

## **Remuneration Committee Terms of Reference**

### **Definitions**

“Committee” the Remuneration Committee

“Company” or “Group” RealmTherapeutics plc and its subsidiaries

### **1 Purpose**

The Remuneration Committee exists (i) to review and determine the salary, annual incentive, equity and other compensation to be paid to the directors, the Chief Executive Officer and other executive officers of the Company and (ii) to establish policies concerning the Company's salary, incentive, equity and other compensation programs for all employees. The Remuneration Committee shall, within the practical limits posed by the composition of the Board, meet the requirements of the UK Corporate Governance Code.

### **2 Structure and Membership**

*Number:* The Remuneration Committee shall consist of at least two Independent Non-Executive Directors. The Chairman of the Board may also be a member of the Committee if he or she was considered independent upon appointment as Chairman but may not serve as Committee Chair.

*Independence:* No member of the Remuneration Committee may be an officer or executive of the Company.

*Chair:* Unless the Board of Directors elects a Chair of the Remuneration Committee, the Remuneration Committee shall elect a Chair by majority vote.

*Remuneration:* The compensation of the Remuneration Committee members shall be determined by the Board of Directors.

*Selection and Removal:* Members of the Remuneration Committee shall be appointed by the Board of Directors. The Board of Directors may remove members of the Remuneration Committee from such committee with or without cause.

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

### **3 Secretary/Minutes**

The Company Secretary or his/her nominee shall act as the secretary of the Committee. The secretary shall minute the proceedings and resolutions of the Committee, including the names 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 made available to the Board, unless inappropriate to do so.

### **4 Authority and Responsibilities**

The Remuneration Committee shall discharge its responsibilities and shall assess the information proved by the Company's management in accordance with its business judgment.

## **5 Duties**

The Committee shall:

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of Non-Executive Directors shall be a matter for the Chairman and the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration;
- in determining such policy take into account all factors that 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 success of the Company;
- when setting remuneration policies for Directors, review and have regard for the remuneration trends across the Company;
- review the on-going appropriateness and relevance of the remuneration policy;
- within the terms of the agreed policy, and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of each Executive Director and other senior executives including bonuses, incentive payments, and share options or other share awards;
- obtain reliable, up-to-date information about remuneration in other companies;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 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;
- 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 other senior executives, and the performance targets, if any, to be used;
- determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives, if any;
- 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;

- oversee any major changes in employee benefits structures throughout the Company or Group;
- agree to the policy for authorising claims for expenses from the Chief Executive and Chairman; and
- produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.

#### *Related-Party Transactions*

The Remuneration Committee shall approve or disapprove of transactions between the Company and any Director, executive officer, or related party.

#### *Additional Powers*

The Remuneration Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

## **6 Procedures and Administration**

### *Meetings*

The Committee shall meet at least twice per year or as often as it deems necessary to perform its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee shall keep such records of its meetings as it shall deem appropriate. Such records will be available to any member of the Board of Directors.

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

### *Subcommittees*

The Remuneration Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances.

### *Reports to Board*

The Remuneration Committee shall report regularly to the Board of Directors but at least annually. Every full Board meeting agenda may provide for either interim reports by the Remuneration Committee or questions from other Board members or both.

### *Consulting Arrangements*

The Remuneration Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and shall have authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to commission compensation surveys or studies as the need arises. The Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such consultants as established by the Remuneration Committee.

### *Independent Advisers*

The Remuneration Committee shall have the authority, without further action by the Board of Directors, to engage such independent legal, accounting and other advisers as it deems necessary or appropriate to carry out its responsibilities. Such independent advisers may be the regular advisers to the Company. The Remuneration Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisers as established by the Remuneration Committee.

### *Annual Self-Evaluation*

At least annually the Remuneration Committee shall evaluate its own performance.

### *Other Matters*

The Committee shall give due consideration to laws and regulations, the provisions of the Code of Corporate Governance, and the requirements of the UK Listing Authority's Listing Rules, as appropriate.

## **7 Annual General Meeting**

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

## **8 Authority**

The Committee is empowered in the articles of association of the Company to discharge its functions on behalf of the Board of Directors and is entitled to have access, at the Company's expense, to such internal or external professional advice as it sees fit in furtherance of its duties.

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

## **9 Decisions**

Any decisions of the Committee shall be taken on a simple majority basis. The chairman has a casting vote in the event of equality voting.