

**Alphawave IP Group PLC**  
**(the “Company”)**

**Terms of Reference: Remuneration Committee**

as approved and adopted by the board of directors of the Company on 16 April 2021

In these Terms of Reference, references to:

“**Board**” shall mean the Board of Directors of the Company;

“**Committee**” shall mean the Remuneration Committee of the Company;

“**Group**” shall mean the Company and its subsidiaries from time to time;

“**Senior Management**” shall mean the executive committee first layer of management below Board level, the Company secretary, and any other senior executives of the Company designated by the Board as “Senior Management” for this purpose; and

“**Workforce**” shall mean individuals employed under contracts of employment or service, or other arrangements to do work or provide services personally.

The Remuneration Committee is established as a committee of the Board, The Remuneration Committee is vested with the authority, powers and duties set out in these Terms of Reference.

**1 Membership**

**1.1** The Committee shall comprise at least three members, all of whom shall be independent non-executive directors.

**1.2** Appointments to the Committee are made by the Board, on the recommendation of the nomination committee and in consultation with the chair of the Committee. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the Board, if a member of the Committee) continue to meet the criteria for membership of the Committee.

**1.3** The chair of the Board shall ensure the composition of the Committee is periodically reviewed by the nomination committee. In deciding chairmanship and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.

**1.4** Only members of the Committee have the right to attend Committee meetings. However, other non-members such as the Chief Executive Officer, Executive Chairman, Chief Financial Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

**1.5** The Board shall appoint the Committee chair, who should be an independent non-executive director with at least 12 months’ experience on a remuneration committee in a public company in the UK, Europe, or the United States. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting if they would qualify under these terms of reference to be appointed to that position by the Board (save that the experience requirement may be disregarded if no remaining member has such experience). The chair of the Board shall not be chair of the Committee.

## **2 Secretary**

The Company secretary or their 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.

## **3 Quorum**

**3.1** The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

**3.2** To the extent that an executive director is invited to join meetings of the Committee, as appropriate, he shall absent himself and take no part in discussions concerning his own remuneration.

## **4 Frequency of Meetings**

The Committee shall meet at least three times a year and otherwise as required.

## **5 Notice of Meetings**

**5.1** Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any of its members.

**5.2** Unless otherwise agreed by the Committee, 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 and any other person required to attend, 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.

**5.3** Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **6 Minutes of Meetings**

**6.1** The Committee secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

**6.2** The secretary shall also 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 other members of the Board and the Company secretary unless, in the opinion of the Committee chair, it would be inappropriate to do so.

## **7 Engagement with shareholders and the Workforce**

**7.1** The Committee chair should attend the annual general meeting of the Company to answer any shareholder questions on the Committee's activities. If requested to do so by the chair of the Board, the Committee chair should make a statement to the annual general meeting on the activities and achievements of the Committee over the year.

**7.2** In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

- 7.3** Through the chair of the Board, the Committee chair should ensure that the Company maintains dialogue as required with its principal shareholders in order to ensure that the Company understands their views on issues relating to remuneration.
- 7.4** Through the chair of the Board, the Committee chair should ensure that the Company maintains dialogue as required with the Workforce in order to ensure the Workforce understands the alignment between executive director remuneration and the Company's broader approach to Workforce remuneration.

## **8 Duties**

The Committee should carry out the duties detailed below for the Company and the Group as a whole, as appropriate. Although the Committee may receive input and advice from internal management, external professional advisors and/or external remuneration consultants, the Committee should exercise independent judgement when carrying out its duties, having regard to their directors' duties and the Company's wider circumstances.

The Committee shall:

- 8.1** have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the chair of the Board and executive directors and Senior Management, including the Company secretary, in accordance with the Principles and Provisions of the Code. No director or Senior Manager should be involved in any decisions as to their own remuneration;
- 8.2** establish remuneration schemes that promote long-term shareholding by executive directors and support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- 8.3** design remuneration policies and practices that support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances. The Committee must ensure it has appropriate contractual powers to exercise such discretion in place to enable it to do so;
- 8.4** when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 8.5** in determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code, and associated guidance. The objective of such policy shall be to appropriately remunerate 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;
- 8.6** have responsibility for proposing the terms of the remuneration policy for the chair of the Board and the executive directors. The chair of the Board and the executive directors shall have responsibility for proposing the terms of the directors' remuneration policy for non-executive directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decision as to their own remuneration;
- 8.7** recommend and monitor the level and structure of remuneration for the Senior Management;

- 8.8** review the ongoing appropriateness and relevance of the directors' remuneration policy;
- 8.9** have responsibility for setting and authorising all remuneration arrangements and payments for the chair of the Board, the executive directors and Senior Management. This includes (but is not limited to):
- 8.9.1** the terms relating to remuneration arrangements/payments (including on cessation of employment or loss of office) set out in any service agreement, letter of appointment, offer letter or similar document, working with the nomination committee as required;
  - 8.9.2** salary or salary increases;
  - 8.9.3** bonus, performance-related incentive and/or share incentive grants, awards or outcomes;
  - 8.9.4** benefits packages;
  - 8.9.5** pension rights; and
  - 8.9.6** arrangements or payments in connection with the individual's cessation of employment (including the terms of settlement agreements or similar documents);
- 8.10** within the terms of the agreed policy, determine the total individual remuneration package of each executive director, the Company chair and Senior Managers, including but not limited to bonuses, incentive payments and share options and other share awards, benefits packages, pension rights and arrangements in connection with the individual's cessation of office or employment (including the terms of settlement agreements or similar documents). The choice of financial and non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances;
- 8.11** subject to paragraph 11.3, 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. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- 8.12** when determining the directors' remuneration policy, take into account all other factors which it deems necessary which may include:
- 8.12.1** relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance;
  - 8.12.2** the Company's need to attract, retain and motivate directors and Senior Management of the quality required to run the Company successfully in a way that supports the Company strategy and promotes long-term success without paying more than is necessary;
  - 8.12.3** the views of shareholders and other stakeholders;
  - 8.12.4** the risk appetite of the Company (including in respect of reputational and behavioural risk);
  - 8.12.5** the principles that:
    - (i) remuneration arrangements should be transparent and avoid complexity;

- (ii) remuneration arrangements should drive appropriate behaviours and poor performance should not be rewarded;
- (iii) a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to support the delivery of the Company's long-term strategy;
- (iv) remuneration arrangements for departing directors should be proportionate and variable based on Committee discretion in order to reflect the circumstances of the departure and the director's conduct and performance;
- (v) incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy;
- (vi) pension contribution rates for directors (or payments in lieu) should seek to be aligned to those available for the Workforce; and
- (vii) departing directors should be obliged to mitigate loss;

**8.13** in addition, when determining remuneration policy or arrangements / payments for executive directors:

**8.13.1** review and have regard to:

- (i) the remuneration of the Workforce, including any available data relating to pay gaps or disparity (such as gender pay gap information or pay ratio analysis);
- (ii) remuneration-related policies applicable to the Workforce; and
- (iii) the alignment of the policy or arrangements / payments being considered with the culture and the Company's broader approach to Workforce pay;

**8.13.2** have regard to the principles that:

- (i) remuneration levels should reflect the individual's overall contribution;
- (ii) maximum potential remuneration levels should be clear and the Committee should have appropriate contractual discretions in place that allow it to cap or vary the amount of remuneration attributable to share price appreciation;
- (iii) share awards should normally be released for sale on a phased basis and be subject to a total vesting and holding period of at least five years; and
- (iv) the desirability of having post-employment shareholding requirements (encompassing both unvested and vested shares);

**8.14** obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;

**8.15** approve the design of and approve the total aggregate payments that may be made under any material bonus or performance-related incentive arrangements each year (and in doing so ensure the Committee to use discretion to override formulaic outcomes). In respect of any proposed awards to executive directors and/or Senior Management, authorise the terms and maximum value of individual awards (including any performance measures and targets to be used);

- 8.16** review the design of all share incentive plans (including any “all employee” plans) for approval/adoption by the Board and, where required, the Company’s shareholders, and in doing so ensure the Committee has appropriate contractual discretions in place that permit the Committee to use discretion to override formulaic outcomes. For any such plans, provided the necessary approvals have been obtained, in respect of each and every proposed award to executive directors and/or Senior Management, determine the terms and maximum value of individual awards (inclusive of any performance measures and targets to be used);
- 8.17** ensure remuneration schemes promote alignment with long-term shareholder interests by (where appropriate) adopting shareholding policies that apply during and after employment and malus and clawback policies;
- 8.18** ensure that contractual terms on termination are fair to the individual and the Company/Group and reflect the principles that poor performance should not be rewarded and departing directors should be obliged to mitigate loss;
- 8.19** oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.20** review material remuneration-related policies applicable to the Workforce to ensure:
- 8.20.1** the Committee is familiar with their structure and terms; and
  - 8.20.2** the Committee is satisfied they are aligned to the Company’s purpose, values and strategy;
- 8.21** review Workforce remuneration and related policies;
- 8.22** agree the policy for authorising claims for expenses from the directors;
- 8.23** review and approve any disclosure the Company or group is required to make in respect of pay gaps or disparity (such as under the UK’s Equality Act 2010 (Gender Pay Gap Information) Regulations 2017);
- 8.24** have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration and terms and conditions of directors of listed companies and the formation and operation of share schemes (in particular the principles of the Code) which the Committee considers relevant or appropriate;
- 8.25** ensure compliance with all relevant laws and regulations (as amended from time to time) regarding disclosure of information relation to directors’ remuneration including, where required, the directors’ remuneration policy and its implementation, and to produce report(s) on the directors’ remuneration; and
- 8.26** work and liaise as necessary with other Board committees, including to ensure the Committee understands the views of the Company’s stakeholders.

## **9 Reporting Responsibilities**

- 9.1** The Committee chair shall report 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, and adequate time should be available for Board discussion when necessary.

- 9.3** The Committee shall provide a description of its work in the Company's annual report following the requirements of the Code.
- 9.4** The Committee shall ensure that provisions regarding disclosure of information as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended from time to time, and the Code, are followed and that a report on the directors' remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.
- 9.5** If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.

## **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 secretariat 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 all relevant laws, regulations, including the general duties of directors set out in the Companies Act 2006, and any published guidelines or recommendations regarding the remuneration of directors of listed / non listed companies and formation and operation of incentive plans and share schemes including but not limited to the provisions of the Code, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules Sourcebook and Disclosure Guidance and Transparency Rules Sourcebook, the UK Market Abuse Regulation, the guidelines published by the Investment Association, the ISS, the Pensions and Lifetime Savings Association and any other applicable rules or investor guidance, as appropriate; and
- 10.4** 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.

## **11 Authorities**

- 11.1** The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 11.2** The Committee is authorised by the Board to appoint at the Company's expense (but within any budgetary restraints imposed by the Board), external remuneration consultants to advise the Committee. The Committee is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and evaluating their performance.
- 11.3** The Committee is authorised by the Board, at the Company's expense (but within any budgetary restraints imposed by the Board), to obtain, commission or purchase any reports, surveys or information which it deems necessary to assist it to fulfil its duties.
- 11.4** To facilitate its operational effectiveness, the Committee is authorised by the Board to delegate authorities to one or more of its members, a sub-committee or such other body as it deems appropriate in accordance with the relevant policy or procedures of the committee.