

Adopted on 6 December 2016 and amended on 14 March 2019

OXFORD BIODYNAMICS PLC

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TERMS OF REFERENCE OF REMUNERATION COMMITTEE

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## **OXFORD BIODYNAMICS PLC (THE "COMPANY")**

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

#### **1. CONSTITUTION**

This committee of the board known as the remuneration committee is established under article 25.3 of the Articles of Association of the Company and was constituted at a meeting of the board of directors held on 29 November 2016. In these terms of reference, the "**Group**" means the Company and its subsidiary undertakings from time to time.

#### **2. MEMBERSHIP**

##### **2.1 Appointment of committee**

The committee shall comprise at least two members, one of which shall be an independent nonexecutive director. The chairman of the board may also serve on the committee. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chairman of the remuneration committee. Appointments to the committee shall be for a period of up to three years extendable by no more than two additional three-year periods.

##### **2.2 Other attendees**

Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive and external advisers may be invited to attend for all or any part of any meeting, as and when appropriate and necessary.

##### **2.3 Committee chairman**

The board shall appoint the committee chairman who shall be an independent non-executive director. The chairman of the board shall not be chairman of the committee.

##### **2.4 Appointment of alternate members**

If a regular member is unable to act due to absence, illness or any other cause, the committee chairman may appoint another director to serve as an alternate member. If the sole member of the committee that is an independent non-executive director is unable to act due to absence, illness or any other cause, the committee chairman may, if there are any other independent nonexecutive directors, appoint another independent non-executive director to serve as an alternate member.

##### **2.5 Membership on formation of committee**

At the date of formation of the committee, it has been agreed that the members of the committee shall be Alison Kibble and David Williams, and the committee shall be chaired by Alison Kibble.

#### **3. SECRETARY**

The company secretary (or his or her nominee) shall act as 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.

#### 4. **QUORUM**

The quorum necessary for the transaction of business shall be two.

#### 5. **FREQUENCY OF MEETINGS AND NOTICE**

##### 5.1 **Number of meetings**

The committee shall meet at least twice a year and otherwise as required.

##### 5.2 **Meeting procedure**

Meetings of the committee shall be called by the committee secretary at the request of the committee chairman. Unless otherwise agreed, notice of each meeting confirming the venue, time and date (together with an agenda of items to be discussed and supporting papers, as appropriate) shall be forwarded to each committee member, any other person required to attend and all other non-executive directors no fewer than five working days before the date of the meeting.

##### 5.3 **Committee minutes**

The committee secretary shall minute the proceedings and decisions of all committee meetings, including recording the names of those present and in attendance and shall promptly circulate draft minutes of committee meetings to all committee members. Once approved, minutes should be circulated to all members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

#### 6. **DUTIES**

##### 6.1 **Committee sets policy for the Group**

The committee should carry out its duties for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

##### 6.2 **Independent decision making**

No director or senior manager shall be involved in any decisions regarding their own remuneration.

##### 6.3 **Duties of the committee**

The committee shall:

- (a) have responsibility for setting the framework and broad policy for the remuneration of all executive directors and the company's chairman, including pension rights and any compensation payments. The board itself (or, where required by the Articles of Association, the shareholders) should determine the remuneration of the non-executive directors within the limits of the Articles of Association;
- (b) in determining the remuneration policy, take into account the following factors:
  - (i) all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the corporate governance code adopted by the Company and associated guidance;

- (ii) the objective of that policy shall be to promote the long-term success of the Company by attracting, retaining and motivating executive management of the Company of the skills and experience required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders;
  - (iii) that the remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals; and
  - (iv) that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- (c) review and have regard to pay and employment conditions across the Company or Group particularly when determining annual salary increases when setting remuneration policy for directors;
  - (d) review the on-going appropriateness and relevance of the remuneration policy;
  - (e) determine the total individual remuneration package of each executive director and the Company chairman and each other executive determined by the board to be a 'person discharging managerial responsibility' as defined in the Market Abuse Regulation ("PDMR"), including bonuses, incentive payments and share options or other share awards within the terms of the agreed policy and in consultation with the Company chairman and/or chief executive, as appropriate;
  - (f) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the committee shall 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 Company but within any budgetary restraints imposed by the board;
  - (g) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
  - (h) 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 those schemes;
  - (i) 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, company secretary and PDMRs and the performance targets to be used;
  - (j) administer all share incentive plans including agreeing, amending and interpreting their rules, authorising the establishment of trusts, agreeing when to operate the plans, authorising the giving of financial assistance in connection with them, selecting participants, agreeing performance conditions and determining when they have been achieved and approving and authorising execution of all relevant documents;
  - (k) determine the policy for, and scope of, pension arrangements for each executive director and PDMR;
  - (l) ensure that contractual terms on termination, and any termination-related payments made which are not covered by the terms of employment contracts and which are in excess of £2,000, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
  - (m) review any major changes in employee benefits structures throughout the Company or Group for approval by the board;

- (n) agree the policy for authorising claims for expenses from the directors; and
- (o) work and liaise as necessary with all other board committees.

## **7. REPORTING RESPONSIBILITIES**

### **7.1 Reporting to the board**

The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

### **7.2 Produce report on remuneration policy**

The committee shall ensure that provisions regarding disclosure of information, including pensions, as required by the Companies Act 2006 (and regulations issued thereunder) and the corporate governance code adopted by the Company, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that the remuneration report is put to shareholders for approval at the annual general meeting.

If the committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

### **7.3 Contact with principal shareholders**

The committee shall, through the chairman of the board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **8. OTHER MATTERS**

### **8.1 Resources**

The committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required. The committee shall also 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.

### **8.2 Performance reviews**

The committee shall 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.

### **8.3 Consideration of laws, regulations, guidelines and recommendations**

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

#### 8.4 **Annual general meeting**

The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

#### 9. **AUTHORITY**

The committee is authorised by the board to examine activity within its terms of reference and is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. 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.