

## OXFORD NANOPORE TECHNOLOGIES PLC

### TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

#### EFFECTIVE FROM 5 OCTOBER 2021

The Remuneration Committee (the **Committee**) is a committee of the board of directors (the **Board**) of Oxford Nanopore Technologies plc (the **Company**) from which it derives its authority and to which it regularly reports.

These Terms of Reference are reviewed annually by the Committee, or when required by changes to regulation or legislation, and were most recently approved by the Board on 18 March 2021 effective upon the initial public offering of the Company on 5 October 2021.

#### 1 MEMBERSHIP

- 1.1 The Committee shall comprise a chair and a minimum of two other members. Each Committee member shall be an independent non-executive director as determined by the Board (in accordance with the principles of the UK Corporate Governance Code 2018 (the **Code**), which the Company has chosen to comply with in part on a voluntary basis).
- 1.2 The Board shall appoint members of the Committee, on the recommendation of the nomination committee, in consultation with the Committee chair.
- 1.3 The chair of the Board may be a member of the Committee, but not chair the Committee, if they were considered to be independent on appointment as chair of the Board.
- 1.4 Appointments to the Committee are made by the Board on the recommendation of the Committee and shall be for a period of up to three years, which may be extended for up to two additional three year periods, provided the director still meets the criteria for membership of the Committee.
- 1.5 The Board shall appoint the chair of the Committee who shall be an independent non-executive director. In the absence of the Committee chair and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting. The chair of the Board shall not be chair of the Committee.
- 1.6 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 1.7 If any member of the Committee is unable to act for any reason, the Committee chair may appoint any other independent non-executive director of the Company to act as their alternate.

#### 2 SECRETARY

The company secretary, or their nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### 3 QUORUM

The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference.

#### 4 MEETINGS

- 4.1 The Committee shall meet at least twice a year and otherwise as required.
- 4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chair of the Board (to the extent they are not a member of the Committee), the Chief Executive Officer, the executive directors, the director of human resources and external advisers may be invited to

attend for all or part of any meeting, as and when appropriate and with the agreement of the Committee chair. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.

- 4.3 No person (including directors or the chair of the Board) 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 recommendation or decision specifically concerning their remuneration.

## 5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any member of the Committee.

- 5.2 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 and any other person required to attend 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, so far as practicable. Late papers shall be accepted by agreement with the Committee chair. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

- 5.3 A duly convened Committee meeting 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 MINUTES OF MEETINGS

- 6.1 The secretary of the Committee shall minute the proceedings, decisions and resolutions of all Committee meetings, including recording the names of those present and in attendance.

- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee for approval by the Committee.

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

## 7 ENGAGEMENT WITH SHAREHOLDERS

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.

## 8 DUTIES

### Director and senior management remuneration

The Committee shall carry out the following duties for the Company and its subsidiaries (the **Group**) as appropriate:

- 8.1 have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's chair, executive directors and **senior management** in accordance with the Code (for so long as the Company has elected to voluntarily to comply with the provisions of the Code). The definition of **senior management** for the purposes of these Terms of Reference should be determined by the Board but should normally include the Executive Team and the Company Secretary and other such members of management as the Committee is designated to consider;
- 8.2 obtain reliable, up to date information about remuneration in other similar companies;
- 8.3 design remuneration policies and practices to support the Company's strategy, long-term sustainable success, purpose and values;

- 8.4 when determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 8.5 ensure that no director or senior manager shall be involved in any decisions as to their own remuneration outcome. In particular, the chair of the Board and the executive directors or, where required by the Company's articles of association, the shareholders, should determine the remuneration of the non-executive directors within the limits set out in the Company's articles of association;
- 8.6 in determining the remuneration policy, take into account all other factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the Code (for so long as the Company has elected voluntarily to comply with the provisions 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;
- 8.7 review the ongoing appropriateness and relevance of the Company's directors' remuneration policy;
- 8.8 within the terms of the agreed policy, determine the total individual remuneration package of each executive director, the chair of the Board and senior managers, which may include cash bonuses or other incentive payments and share options or other share awards in respect of any financial year of the Company. In making such determinations, the Committee shall, having regard to the Company's overall corporate and remuneration strategy, have responsibility for the design and adoption, subject to any relevant approval of the Company's shareholders required by the Listing Rules or applicable legislation, of all short and long-term variable remuneration and incentive plans in which any director or senior manager is eligible to participate and the directors' remuneration policy. Within the framework set by these plans, the Committee shall set and assess any performance metrics applicable to awards made to directors and senior managers and the size of such awards. 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 circumstances;
- 8.9 with respect to the terms of appointment or employment contract (as relevant) of any executive director or senior manager, ensure that any contractual terms on termination, and any payments made, are fair to the individual and the Company. In determining the terms of departure of any director or senior manager, the Committee shall consider any discretions available to it under any contractual arrangement with the relevant director or senior manager and exercise such discretion rationally in such a manner so as to produce a holistically fair result for both the executive and the Company;
- 8.10 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. However the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- 8.11 review workforce remuneration and related policies;
- 8.12 work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly;
- 8.13 determine the policy for, and scope of, pension arrangements for each executive director; and
- 8.14 consider and, if appropriate, approve any expenses (above £50) submitted by the chair of the Board or the executive directors on a basis determined from time to time by the Committee.

#### Group employee remuneration and benefits

The Committee shall carry out the following duties for the Group as appropriate:

- 8.15 review and have regard to pay and employment conditions and pension entitlements across the Group, especially when determining annual salary increases; and
- 8.16 review any major changes in employee benefits structures throughout the Group.

## **9 REPORTING RESPONSIBILITIES**

9.1 The Committee shall:

- 9.1.1 report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken. Once approved, minutes of each Committee meeting 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;
- 9.1.2 in consultation with the chair of the Company, be responsible for establishing the selection criteria and selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 9.1.3 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.

9.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended from time to time) and the Code (for so long as the Company has elected to voluntarily to comply with such provisions of the Code (if any)) are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the annual general meeting, as necessary.

9.5 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 OTHER MATTERS**

10.1 The Committee shall:

- 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required;
- 10.1.2 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;
- 10.1.3 give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate; and
- 10.1.4 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.

## **11 AUTHORITY**

11.1 The Committee is authorised by the Board to:

- 11.1.1 obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference;
- 11.1.2 investigate any activity or state of affairs within its Terms of Reference;
- 11.1.3 obtain, at the Company's expense but within any budgetary constraints imposed by the Board, remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties; and

11.1.4 seek any information it requires from any employee or officer of the Company (including, without limitation, information on the remuneration of any employee or member of the wider workforce).

These terms of reference shall be made available on the Group's website <https://nanoporetech.com>