

Sepura plc

Terms of Reference: Remuneration Committee

References to “**the Company**” shall mean Sepura plc.

References to “**the Committee**” shall mean the Remuneration Committee.

References to “**the Board**” shall mean the Board of Directors.

References to “**the Combined Code**” shall mean the Combined Code on Corporate Governance.

1 Membership

1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall be made up of at least two members, all of whom are independent non-executive directors. In addition, the Chairman may also be a member of, but not chair, the Committee if he or she was considered independent on appointment as Chairman.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate but shall not be present during any discussion about their own remuneration.

1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, unless the Board otherwise determines and provided the director remains independent.

1.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. 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. The Chairman of the Board shall not be Chairman of the Committee.

1.5 Each member of the Committee shall disclose to the Committee:

1.5.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or

1.5.2 any potential conflict of interest arising from a cross directorship.

2 Secretary

2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum

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

4 Meetings

- 4.1 The Committee shall meet at least three times each year and at such other times as the Committee Chairman shall require.

- 4.2 Meetings may be held by telephone.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

- 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, 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.

6 Minutes of Meetings

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

- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8 Duties

Having regard to the rules of the UK Financial Services Authority and the requirements of the Combined Code and any other relevant best practice guidelines, the Committee shall:

- 8.1 consult and determine with the Chairman and/or the Company's Chief Executive 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 or present at any meeting to discuss the same;
- 8.2 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 success of the Company;

- 8.3** review regularly the ongoing appropriateness and relevance of the remuneration policy;
- 8.4** 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, ensuring that they represent achievable and motivating rewards for appropriate levels of performance and, where appropriate, are justifiable taking into account the Company's and its group's overall performance and the corresponding return on shareholders' investment in the same period;
- 8.5** approve the length and term of all service contracts for the Chairman, executive directors, Company Secretary and other senior executives.
- 8.6** 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 ensuring they are linked to aptly challenging performance targets;
- 8.7** determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.8** 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;
- 8.9** 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;
- 8.10** in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the Financial Service Authority's Listing Rules and associated guidance;
- 8.11** review and note annually the remuneration trends across the Company or group;
- 8.12** advise on and oversee any major changes in employee benefits structures throughout the Company or group;
- 8.13** agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- 8.14** ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled;
- 8.15** ensure that the Board maintains appropriate contact with its principal shareholders about its remuneration policy, practices and procedures; and
- 8.16** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other

companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

9 Reporting Responsibilities

- 9.1** The Committee Chairman shall report formally to the Board on its proceedings after each meeting of the Committee on all matters within its duties and responsibilities.
- 9.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3** 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.
- 9.4** The Committee shall ensure that its terms of reference, explaining its role and the authority delegated to it by the board, are available upon request and are placed on the Company's website.

10 Other

- 10.1** 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.

11 Authority

- 11.1** The Committee is authorised by the Board to investigate any activity within its terms of Reference.
- 11.2** 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.
- 11.3** In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.