, acting reasonably, to take external professional advice, and/or commission any remuneration reports or surveys, at the Company's cost, if it deems it necessary to do so in the proper performance of its duties.

3. Reporting responsibilities

3.1. The chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

3.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it considers that action or improvement is needed.

3.3. The Committee shall ensure that the provisions regarding the disclosure of information, including pensions, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code, are fulfilled and produce a report on the Company's remuneration policy and practices to be included in the Company's annual report and ensure that it is put to shareholders for approval at the annual general meeting. If remuneration consultants have been used, the Committee shall, in addition to the disclosures required in respect of external advisers by the Regulations, identify them in its report and state whether they have any other connection with the Company or individual directors.

4. Other

4.1. The Committee shall:

4.1.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

4.1.2. 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;

4.1.3. give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of a listed company and the formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association and the Pensions and Lifetime Savings Association and any other applicable rules, as appropriate;

4.1.4. 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.

5. Authorities

5.1. The Committee is authorised by the Board to:

- 5.1.1. seek any information it requires from any employee of the Company in order to perform its duties;
- 5.1.2. obtain any outside legal or other independent professional advice as it may reasonably require at the cost of the Company for the proper discharge of its duties; and
- 5.1.3. appoint remuneration consultants and to commission or purchase any information, reports or surveys which it deems necessary to help it fulfil its obligations at the expense of the Company, but within any budgetary restraints imposed by the Board.

6. Meetings and Procedure

- 6.1. The company secretary, or any other person selected for the task by the Committee, shall act as the secretary of the Committee.
- 6.2. The Committee shall meet at least twice annually and otherwise as required. Meetings may be held in person, or, provided all members are able to hear and speak to each other throughout the meeting, by telephone or video conference.
- 6.3. Committee meetings shall be called on no less than 5 working days' notice, or at shorter notice if all the members of the Committee agree. Any Committee papers that are to be discussed at a meeting shall be circulated to the Committee members as far in advance of the meeting as reasonably practicable. Committee meetings may be called by any member of the Committee or by the Board or by the secretary at their request.
- 6.4. Only Committee members are entitled to attend Committee meetings. However, the Committee is authorised to invite non-members, including without limit the Chief Executive Officer, Chief Finance Officer, and external advisers, to attend for all or part of any meeting where the Committee chair considers it necessary or appropriate to do so.
- 6.5. The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.6. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, other than where, in the opinion of the chair of the Committee, it would be inappropriate to do so.
- 6.7. The Committee chair shall attend each annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities and the remuneration report or generally on the Company's remuneration principles and practices.