



XAAR PLC

Remuneration Committee: Terms of Reference

Adopted by the Remuneration Committee on 16 January 2019
Last amended 23 October 2024

1 Applicability

- 1.1 These Terms of Reference for the Xaar plc Remuneration Committee (the "**Committee**") are effective with effect from 23 October 2024 and supersede all previous Terms of Reference.

2 Membership and Chairman

- 2.1 Members of the Committee shall be appointed by the Board of directors of the Company (the "**Board**") on the recommendation of the Nomination Committee and in consultation with the Chairman of this Committee. The Committee shall comprise at least three members, each of whom shall be an independent non-executive director. The Chairman of the Board, if he or she was considered independent on appointment as Chairman, may serve on the Committee as a member but not the Chairman of the Committee.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief People Officer and external advisers, may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 2.3 No person (including directors and the chairman) of the Company shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any decision specifically concerning their remuneration. The only exception is the Committee Secretary who may simply record a discussion which might impact their remuneration in the context of a company wide scheme only.
- 2.4 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for up to two further periods of up to three years, provided the director (other than the chairman of the Board, if he or she is a member of the Committee) continues to be independent.
- 2.5 The Board shall appoint the Committee Chairman (the "**Chairman**") who shall be an independent non-executive director and shall have served on a remuneration committee for at least 12 months before appointment. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair any duly convened meeting. The chairman of the Board shall not be Chairman of the Committee.



3 Secretary

- 3.1 The Company Secretary or his/her nominee shall act as 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 to be given to the issues.

4 Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members present in person.
- 4.2 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.

5 Frequency of Meetings

- 5.1 The Committee shall typically meet at least twice a year at such times as the Chairman may decide. The Chairman shall call a meeting of the Committee if so requested by any Committee member or by the Board.

6 Notice of Meetings and voting arrangements

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed, 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, any other person required to attend and all other non-executive directors, no later than three 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.
- 6.3 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can be cast by members attending a meeting of the Committee (including attendance via telephone) or by e mail should this be appropriate, as determined by the Chairman, regarding the matter being considered.
- 6.4 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.
- 6.5 Save where he has a personal interest, the Chairman shall have a casting vote.
- 6.6 The Chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.
- 6.7 All decisions of the Committee shall be formally reported to the Board by the Chairman. Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.



- 6.8 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7 Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 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, unless in the opinion of the Chairman, it would be inappropriate to do so (for example, if a conflict of interest exists).

8 Annual General Meeting

- 8.1 The Chairman shall attend the Annual General Meeting and shall answer shareholder questions through the chairman of the Board on the Committee's activities and responsibilities.

9 Duties

- 9.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and its wider group (“**Group**”) as a whole, as appropriate.
- 9.2 The Committee shall:
- 9.2.1 have responsibility for setting the remuneration policy for all executive directors and the Company's chairman, including pension rights and any compensation payments. The main Board (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, and should not include share options or other performance-related elements. No director or senior manager shall be involved in any decisions as to their own remuneration;
 - 9.2.2 have responsibility for setting remuneration for senior management. The definition of ‘senior management’ for this purpose should be the executive committee or the first layer of management below Board level, including the Company Secretary and Legal Counsel;
 - 9.2.3 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of 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 the views of shareholders and other stakeholders whilst ensuring an appropriate balance between fixed and performance-related remuneration, immediate and deferred remuneration. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. 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;

- 9.2.4 when setting remuneration policy and practices for executive directors,:
- (i) review and have regard to the remuneration and employment conditions across the Company and the Group, taking into account the alignment of incentives and rewards with culture, especially when determining annual salary increases; and
 - (ii) address the factors of clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture as set out in the Corporate Governance Code (2024);
- 9.2.5 review the ongoing appropriateness and relevance of the remuneration policy and practices and ensure that those adopted are designed to support the Company and the Group's strategy and to promote long-term sustainable success for the Company and the Group as a whole;
- 9.2.6 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 such schemes;
- 9.2.7 recommend for approval by the board the design of, and determine the targets for, the operation of all long term incentive schemes, including all schemes involving the award of shares or the grant of options, in which executive directors participate. For any such plans, determine each year whether the awards will be made, and if so, approve the levels of participation in such schemes by those individuals;
- 9.2.8 monitor and assess any performance conditions applicable to any long term incentive awards granted under any schemes adopted by the Company. Ensure that the performance conditions are fully explained and clearly linked to the enhancement of shareholder value. Consider whether any factors should be taken into account which would make an alternative outcome more appropriate and aligned to the interests of shareholders;
- 9.2.9 design and invoke agreed safeguards, for example clawback, to protect against rewards for failure through appropriate risk management of incentive arrangements to ensure that any performance-related payments reflect actual achievements;
- 9.2.10 ensure the long term incentive schemes operated by the Company and the Group are designed to promote long-term shareholdings by executive directors, that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. A formal policy should be developed by the Remuneration Committee for post-employment shareholding requirements that encompass both vested and unvested shares;



- 9.2.11 determine the policy for, and scope of, pension arrangements for each executive director, ensuring only basic salary is pensionable and that the rates are aligned with those available to employees of the Company or the Group;
 - 9.2.12 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
 - 9.2.13 within the terms of the agreed policy, and in consultation with the chairman of the Board and/or Chief Executive as appropriate, determine the total individual remuneration package of the chairman of the Board, each executive director including bonuses, incentive payments and share options or other share awards;
 - 9.2.14 engage in appropriate discussions as necessary with institutional investors on policy or any other aspects of remuneration;
 - 9.2.15 oversee any major changes in employee benefits structures throughout the Company or the Group;
 - 9.2.16 agree the policy for authorising claims for expenses from the directors;
 - 9.2.17 be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - 9.2.18 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board, to help it fulfil its obligations; and
 - 9.2.19 work and liaise as necessary with all other Board committees.
- 9.3 In addition, the Committee shall:
- 9.3.1 monitor and review the level and structure of remuneration of senior management in the context of the pay policy of the Group as a whole, pay and conditions elsewhere in the Group, and the overall cost to shareholders;
 - 9.3.2 keep abreast of external remuneration trends and market conditions including receiving presentations from its external remuneration consultants where applicable ; and
 - 9.3.3 oversee any significant changes in remuneration and employee benefits structures throughout the Company and the Group.



10 Reporting Responsibilities

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 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 UK Corporate Governance Code, are fulfilled.
- 10.4 The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report including:
 - 10.4.1 a statement from the Committee chairman providing a summary of the Company's remuneration policy and the annual report on remuneration;
 - 10.4.2 a report of the Company's remuneration policy and practices and the Committee shall ensure that it is put to shareholders for approval at each annual general meeting. Such report should take into account the reporting requirements set out in the Corporate Governance Code (2024); and
 - 10.4.3 the Company's remuneration policy and the Committee shall ensure that it is put to shareholders for approval every three years (or such shorter period as may be required by the applicable legislation).
- 10.5 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, Group or individual directors.
- 10.6 Through the chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 10.7 The Committee shall:
 - 10.7.1 Report annually to shareholders on matters relating to remuneration. In preparing the report, the Committee shall include:
 - (i) an annual statement by the Committee's chairman;
 - (ii) the directors' remuneration policy;
 - (iii) an annual report on directors' remuneration.

The directors' remuneration policy and the annual report on directors' remuneration should include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the UK Corporate Governance Code, the Listing Rules (as published by



the Financial Conduct Authority) (Listing Rules) and any other relevant statutory, regulatory or governance codes.

- 10.7.2 Submit the directors' remuneration policy for approval on a binding basis by the Board and shareholders:
- (i) every three years;
 - (ii) in any year in which there is a change to the policy;
 - (iii) if shareholder approval was not obtained when last submitted; and
 - (iv) if majority shareholder approval was not achieved on the last submitted annual remuneration report.
- 10.7.3 Submit the annual report on directors' remuneration for approval on an advisory basis by the Board and shareholders at the annual general meeting each year.

11 Other

11.1 The Committee shall:

- 11.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.1.2 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;
- 11.1.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and 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 Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- 11.1.4 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.

12 Authority

12.1 The Committee is authorised by the Board to:

- 12.1.1 investigate any activity within its terms of reference;



- 12.1.2 seek any information it requires from any employee of the Company in order to perform its duties; and
- 12.1.3 obtain, within any budgetary restraints imposed by the Board, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.