

CREO MEDICAL GROUP PLC
REMUNERATION COMMITTEE
TERMS OF REFERENCE

(Adopted by the board of directors of the Company on 5 May 2021)

1. Definitions

“**Board**” means the board of directors of the Company.

“**Committee**” means the remuneration committee of the Company, being a sub-committee of the Board, and as governed by these terms of reference.

“**Committee Chair**” has the meaning defined in paragraph 4.1.

“**Committee Secretary**” has the meaning defined in paragraph 2.5.

“**Company**” means Creo Medical Group plc.

“**Group**” means the Company and any subsidiary (as defined in section 1159 of the Companies Act 2006) of the Company from time to time.

2. Membership

2.1 There shall be a minimum of two members of the Committee.

2.2 Membership of the Committee shall be confined to independent non-executive directors appointed by the Board in consultation with the Committee Chair. The chairperson of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairperson of the Board. Any member, other than the chairperson of the Board, who is determined by the Board no longer to be independent shall cease to be a member of the Committee.

2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided members still meet the criteria for membership of the Committee and, in particular, continue to be independent.

2.4 The members, apart from directors' fees and shareholdings, shall be independent of management and free from any involvement which might significantly interfere with their ability to judge matters independently.

2.5 The Company secretary shall be the Committee Secretary (“**Committee Secretary**”). The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance at Committee meetings.

2.6 Draft minutes of Committee meetings shall be circulated to members of the Committee. Once approved, minutes shall then be circulated to all directors of the Company unless, in the opinion of the Committee Chair, it would be inappropriate to do so. The Committee Secretary will ensure that members of the Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues under consideration. Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chair or any of its members.

3. Meetings

3.1 Committee meetings shall be held not less than twice a year and at such other times as the Committee Chair shall think fit.

- 3.2 The quorum necessary for the transaction of business shall be two members.
- 3.3 Unless otherwise agreed by all members of the Committee, notice of each meeting, confirming the venue, time and date, together with an agenda of items to be discussed and all relevant papers, shall normally be circulated to each member of the Committee, to any other person required to attend, and to all other non-executive directors, at least five working days prior to the date of the meeting. Supporting papers shall be sent to members of the Committee and to other attendees as appropriate, at the same time.
- 3.4 Only members of the Committee have the right to attend meetings of the Committee. However, other persons such as the chairperson of the Board, relevant officers or employees and external advisers may attend meetings by invitation of the Committee without being members.

4. Committee Chair

- 4.1 The Board shall appoint a chairperson of the Committee who shall be an independent non-executive director (the “**Committee Chair**”).
- 4.2 The Committee Chair will be responsible for:
- (a) preparing the agenda;
 - (b) ensuring the timely distribution of the agenda and any supporting papers;
 - (c) reporting to the Board on issues and decisions made;
 - (d) seeking engagement with the Company’s nominated advisor and shareholders on significant matters related to the Committee’s areas of responsibility;
 - (e) attending and answering questions about the Committee’s work at the annual general meeting of the Company; and
 - (f) liaising with any consultants retained to provide independent advice on market practice and other areas within the remit of the Committee (and for which advice a budget shall be provided, when necessary).
- 4.3 In the absence of the Committee Chair and/or any appointed deputy, the members present shall select 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 under paragraph 4.1. The chairperson of the Company shall not be eligible to be appointed as Committee Chair.

5. Remuneration

‘Remuneration’ is not confined simply to salaries and bonuses but has a wider definition and includes, without limitation, pension arrangements, share options, Share Save schemes, employees’ share ownership schemes (ESOP’s) and anything that is intended as ‘pay’ for any employee. It also includes fringe benefits e.g. Company cars, use of Company premises for living purposes and so on. Many of these matters will be covered in service agreements but the Committee shall determine not only the Company overall policy in respect of remuneration but also appropriate individual cases. Policy will also involve the purpose or objective of remuneration.

6. Authorisation

- 6.1 The Committee shall be authorised by the Board to take, at the Company’s expense, such external legal or other professional advice as it shall consider appropriate on any matters within its terms of reference and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. This authority is subject only to the requirement that any independent advice sought is at a reasonable cost commensurate with the matter under review. The

Committee shall be exclusively responsible for establishing the selection criteria for, selecting, appointing, dismissing and setting the terms of reference for, any remuneration consultants who advise the Committee.

- 6.2 The Committee shall have no authority in relation to the remuneration of the non-executive directors, other than in respect of the Company's chairperson.

7. Duties

- 7.1 The Committee shall give due consideration to and shall comply with all relevant laws and regulations and any authoritative best practice guidelines or recommendations as are published from time to time regarding the remuneration of directors of listed/non listed companies and formation and operation of share incentive plans, including but not limited to the provisions of the any governance codes adopted by the Company (including governance codes specifically relating to remuneration committees or remuneration of directors) and the requirements of the AIM Rules, Prospectus Rules, and Disclosure Guidance and Transparency Rules sourcebook as well as guidelines published by any relevant investor protection bodies, as appropriate.

- 7.2 In respect of the Company and the Group, as appropriate, the Committee shall:

- (a) have responsibility for setting a remuneration policy for the Company's chairperson, executive directors and any senior management, including the Company secretary, as it is designated to consider from time to time. The Board itself or, where required by the Articles of Association, the shareholders shall 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;
- (b) in determining the remuneration policy, take into account all factors which the Committee deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of any governance code adopted by the Company and associated guidance;
- (c) establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests;
- (d) consider and, where appropriate, determine a policy for post-employment shareholding requirements;
- (e) design remuneration policies and practices to support strategy and promote the long-term sustainable success of the Company, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and consider, when designing such policies and practices, where appropriate the ability to use discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate circumstances;
- (f) within the terms of the agreed policy and in consultation with the Company's chairperson and/or chief executive officer, as appropriate, determine the total individual remuneration packages of individual executive directors, the Company chairperson, the Company secretary and such other senior managers as the Committee is designated to consider from time to time including, without limitation, pension rights, bonuses, incentive payments and share options or other share awards and compensation payments. In doing so, the Committee shall:
 - (i) provide the packages needed to attract, retain and motivate executive directors of the quality required but without paying more than is necessary for this purpose and taking into consideration affordability in the context of the Company's overall financial position;

- (ii) ensure that individuals are fairly rewarded for their individual contributions to the Company's overall performance;
 - (iii) have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals;
 - (iv) review the ongoing appropriateness and relevance of the remuneration policy, and monitor and recommend (by introducing, varying and/or discontinuing) the level and structure of the remuneration and all other benefits of all relevant individuals;
 - (v) judge where to position the Company relative to other companies and in doing so the Committee shall be aware of what comparable companies are paying and shall take account of relative performance;
 - (vi) review the remuneration policy for the Group to ensure that the packages proposed for executive directors and such other senior managers as the Committee is designated to consider are appropriate in the context of the remuneration policy for the Group as a whole, including, without limitation, having regard to pay and employment conditions elsewhere in the Group especially when determining annual salary increases; and
 - (vii) include performance-related elements of remuneration as a significant proportion of the total remuneration packages and those elements shall be designed to align the interests of executive directors with those of shareholders and give keen incentives to perform at the highest levels;
- (g) make available its terms of reference, explaining clearly its role and the authority delegated to it by the Board;
 - (h) 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 should be made and, if so, the overall amount of such awards, the individual awards to executive directors, the Company Secretary and other designated senior executives and the performance targets to be used;
 - (i) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior managers;
 - (j) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company or Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
 - (k) work and liaise, as necessary, with all other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

7.3 The Committee shall also consider such other topics as are defined by the Board from time to time.

8. Other matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to relevant officers and employees within the Group for assistance as required;
- (b) 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; and

- (c) 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.

9. Reporting responsibilities

- 9.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken on all matters within its duties and responsibilities.
- 9.2 The Committee shall ensure that statutory provisions regarding disclosure of information are fulfilled, and shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report.
- 9.3 If the Committee has appointed remuneration consultants, the Company's annual report shall identify those consultants and a statement shall be made as to whether they have any other connection with the Company or any individual directors.
- 9.4 The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion where necessary.
- 9.5 The Committee shall provide a description of its work in the Company's annual report.