

DRAPER ESPRIT PLC

TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION COMMITTEE

ADOPTED BY RESOLUTION OF THE BOARD ON 10 NOVEMBER 2016 AND AMENDED BY RESOLUTION OF THE BOARD ON 28 MAY 2019

1. DEFINITIONS

In this document:-

- (a) reference to the "**Board**" shall mean the Board of Directors of the Company;
- (b) reference to the "**Chairman**" shall mean the chairman of the Board;
- (c) reference to the "**Committee**" shall mean the Remuneration and Nomination Committee of the Board;
- (d) reference to the "**Committee Chairman**" shall mean the member appointed as the chairman of the Committee; and
- (e) reference to the "**Company**" shall mean Draper Esprit PLC.

2. PURPOSE

2.1 The Committee is appointed by the Board to:

- 2.1.1 assist the Board in setting director and senior officer (being those persons described at paragraphs 11.2.1 and 11.2.2 below) remuneration;
- 2.1.2 develop and submit to the Board recommendations with respect to other employee benefits considered advisable;
- 2.1.3 assist the Company in identifying and recommending new nominees for election to the Board; and
- 2.1.4 assist the Company and Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "**Applicable Laws**").

2.2 The Committee will be guided by the following principles:-

- 2.2.1 to offer competitive remuneration to attract, retain and motivate qualified executives in order for the Company to achieve the strategic plan and budgets approved by the Board;
- 2.2.2 act in the interests of the Company by being financially responsible; and
- 2.2.3 to promote a culture of integrity throughout the Company.

3. MEMBERSHIP

3.1 The Committee shall comprise of at least three members, all of whom shall be independent non-executive directors, within the meaning of Applicable Laws (as defined below). The Chairman may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, and in consultation with the Committee Chairman.

- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 3.3 Appointments to the Committee shall be for a period of up to three (3) years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 3.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director and may be the Chairman of the Board provided they were independent on appointment. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under the terms of reference to be appointed to that position by the Board.
- 3.5 The Committee shall meet all Applicable Laws, including relating to independence within the meaning of Applicable Laws.

4. SECRETARY

- 4.1 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 all issues.

5. QUORUM

- 5.1 The quorum necessary for the transaction of business shall be any two (2) members. 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. MEETINGS

- 6.1 The Committee shall meet at least twice a year and otherwise as required at the discretion of the Committee Chairman or a majority of the members or as may be required by Applicable Laws. Meetings of the Committee may be held by conference telephone.
- 6.2 Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
- 6.3 No executive may be involved in any decisions relating to their own remuneration outcome.
- 6.4 The Committee shall report through the Committee Chairman its determinations and recommendations to the Board.

7. NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 7.2 Unless otherwise agreed by consent of all members in writing, 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.

8. MINUTES OF MEETINGS

- 8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board, unless it would be inappropriate to do so.

9. ANNUAL GENERAL MEETING

The Committee Chairman shall attend the Annual General Meeting ("AGM") prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES

- 10.1 The Committee should carry out the duties below for the Company, any parent company, major subsidiary undertakings and the group as a whole, as appropriate.

Remuneration

- 10.2 The Committee shall:-
- 10.2.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer ("CEO"), the Chief Financial Officer, the Chairman or any executive director (collectively the "Senior Executives") and all other executive directors, the Company Secretary, and such other members of the executive management as it is designated by the Board to consider. No director, officer or manager shall be involved in any decisions as to their own remuneration;
 - 10.2.2 recommend and monitor the level and structure of remuneration for senior management (as determined by the Board);
 - 10.2.3 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the long-term success of the Company;
 - 10.2.4 when setting the remuneration policy for directors (in particular in respect of annual salary increases), review and have regard to the remuneration trends across the Company or group;
 - 10.2.5 review the ongoing appropriateness and relevance of the remuneration policy;
 - 10.2.6 within the terms of the agreed policy and in consultation with the Chairman and/or CEO, as appropriate, annually reviewing and recommending the total individual remuneration package of the Senior Executives, directors and other officers of the Company, including bonuses, incentive payments and share options or other share awards;
 - 10.2.7 review and approve corporate goals and objectives relevant to Executive Director remuneration, evaluate the Executive Directors' performance in light of those corporate goals and objectives, and determine the Executive Directors' remuneration level based on this evaluation.

- 10.2.8 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, within any budgetary restraints imposed by the Board;
- 10.2.9 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 10.2.10 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;
- 10.2.11 review, and make a recommendation to the Board with respect to, any share ownership guidelines applicable to Senior Executives and directors and review the shareholdings of the Senior Executives and directors based on such guidelines established from time to time.
- 10.2.12 review the design of all equity-based 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 Senior Executives, executive directors and other designated officers, and the performance targets to be used;
- 10.2.13 determine the policy for, and scope of, pension arrangements for each Senior Executive, executive director and designated officers;
- 10.2.14 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;
- 10.2.15 oversee any major changes in employee benefits structures throughout the Company or group;
- 10.2.16 review, and make a recommendation to the Board with respect to, any disclosure related to executive remuneration included in any public disclosure document, including any management information circular of the Company for any meeting of the shareholders of the Company and review and approve the report on executive remuneration required by Applicable Laws to be included in any public disclosure document, including any management information circular of the Company ;
- 10.2.17 agree the policy for authorising claims for expenses from the directors; and
- 10.2.18 work and liaise as necessary with all other Board committees.

Nomination

- 10.3 The Committee shall:
 - 10.3.1 lead the process for Board appointments and make recommendations to the Board;
 - 10.3.2 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;

- 10.3.3 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
 - 10.3.4 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;
 - 10.3.5 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
 - 10.3.6 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - 10.3.7 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience, independence and diversity on the Board, and, in light of this evaluation prepare a description of the role, required capabilities and expected time commitment. In identifying suitable candidates the Committee shall:
 - 10.3.7.1 consider using open advertising or the services of external advisers to facilitate the search;
 - 10.3.7.2 consider candidates from a wide range of backgrounds; and
 - 10.3.7.3 consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
 - 10.3.8 for the appointment of a Chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
 - 10.3.9 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
 - 10.3.10 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 board meetings;
 - 10.3.11 review the results of the Board performance evaluation process that relate to the composition of the Board; and
 - 10.3.12 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 10.4 The Committee shall also make recommendations to the Board concerning:-
- 10.4.1 suitable candidates for the role of senior independent director;

- 10.4.2 membership of the Audit Committee, the Remuneration and Nomination Committee, and any other Board committee as appropriate, in consultation with the Chairman of the relevant committee;
- 10.4.3 the re-appointment of any non-executive director at the conclusion of their specified term of office;
- 10.4.4 the re-election by shareholders of any director having due regard to their performance and ability to contribute to the Board in light of their knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- 10.4.5 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; and
- 10.4.6 the appointment of any director to executive or other office.

11. REPORTING RESPONSIBILITIES

- 11.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. 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.
- 11.4 Through the Chairman, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

12. OTHER

The Committee shall: -

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- 12.2 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;
- 12.3 at all times give due consideration to the provisions and recommendations in the Quoted Companies Alliance ("**QCA**") Corporate Governance Code for Small and Mid-size Quoted Companies, the QCA's Remuneration Committee Guide for Smaller Quoted Companies and the requirements of the AIM Rules for Companies (including the Note for Investing Companies), the Financial Conduct Authority's Prospectus and Disclosure and Transparency Rules and any other Applicable Laws, as well as guidance published by the Investment Association and the Penson and Lifetime Savings Association, as appropriate; and
- 12.4 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.

13. 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.