

CALISEN PLC

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. These terms of reference for the Remuneration Committee (the “**Committee**”) have been adopted by the Board of Directors (the “**Board**”) of Calisen plc (the “**Company**”).

2. **PURPOSE**

The Committee shall assist in fulfilling the Board’s oversight responsibilities relating to remuneration for the Company and its group as a whole (the “**Group**”). In summary, the Committee shall be responsible for monitoring and approving the Company’s policies relating to remuneration of the Chair of the Board, executive directors and “**Senior Management**”, defined as the first layer of management below the level of the Board and reporting to the Chief Executive Officer, including the Company Secretary.

3. **DUTIES AND RESPONSIBILITIES**

In furtherance of this purpose, the Committee shall have the following duties and responsibilities:

- 3.1. Have delegated responsibility for determining the policy for directors’ remuneration and setting the remuneration for the Company’s Chair of the Board, executive directors and Senior Management, in accordance with the Principles and Provisions of the Code. The remuneration of non-executive directors shall be a matter for the Board. No individual shall be involved in any decisions as to their own remuneration.
- 3.2. Setting remuneration, within the terms of the agreed policy, the total individual remuneration package of the Chair, each executive director and Senior Management member including bonuses, pensions and other benefits. Where the Board releases an executive director of the Company for non-executive roles, the Committee minutes will include a statement as to the time commitment associated with such appointments, and whether the director should retain any earnings in relation to the role, and if so, what the remuneration is. This shall also be recorded in the directors’ remuneration report.
- 3.3. Review the on-going appropriateness and relevance of the remuneration policy to ensure that it is aligned with the Company’s purpose and values, and the successful delivery of the Company’s long-term strategy.
- 3.4. Determine the policy for, and scope of, pension arrangements for the Chair, each executive director and Senior Management members, in the context of comparable arrangements for the wider workforce.
- 3.5. Ensure the 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.
- 3.6. Review and consider annually the remuneration trends across the Company, the Group and comparable companies to ensure that remuneration is competitive, fair and appropriate. Take into consideration wider workforce remuneration and policies and the alignment of incentives and rewards with culture when setting remuneration policy for executive directors.

- 3.7. Ensure that the following points are considered and addressed in any remuneration policy: (i) clarity; (ii) simplicity; (iii) risks associated with excessive rewards; (iv) predictability of the range of potential values of rewards delivered; (v) link between awards, delivery of strategy and long-term Company performance; and (vi) alignment to culture.
- 3.8. Oversee any major changes in employee benefits structures throughout the Group.
- 3.9. Agree the policy for authorising claims for expenses from the directors.
- 3.10. In determining the remuneration policy, give due regard to all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations in the UK Corporate Governance Code and the Financial Conduct Authority's Listing Rules and associated guidance. The remuneration policy shall allow the Company to attract, retain and motivate executive management to drive the long-term success of the Company and deliver sustainable value to shareholders.
- 3.11. Manage potential conflicts of interest in the process of determining remuneration.
- 3.12. Approve 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.
- 3.13. 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 and members of the senior management and the performance targets to be used.
- 3.14. Ensure that remuneration schemes promote long-term shareholdings by executive directors that support alignment with long-term sustainable shareholder interests. The Committee shall develop a formal policy for post-employment shareholding requirements, encompassing both vested and unvested shares (if applicable).
- 3.15. Ensure that remuneration schemes and policies enable the Committee to use flexibility and discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance, and wider circumstances.
- 3.16. Appointment of any remuneration consultants.
- 3.17. Ensure that provisions regarding the public disclosure of information are fulfilled.
- 3.18. Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

4. **MEMBERSHIP AND INDEPENDENCE REQUIREMENTS**

- 4.1. The Committee shall consist of at least three (3) members. 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 Board. All Committee members shall be independent non-executive directors of the Company. The Chair of the Board can only be a member if independent on appointment.
- 4.2. The Company Secretary or his or her nominee shall act as the secretary of the Committee (the "**Committee Secretary**").
- 4.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chief People Officer, Chief Executive Officer, Chief Financial Officer and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate.

- 4.4. As set out in the Relationship Agreement dated 7 February 2020 between Calisen plc and KKR Evergreen Aggregator L.P., (the “**Relationship Agreement**”) for so long as the KKR Shareholder and/or any of its Associates, when taken together, hold 10 per cent or more of the Voting Rights of the Shares (and for the avoidance of doubt, Shares shall not, for so long as they are held in treasury by the Company, carry any Voting Rights), one KKR Director (or that Director’s alternate) shall be entitled to receive an invitation to, and to attend as an observer (but not vote) at, all meetings of the Committee. The definitions used in this paragraph correspond to the definitions used in the Relationship Agreement.
- 4.5. The Committee shall include a committee chair (the “**Committee Chair**”). The Committee Chair shall be appointed by the Board on the recommendation of the Nomination Committee of the Company. Before appointment as Committee Chair, the appointee will normally have served on a remuneration committee (either at the Company or another company) for at least 12 months. The Committee Chair shall be entitled to chair all regular sessions of the Committee and add topics to the agenda. In the absence of the Committee Chair, the remaining members present (in person or by telephone or video conference) shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed as Committee Chair. The Chair of the Board shall not serve as the Committee Chair.
- 4.6. Appointments to the Committee shall be for a period of three (3) years, which may be extended by no more than two (2) additional three (3) year periods, provided that the director still meets the criteria for membership of the Committee.

5. **MEETINGS**

- 5.1. The Committee shall meet at least three (3) times a year, or more frequently as circumstances dictate, and all Committee members shall strive to be present at all Committee meetings. The Committee meetings shall follow a set agenda established by the Committee.
- 5.2. Two (2) Committee members, acting in person, who may be linked by telephone or video conference facilities or by proxy, shall constitute a quorum. 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.

6. **NOTICE OF MEETINGS**

- 6.1. Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair.
- 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 by the Committee Secretary to each member of the Committee, any other person required to attend and all other non-executive directors (if appropriate) no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to the attendees as appropriate, at the same time.

7. **REPORTING PROCEDURES**

- 7.1. The Committee Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee and maintain a minute book containing minutes for meetings signed by the chair of the meeting.
- 7.2. The Committee shall report its actions and recommendations to the Board after each Committee meeting, including reporting on how it has discharged its responsibilities, and, once agreed upon by the Committee, shall provide to the Board a copy of the minutes, unless in the opinion of the Committee Chair it would be inappropriate to do so. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 7.3. The Committee will ensure that provisions regarding disclosure of information, including pensions, as set out in the Companies Act 2006, the UK Corporate Governance Code and any other relevant laws, regulations and codes of practice, are fulfilled and produce a remuneration report to be included in the Company's annual report to comprise:
- (a) an annual statement from the Committee Chair;
 - (b) the remuneration policy, or summary, as appropriate;
 - (c) an explanation of the strategic rationale for executive directors' remuneration policies, structures and performance metrics;
 - (d) reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps;
 - (e) a description, with examples, of how the Committee has addressed the factors in paragraph 3.7 above;
 - (f) whether the remuneration policy operated as intended in terms of Company performance and quantum, and, if not, what changes are necessary;
 - (g) what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;
 - (h) what engagement with the workforce has taken place to explain how executive remuneration aligns with wider Company pay policy; and
 - (i) to what extent discretion has been applied to remuneration outcomes and the reasons why.
- 7.4. In particular, the Committee will ensure that the remuneration report sets out the work done to satisfy the Committee that the remuneration structure is appropriate including the engagement that has taken place with the workforce, shareholders and the extent of any discretion applied by the Committee. The Committee will report on the ratios of pay between the Chief Executive Officer and the required percentiles of the Company's employees.
- 7.5. The Committee Chair should attend the Annual General Meeting to answer 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.
- 7.6. The terms of reference of the Committee will be made available on the Company's website.

8. ANNUAL PERFORMANCE EVALUATION

- 8.1. The Committee shall, at least once a year, review its own performance, 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.
- 8.2. To ensure that the Committee remains up to date with developments regarding executive remuneration, appropriate and timely training will be provided to the Committee from suitably qualified external advisers for new members and on an on-going basis.

9. OUTSIDE ADVISERS

The Committee shall have the authority to retain, at the Company's expense, remuneration consultants, outside legal, accounting, or other advisers or experts it deems necessary to perform its duties and to assist in the evaluation of matters within its terms of reference. The Committee

shall exercise independent judgment when evaluating advice received from consultants and shall consider whether the advice received is appropriate, objective and independent. The Committee shall retain and terminate these advisers without seeking Board approval and shall have sole authority to approve related fees and retention terms. The Committee and the Board shall ensure that any such remuneration consultants retained shall be identified in the Company's annual report, together with a statement as to whether they have any other connection with the Company or individual directors.

10. **AUTHORITY**

10.1. The Committee is authorised by the Board to (i) seek any information it requires from any employee of the Company in order to perform its duties, and (ii) call any employee to attend a meeting of the Committee as and when required.

10.2. The Committee shall oversee any investigation of activities which are within its Terms of Reference.

11. **OTHER MATTERS**

The Committee shall:

11.1. have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;

11.2. give due consideration to all relevant laws, regulations and codes of practice in relation to executive remuneration, including, but not limited to, the provisions of the UK Corporate Governance Code, the Companies Act 2006 and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;

11.3. work and liaise as necessary with all other Board committees; and

11.4. consider other matters as referred to the Committee by the Board.

As approved by the Board on 30 July 2020.