



## **CERES POWER HOLDINGS PLC**

### **REMUNERATION & NOMINATION COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1. MEMBERSHIP**

- 1.1 The Committee shall consist of at least three members. All of the members of the Committee should be independent non-executive directors as defined by the UK Corporate Governance Code (the Code) from time to time. The Chair of the board of directors, as long as they were considered independent on appointment, may serve on the Committee as a Member particularly in reference to the Nomination duties, but may not Chair the Committee at any time.
- 1.2 The members of the Committee shall be appointed by the board of directors (the Board). Members shall be appointed for a period of up to three years, which may be extended for up to two additional 3-year periods provided the member still meets the criteria for membership of the Committee.
- 1.3 The Board shall appoint the Committee Chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other Board members and individuals such as the People Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

##### **2. SECRETARY**

The Company Secretary or their nominee shall be the secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration be given to the issues.

##### **3. QUORUM**

A quorum shall be any two members of the Committee.

##### **4. FREQUENCY OF MEETINGS**

The Committee will hold at least two meetings a year and at other times as required.

##### **5. NOTICE OF MEETINGS**

Meetings of the Committee shall be called at the request of the Committee Chair or any of its members. Unless otherwise agreed, papers shall be circulated at least five working days in advance of each meeting, including an agenda confirming the venue, time, and date together with the matters to be discussed at the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **6. MINUTES OF MEETINGS**

The Secretary shall minute the proceedings. Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

## **7. ENGAGEMENT WITH SHAREHOLDERS**

The Chair of the Committee and the Chair of the Board should attend each Annual General Meeting of the Company to answer questions concerning the Committee's activities. In addition, the Chair of the Committee and the Chair of the Board should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.

## **8. ROLE**

Unless required otherwise by regulation, the Committee should have oversight of and carry out the duties detailed below for the Company and major subsidiary undertakings as appropriate.

### **REMUNERATION**

#### **8.1 *Directors' Remuneration Policy***

8.1.1 The Committee shall have delegated responsibility for determining the policy for directors' remuneration (including that of the Company's Chair, the executive directors and senior executives and senior management, including the Company Secretary) in accordance with the Principles and Provisions of the Code (the "Policy") and review the ongoing appropriateness and relevance of the Policy. In setting the Policy, the Committee shall take the following factors into account:

- policies and practices that support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values and the successful delivery of the Company's long-term strategy;
- the use of discretion which overrides formulaic outcomes and malus and clawback provisions (which must be included in any contracts or other documents which cover director remuneration) that would enable the Company to recover and/or withhold sums or share awards under appropriate specified circumstances;
- 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 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;
- review workforce remuneration and related policies.

8.1.2 The Committee should consider the policy and monitoring process for all directors holding shares in the Company.

#### **8.2 *Executive remuneration schemes***

8.2.1 Within the terms of the agreed Policy and in consultation with the Chair and/or Chief Executive Officer, as appropriate, the Committee shall determine the total individual remuneration package of each executive director, the Company's Chair and senior managers including bonuses, incentive payments and share options, other share awards and pension contributions (taking account of the Provisions of the Code and investor expectations in relation to executive remuneration).

### 8.3 ***Executive Share Plans***

8.3.1 The Committee shall establish remuneration schemes that promote long-term shareholding by executive directors and are aligned 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.

8.3.2 The Committee shall:

- approve the design of all share incentive plans for approval, where required, by shareholders and oversee the operation and administration of such plans;
- for any such plans, determine each year whether awards will be made, and if so, the overall amount of such plans, the individual awards for executive directors and senior managers, and the performance targets to be used.

## **NOMINATION**

### 8.4 ***Board Structure, Composition and Succession***

8.4.1 The Committee shall regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and senior management and make recommendations to the Board with regard to any changes.

8.4.2 The Committee shall ensure plans are in place for the orderly succession to Board and senior management positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in future. The Committee shall also make recommendations to the Board concerning any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved.

8.4.3 The Committee shall keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace taking account of the purpose, culture and values of the Group and the strategic issues and commercial changes affecting the Group and the markets in which it operates.

### 8.5 ***Board and Committee Appointments***

8.5.1 The Committee should develop a formal, rigorous and transparent procedure for Board appointments and will be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. Before appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:

- use open advertising or the services of external advisers to facilitate the search
- consider candidates from a wide range of ethnic and social backgrounds
- consider candidates on merit and against objective criteria and with due regard for the benefits of diversity (including gender and cognitive strengths) on the Board
- taking care that appointees have enough time available to devote to the position.

Prior to the appointment of a director, other significant time commitments should be disclosed and the proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest.

8.5.2 The Committee shall consider candidates for the role of Senior Independent Director and the membership of the Audit & Risk and Remuneration & Nomination Committees, and any other Board committees as appropriate, in consultation with the Chair of those committees.

8.5.3 The Committee should ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside of Board meetings.

## **8.6 *Review and Re-election***

8.6.1 The Committee shall consider:

- the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.
- the re-election by shareholders of any director under the retirement provisions in the company's articles of association, or the Code, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the chair and the Board as a whole.
- any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.

## **8.7 *Board Performance Reviews & Governance***

8.7.1 The Committee shall review the annual Board performance review process to assess the overall and individual performance and effectiveness of the Board and its committees, ensuring that the performance review of the Board is externally facilitated at least every three years.

8.7.2 The Committee should review the results of the Board performance review process that relate to the composition of the Board and review the results of the performance evaluation of the Committee.

8.7.3 The Committee should review annually the time required from non-executive directors. The annual performance review should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

8.7.4 The Committee shall review the relationships of members of the Board with the Company or its management and assist the Board with its determination of the independence of its members.

8.7.5 The Committee shall regularly review directors' conflict authorisations. Each director's section 175 authorisations should be reviewed annually to check it is appropriate for the relevant matter to remain authorised. Authorisation should, however, be formally considered by the Board on the advice of the Committee.

## **8.8 General**

- 8.8.1 No director or senior manager shall be involved in any decisions as to their own remuneration outcome. 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 set in the Articles of Association.
- 8.8.2 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.
- 8.8.3 The Committee shall agree the policy for authorising claims for expenses from the Chief Executive and the Chairperson of the Company.
- 8.8.4 The Committee will work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

## **9. REPORTING RESPONSIBILITIES**

- 9.1 The Chair of the Committee shall report on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code, including:
- an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics;
  - a description of malus and clawback provisions (which must apply to contracts and any other documents which cover director remuneration);
  - reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
  - a description, with examples, of how the remuneration committee has addressed the factors in Provision 40 of the Code;
  - whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
  - what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
  - what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy;
  - to what extent discretion has been applied to remuneration outcomes and the reasons why;
  - the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;

- how Board performance review has been conducted, the nature and extent of an external evaluators contact with the Board and individual directors, the outcomes and actions taken, and how it has influenced or will influence Board composition;
- the policy and any initiatives on diversity and inclusion, their objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and
- the gender balance of those in the senior management team and their direct reports.

9.4 The Committee shall also ensure that the provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the annual report and put to shareholders for approval at the Annual General Meeting as necessary.

## **10. GENERAL MATTERS**

10.1 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.
- be provided with appropriate and timely training.
- give due consideration to all laws and regulations as appropriate the provisions of the Code and published guidance, the requirement of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- ensure that periodic evaluation of the Committee's performance is carried out.
- at least annually, review its constitution and terms of reference and recommend any changes it considers necessary to the Board for approval.

## **11. AUTHORITY**

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; and to seek information it requires from any employee of the Company to perform its duties.

**Approved by the Ceres Power Holdings plc Board on 26 September 2024**