

CARCLO PLC
(the Company)

TERMS OF REFERENCE

FOR THE REMUNERATION COMMITTEE

1 Membership

The Remuneration Committee (“Committee”) shall be appointed by the Board and shall comprise of a chair and at least one other member, all of whom should be independent Non-Executive Directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair. 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 Committee.

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

Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, provided that members (other than the chair of the Board, if he or she is a member of the Committee) continue to be independent.

The Board shall appoint the Committee chair who shall be an independent Non-Executive Director. Before a new chair of the Remuneration Committee is appointed, he or she should normally have served on a Remuneration Committee 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 who 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.

2 Secretary

The Company Secretary or his or her nominee shall act as the Secretary of the Committee (“Secretary”) 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

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

4 Meetings and Notice of Meetings

The Committee shall meet not less than twice a year and at such other times as the chair of the Committee shall require.

Meetings of the Committee shall be summoned by the Secretary at the request of any member of the Committee.

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 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.

The Chair of the Company and Chief Executive Officer shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the chair of the Committee.

5 Minutes of Meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names and roles of those present and in attendance.

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 Committee chair it would be inappropriate to do so.

6 Annual General Meeting

The chair of the Committee shall attend the Annual General Meeting in order to respond to any shareholder questions on the Committee's activities. In addition, the Committee chair should seek engagement with Shareholders on significant matters related to the Committee's areas of responsibility.

7 Training

The Committee, via the Company Secretary, will make a suitable induction process available to new members of the Committee and, for existing members, ongoing training where appropriate and as discussed with the Committee.

8 Duties

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

In carrying out their responsibilities, Committee members must act in accordance with the statement of Director's Duties set out in Sections 171-177 of the Companies Act and the UK Corporate Governance Code.

The Committee shall:

- Determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, the Chief Financial Officer and the Executive Directors (together the **Board Directors**), the Company Secretary, and,

Senior Management (defined as any Group Executive Committee member and any direct reports to the Chief Executive Officer (excluding administration assistants), which will be formal and transparent and in accordance with the Principles and Provision of the UK Corporate Governance Code. The remuneration of Non-Executive Directors shall be a matter for the Chair and the executive members of the Board to be decided at a meeting of the Board, and should not exceed any limit set out in the Company's Articles of Association. No director or manager shall be involved in any decisions as to his or her own remuneration;

- In determining such policy the Committee shall consider the business strategy and the promotion of the long-term sustainable success of the Group and how its policy reflects and supports the business strategy and all other factors which it deems necessary. It should also consider all relevant legal and regulatory requirements, the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture, together with associated guidance. The objective of such policy shall be to ensure that members of the Company's executive management are provided with remuneration that reflects and supports the business strategy of the Group as well as appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company, 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;
- When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases. The Committee will, when setting executive director remuneration, review and take account of workforce remuneration and related policies and the alignment of incentives and rewards with culture. This review should include matters such as any pay principles applied across the Company, base pay, benefits and all incentives and aspects of financial and non-financial reward that drive behaviour, regardless of where this is managed in the business;
- The Committee shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy and periodically review the overall appropriateness and relevance of the Company's remuneration policy particularly with regard to ensuring that pension awards are in line with those available to the workforce;
- 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. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;

- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- Review the ongoing appropriateness and relevance of the remuneration policy;
- Within the terms of the agreed policy, determine for the Relevant Executives:
 - (a) targets for any performance related pay schemes operated by the Company (asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements), and;
 - (b) the total individual remuneration package of each Relevant Executive including, where appropriate, bonuses, incentive awards and payments and share options. The choice of financial, 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 circumstance;
 - (c) Determine the policy for and scope of pension arrangements, service agreements for the Relevant Executives, termination payments and compensation commitments;
- 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 is fully recognised;
- To develop and agree a formal policy for post-employment shareholding requirements for executive directors encompassing both unvested and vested shares;
- Establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholders interests, with share awards subject to a total vesting and holding period of at least five years;
- In determining such packages and arrangements, give due regard to the comments and recommendations of the UK Corporate Governance Code and published guidelines or recommendations regarding the remuneration of Company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and associated guidance, and any other applicable rules, as appropriate;
- Be aware of the employee benefit structures (and any changes thereto) throughout the Company or Group;
- Review the design and implementation of all share incentive plans for approval by the Board and, where required, shareholders;
- Determine each year whether awards will be made under the Company's share incentive plans, and if so, the overall amount of such awards, the individual awards to Board Directors and other senior executives and the performance targets to be used. The Committee should also consider malus and clawback as well as the exercise of discretion;

- Review and note annually the remuneration trends across the Group;
- Agree a policy for authorising claims for expenses by Directors;
- Oversee any major changes in employee benefits structures throughout the Group;
- The Committee will ensure that applicable provisions under relevant laws and regulations relating to disclosure are fulfilled including, but not limited to, a director's remuneration report including a report on the Company's remuneration policy (which will be subject to a binding shareholder vote at least every three years) and a report on the implementation of that policy in each financial year (which will be subject to an annual shareholder vote);
- Obtain reliable, up-to-date information about remuneration policies and practices in other companies and commission reports or surveys when it considers them necessary;
- Work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly; and
- Review the Committee's performance, constitution and terms of reference on an annual basis and report any recommendations, on any matter within its remit, to the Board.

9 Reporting Responsibilities

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

The Committee will provide a description of the work of the Committee in the Company's annual report, in line with the requirements of the 2018 UK Corporate Governance Code. The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the UK Corporate Governance Code are fulfilled.

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 Authority

The Committee is authorised by the Board to seek any information it requires from any employee of the Company or Group in order to perform its duties.

In connection with its duties the Committee is required by the Board to select, set the terms of reference and appoint remuneration consultants, at the Company's expense.

At least annually, the Committee should 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. The Committee should also ensure that a periodic evaluation of the Committee's own performance is carried out.

The Committee is authorised by the Board to obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.

Although the Committee can seek the advice and assistance from any of the Company's executives, it will ensure that this role is clearly separated from their role within the business.

Approved by the Board on 31 January 2023

Version control

Version	Date Approved	Approved By	Description
1	28 January 2020	Board	Annual Review
2	1 February 2021	Board	Annual Review
3	31 January 2022	Board	Annual Review
4	31 January 2023	Board	Annual Review