

# Kainos Group plc

## Remuneration Committee

### Terms of Reference

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## 1. Definitions

In these terms of reference:

**"Board"** means the board of directors of the Company;

**"Committee"** means the remuneration committee of the Board; and

**"Group"** means the Company and its subsidiary undertakings from time to time.

## 2. Introduction

The primary purpose of the Committee is to assist the Board in determining the Company's remuneration policies. In performing its duties, the Committee will maintain effective working relationships with the Board and the People Team.

## 3. Membership

- 3.1 The Committee shall comprise at least three members, all of whom shall 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 of the Board. Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the Committee chair.
- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the CEO, the head of the People Team and external advisers) may be invited to attend for all or part of any meeting, as and when appropriate and necessary. No member of the Board (or the Committee) shall attend meetings of the Committee where his or her own remuneration is under discussion.
- 3.3 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members (other than the chair of the Board, if he or she is a member of the Committee) continue to be independent.
- 3.4 The Board shall appoint the Committee chair, who shall be an independent non-executive director who should 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 their number 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 the Committee chair.

## 4. Secretary

The Company secretary or his/her nominee shall act as the secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## 5. Quorum

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

The Committee shall meet at least twice a year and otherwise as required.

## **7. Notice of meetings**

- 7.1 Meetings of the Committee shall be called by the Company secretary at the request of the Committee. Meetings may be conducted when the members are physically present, or in the form of either video or audio conference.
- 7.2 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, any other person required to attend or invited 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. Papers required by the Committee may be provided electronically.

## **8. Minutes of meetings**

- 8.1 The Company secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2 The Company secretary shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3 Draft minutes of 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 a conflict of interest exists or, in the opinion of the chairman of the Committee, it would otherwise be inappropriate to do so.

## **9. AGM & Engagement with Shareholders**

The Committee chair shall 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.

## **10. Duties**

The Committee shall:

- 10.1 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the chair of the Board executive

directors, and senior management, including the Company secretary, in accordance with the Principles and Provisions of the Code. Recommend and monitor the level and structure of remuneration for senior management;

- 10.2 Establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least three years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- 10.3 Design remuneration policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to Company purpose and values and should be 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;
- 10.4 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 10.5 The Board itself 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 in the articles of association. No director or senior manager shall be involved in any decisions as to their own remuneration outcome;
- 10.6 Recognise and manage conflicts of interest when receiving views from executive directors or senior management, or when consulting the CEO about its proposals;
- 10.7 In determining remuneration policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations 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 necessary, having regard to views of shareholders and other stakeholders.
- 10.8 When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases;
- 10.9 Review the ongoing appropriateness and relevance of the Company's remuneration policy and review workforce remuneration and related policies;
- 10.10 Within the terms of the agreed policy and in consultation with the Board chair and/or the CEO, as appropriate, determine the total individual remuneration package of each executive director, the chair of the Board and other designated senior executives (including bonuses, incentive payments and share options or share 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;

- 10.11 In determining such packages and arrangements, give due regard to any relevant legal and regulatory requirements, the provisions and recommendations of the Code and the Listing Rules of the Financial Conduct Authority and associated guidance;
- 10.12 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. The Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- 10.13 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 10.14 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;
- 10.15 Review the design of all share incentive plans for approval by the Board and where required, 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, Company secretary and other designated senior executives and the performance targets to be used;
- 10.16 Determine the policy for, and scope of pension arrangements, service agreements, termination payments and compensation commitments;
- 10.17 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;
- 10.18 Review any major changes in employee benefits structures throughout the Group;
- 10.19 Agree the policy for authorising claims for expenses from the directors; and
- 10.20 Work and liaise as necessary with all other Board committees, ensuring the interaction between committees and with the board is reviewed regularly.

## 11. General Duties

In carrying out his/her specific duties set out above, each member of the Committee should also consider his/her general duties as a director of the Company, including:

- 11.1 His/her duty to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to all relevant factors;

- 11.2 His/her duty to exercise independent judgement;
- 11.3 His/her duty to exercise reasonable care, diligence and skill;
- 11.4 His/her duty to avoid conflicts of interest; and
- 11.5 His/her duty to act in accordance with the Company's constitution and only exercise his/her powers for the purposes for which they were conferred.

## 12. Reporting responsibilities

- 12.1 The Committee chair shall report to the Board on the nature and content of its discussions, recommendations and action to be taken.
- 12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for board discussion when necessary.
- 12.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Company (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled and that a report on the Company's remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM as necessary.
- 12.4 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.

## 13. Other matters

The Committee shall:

- 13.1 Have access to sufficient resources in order to carry out its duties, including access to the Company secretary and to any information it requires from any employee of the Company in order to perform its duties;
- 13.2 Be provided with appropriate and timely training, both in the form of an introduction program for new members and on an ongoing basis for all members;
- 13.3 Give due consideration to laws and regulations, the provisions of the Code and the requirements regarding the remuneration of directors and the formation and operation of share incentive plans, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

- 13.4 Ensure that a periodic evaluation of the Committee's own performance is carried out;
- 13.5 At least annually, review the Committee's terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board for approval; and
- 13.6 Ensure that these terms of reference are made available by placing them on the Company's website.

## **14. 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 in terms of reference.