

PHSC PLC
(the “Company”)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

In these Terms of Reference unless the context requires otherwise:-

The **“Committee”** shall mean the Remuneration Committee:

The **“Board”** shall mean the Board of Directors of the Company;

The **“Committee Chairman”** shall mean the Chairman of the Committee; and

The **“Committee Secretary”** shall mean the Company Secretary or their nominee, acting as the secretary of the Committee

1. Membership and Attendance

- 1.1. The Committee shall be established by the Board and shall comprise the Committee Chairman and at least one other member, all of whom shall be independent non-executive directors.
- 1.2. The Board should appoint the Committee Chairman. If a prospective Committee Chairman is involved in the day to day running of the Company, or their own remuneration arrangements would involve any conflict of interest they shall not be eligible to be appointed as Committee Chairman.
- 1.3. The Committee shall not decide upon the remuneration of the non-executive directors, which shall be decided upon by the Board in accordance with the limits set out in the articles of association of the Company.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.5. The Group Chief Executive of the Company shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak, by prior arrangement with the Committee Chairman.
- 1.6. Appointments to the Committee are made by the Board and shall be for a period of up to three 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.
- 1.7. 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 these terms of reference to be appointed to that position by the Board.

2. Secretary

The Company Secretary 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 the issues.

3. Quorum

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. Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as any member of the Committee shall require. Meetings should be organised so that attendance is maximised.

5. Notice of Meetings

- 5.1. Meetings shall be called by the Company Secretary at the request of the Committee Chairman.
- 5.2. Subject as provided in the resolution appointing the Committee and to the articles of association of the Company, the Committee shall determine its own procedures.
- 5.3. 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 fewer than five working days prior to 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 the Meetings

- 6.1. The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised.
- 6.2. Minutes of Committee meetings shall be circulated to all members of the Committee, and when approved, all members of the Board subject to any issues of confidentiality.

7. Annual General Meeting

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

8. Duties

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

The Committee shall:

- 8.1. Determine and agree with the Board on behalf of the shareholders the broad policy for the remuneration of the Group Chief Executive of the Company, the executive directors, other members of the senior management of the Company's subsidiaries and the Company Secretary. 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;
- 8.2. In determining the policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance;
- 8.3. 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.
- 8.4. Review the on-going appropriateness and relevance of the remuneration policy;
- 8.5. Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.6. When setting remuneration policy for directors, review and have regard to the remuneration trends across the company or group.
- 8.7. Within the terms of the agreed policy and in consultation with the Group Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives of the Company including bonuses, incentive payments, other discretionary benefits and the policy for authorising claims for expenses;
- 8.8. Ensure that performance related elements of remuneration, where appropriate, form a proportion of the total remuneration package;

- 8.9. Be aware of and oversee any major changes in employee benefit structures throughout the Company;
- 8.10. Examine each proposal which the Board may make for the appointment of an executive Director of the Company and report to the Board on such proposals, on the basis that no such appointment should be made unless the Committee has so reported;
- 8.11. On the termination of any executive director, ensure that contractual terms on termination, and any payments made, are fair to such executive director and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.12. Obtain reliable, up to date information about remuneration in other companies. 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;
- 8.13. Be exclusively responsible for establishing the selection criteria, selecting appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.14. 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
- 8.15. 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, company secretary and other designated senior executives and the performance targets to be used.
- 8.16. Agree the process to vet and authorise the reimbursement of any claims for expenses from the directors; and
- 8.17. Make recommendations to the executive management of the Company in setting the levels of remuneration for the Company

9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting 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, if appropriate, an annual report of the Committee's remuneration policy

10. Other Matters

The Committee shall:

- 10.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 10.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 10.3. Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the AIM rules;
- 10.4. 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 of approval.

11. Authority

- 11.1. The Committee is authorised by the Board to investigate any matters within the terms of its reference. It may seek any information it requires for the purpose of its deliberations from any officer or employee of the Company or its subsidiaries.
- 11.2. Subject to prior Board approval, the Committee may obtain, at the Company's expense, outside legal or other independent advice and secure the attendance at its meeting of outsiders with relevant experience and expertise if it considers this necessary, but such persons shall not be members of the Committee. The Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise it. In seeking the approval of the Board, the Committee shall provide to the Board full details of any expense which is to be incurred in the making of such an appointment.
- 11.3. Although the Committee can seek the advice and assistance of any of the executives of the Company and its subsidiaries, it needs to ensure that this role is clearly separated from their role within the business and that, even where permitted to attend meetings of the Committee, they are not entitled to vote at such meetings.