



## **ACCSYS TECHNOLOGIES PLC (the "Company")**

### **REMUNERATION COMMITTEE TERMS OF REFERENCE**

#### **1. CONSTITUTION**

- 1.1 The remuneration committee (**Committee**) was constituted as a committee of the board of directors (**Board**) of the Company at a full meeting of the Board held on 21 March 2019 in accordance with the articles of association of the Company. The Committee shall be a standing committee of the Board.
- 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, including, without limitation, the establishment of sub-committees which are to report back to the Committee or Board as required.

#### **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 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 company purpose and values and linked to delivery of the Company's long-term strategy.

#### **3. DUTIES**

##### *Policy*

- 3.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Chair of the Board, Executive Directors, Company Secretary and Executive Committee members including pension rights and compensation payments. The remuneration of non-Executive Directors shall be a matter for the Board or the shareholders (within the limits set in the Articles of

Association). No Director or Executive Committee members shall be involved in any decisions as to their own remuneration.

- 3.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the Quoted Companies Alliance Corporate Governance Code and all relevant guidance. Remuneration policies and practices will be designed to support Company strategy and promote long-term sustainable success. Executive remuneration should be aligned to Company purpose and values, the desired behaviours that underpin them, and responsible risk taking and be clearly linked to the successful delivery of the Company's long-term strategy. Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests.
- 3.3 When setting and considering the remuneration policy, the Committee shall:
  - (a) Ensure that remuneration schemes and policies enable the use of discretion by the Committee to override formulaic outcomes, including on remuneration outcomes in accordance with any incentive schemes and the remuneration policy, taking account of Company and individual performance, and wider circumstances;
  - (b) Review the on-going appropriateness and relevance of the remuneration policy and consult with shareholders, as appropriate, on the policy or any other aspects of remuneration;
  - (c) Take into account workforce remuneration and related policies across the Company and its subsidiary companies (**Group**) and the alignment of incentives and reward with culture.
- 3.4 The Committee shall determine the policy for, and scope of, pension arrangements for each Executive Director and Executive Committee member, including the Company Secretary.
- 3.5 The Committee shall agree the policy for authorising claims for expenses from the Directors.
- 3.6 The Committee shall oversee any major changes in employee remuneration and benefits structures throughout the Company and the Group.
- 3.7 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### Bonuses and Incentives

3.8 The Committee shall:

- (a) review and approve the design of all share incentive and bonus plans for approval by the Board and, to the extent required, by the shareholders, ensuring alignment to the Company's risk policies and systems, its purpose and values, support the strategy and promote long-term sustainable success and enhancement of shareholder value. For any such plans, the Committee shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and Executive Committee members and the performance targets to be used;
- (b) monitor and assess any performance conditions applicable to any share incentive or bonus awards granted under any schemes or plans adopted by the Company. Ensure that the performance conditions are fully explained;
- (c) exercise independent judgement and discretion when authorising outcomes under all incentive and bonus arrangements, taking account of Company and individual performance, and wider circumstances;
- (d) design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements; and
- (e) for the purpose of this paragraph 3.8, bonus plans, awards or arrangements shall be interpreted to exclude any plan, award or arrangement applicable outside of the Executive Committee to i) the Group sales team, in respect of sales achieved or ii) Group wide, in respect of know-how generation, which in each case shall not be subject to Committee monitoring and assessment.

### Remuneration Packages and Payments

3.9 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive Officer as appropriate, the Committee shall determine:

- (a) the total individual remuneration package of the Chair and each Executive Director, the Company Secretary and each Executive Committee member;
- (b) each element of the total remuneration package for each Executive Director, the Company Secretary and Executive Committee member, including basic salary, benefits in cash or in kind, bonuses, incentive payments and share options or other share awards and authorise outcomes relating thereto in accordance with these terms of reference.

### Contractual Terms

- 3.10 The Committee shall:
- (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
  - (b) 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 Executive Committee members and any material amendments to those contracts; and
  - (c) determine the policy for, and scope of, termination payments and compensation commitments for each Executive Director, the Company Secretary and Executive Committee members and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance.

### Consultants, Information and Advice

- 3.11 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 3.12 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale, external remuneration trends and market conditions including receiving an annual presentation from its external remuneration consultants. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board.
- 3.13 The Committee shall consider such other matters as may be requested by the Board and work and liaise as necessary with all other Board committees.

## **4. MEMBERSHIP**

- 4.1 The Committee shall have at least three members. The Chair of the Board may also serve on the Committee as an additional member, but not chair the Committee, if he was considered independent on appointment as Chair.
- 4.2 The members of the Committee shall be appointed by the Board on the recommendation of the nomination committee and in consultation with the Chair of the remuneration committee. All members of the Committee should be independent

non-executive directors. Appointments to the Committee shall be for periods of up to three years, which may be extended (usually for no more than two additional three-year periods) provided the members continue to be independent.

- 4.3 The Board shall appoint the Committee Chair who shall be a suitably experienced, independent non-Executive Director who has served on a remuneration committee (either at the Company or another company) 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 to chair the meeting (provided such person 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.
- 4.4 A quorum necessary for the transaction of business of the Committee shall be any two members of the Committee.

## **5. VOTING ARRANGEMENTS**

- 5.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 5.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest that member shall not be permitted to vote at the meeting.
- 5.3 Save where he or she has a personal interest, the Chair will have a casting vote.

## **6. ATTENDANCE AT MEETINGS**

- 6.1 The Committee will meet at least two times a year. The Committee may meet at other times during the year as required.
- 6.2 Only members of the Committee have the right to attend a Committee meeting but other Directors, the Company Secretary the head of human resources or external advisers may be invited to attend all or part of any meeting as and when appropriate.
- 6.3 The Company Secretary shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues and shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 6.4 The Committee Chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chair of the Committee.

- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member, any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **8. AUTHORITY**

- 8.1 The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or Director, and all such employees or Directors will be directed to co-operate with any request made by the Committee. The Committee shall further have the right to publish in the Company's annual remuneration report details of any issues that cannot be resolved between the Committee and the Board.

## **9. REPORTING**

- 9.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the Company Secretary.

- 9.2 Draft minutes of each meeting will be circulated to all members of the Committee within ten working days of the date of the meeting. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

- 9.3 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

## **10. GENERAL MATTERS**

10.1 All Committee members should attend each Annual General Meeting of the Company, and the Chair of the Committee shall be available to answer questions concerning the Committee's work.

10.2 The Committee shall arrange for annual reviews of its own performance and, at least once a year, review its constitution, membership and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required, and 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.

10.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.

10.5 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Quoted Companies Alliance Corporate Governance Code, are fulfilled and produce an annual report including all information as required by law and regulation, which shall incorporate:

- (a) a statement by the Committee's Chair and annual report on Directors' remuneration (together, **annual remuneration report**); and
- (b) the Directors' remuneration policy when it must be submitted for approval in accordance with paragraph 10.6(b) below (**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;

10.6 The Committee shall:

- (a) ensure each year that the annual remuneration report includes the number of meetings of the Committee held in the relevant year and individual attendance by its members and that the annual remuneration report is put to shareholders for approval at the Annual General Meeting. If the Committee has appointed remuneration consultants, the annual remuneration report

should also identify such consultants and state whether they have any other connection with the Company or individual Directors.

- (b) submit the Directors' remuneration policy for approval by the Board and shareholders as needed.

10.7 Through the Chair of the Board, the Committee shall ensure that the Company maintains contact and seeks engagement as required with its principal shareholders about remuneration.

10.8 These terms of reference shall be made publicly available on the Company's website.

Adopted at the board meeting of the Company on 11 November 2019.