

**SOUND ENERGY PLC**  
**(the “Company”)**

**Terms of Reference of the  
Remuneration and Nominations Committee of the  
Board of Directors (the “Committee”)**

**1. Committee Composition, Procedures and Organisation**

- 1.1 The Committee shall be a Committee of the Board of Directors (the “Board”) and its members shall be appointed by the Board.
- 1.2 Appointments to the Committee shall be for a period of up to three years, which may be extended, provided the member still meets the membership criteria.
- 1.3 The Committee shall comprise of at least three members, the majority of whom shall be independent, non-executive directors (“NED(s”).
- 1.4 The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 1.5 The Board shall appoint a member of the Committee as Chair of the Committee, who is to be a NED. If a Committee Chair is not designated by the Board or is not present at a meeting of the Committee, the members of the Committee may designate a Chair by majority vote of the Committee (the “Committee Chair”).
- 1.6 The Secretary or the Assistant Secretary of the Company, or in their absence, an alternative secretary designated by the Committee, shall provide administrative support and assistance to the Committee, with particular emphasis on ensuring that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**2. Meetings**

- 2.1 The quorum for the meeting shall be two members of the Committee present in person or by telephone or any other means which permits all persons participating in the meeting to speak to and hear each other.
- 2.2 The Committee shall meet at least two times per year and when deemed necessary and at such locations as may be requested by the Committee Chair and at such times as any member of the Committee may request. Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair or by any member of the Committee.

- 2.3 Only members of the Committee have the right to attend Committee meetings. The Committee may invite the Chair of the Board, any Executive Officer of the Company and external advisers to attend for all or part of any meeting, as and when appropriate.
- 2.4 Unless otherwise agreed by the members, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be forwarded in advance to each member of the Committee and to any other person invited to attend, in a timely manner (in general no later than five working days before the date of the meeting) to enable full and proper consideration to be given to the issues. Any member of the Committee shall be entitled, by notice to the Committee Secretary, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.
- 2.5 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 2.6 Draft minutes shall be agreed with the Committee Chair then circulated promptly to the members of the Committee.

### **3. Committee Duties and Responsibilities**

- 3.1 The Committee shall:
- 3.1.1 Have delegated responsibility to determine the framework or policy for remuneration and the setting of the remuneration of the Chair of the Company, executive directors and such other members of the executive management.
  - 3.1.2 In determining the framework or policy referred to in clause 3.1.1 above, take into account the long term strategy of the Business and such other factors which it deems necessary including the need to attract, retain and motivate executive management of the quality required to run the Business successfully in line with its purpose, values, culture and strategy without paying more than is necessary but rewarding for their individual contributions to the long-term success of the Business and having regard to the views of shareholders and other stakeholders. The framework or policy shall enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.
  - 3.1.3 Recommend annually for all executive directors and senior managers to include:

- 3.1.1.1 The level and structure of remuneration;
  - 3.1.1.2 The design of, and determine targets for, any performance related bonuses and share schemes operated by the Company and recommend approval by the Board of the total annual payments made under such schemes;
  - 3.1.1.3 Put in place key performance indicators to reflect the reward recommended in clause 3.1.1.2 and objectively measure those corporate and personal goals on a semi-annual basis; and
  - 3.1.1.4 Review the recommendations to ensure that they remain appropriate and competitive in the market place.
- 3.1.4 Recommend and oversee any major changes in employee benefit structures throughout the Group.
  - 3.1.5 Ensure that no director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board itself should determine the remuneration of the NEDs within the limits set in the Articles of Association.
  - 3.1.6 Arrange for the NEDs to review the job description and assess the performance of each of the Chair of the Company and all executive directors on an annual basis or as and when required.
  - 3.1.7 Review the design of all share incentive plans for approval by the Board. For any such plans, recommend each year whether awards will be made, and if so, the overall amounts of such awards, the individuals awards to executive directors and other senior executives and the performance targets to be used.
  - 3.1.8 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.
  - 3.1.9 Regularly review the structure, size and composition (including the skills, knowledge, and experience and diversity) required of the Board and make recommendations to the Board with regard to any changes.
  - 3.1.10 Ensure plans are in place for orderly succession to the Board and other senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, the skills and expertise needed on the Board in the future.
  - 3.1.11 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

- 3.1.12 Be responsible for identifying and nominating for approval of the Board, candidates to fill board vacancies as and when they arise.
- 3.1.13 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. In identifying suitable candidates the committee shall:
- 3.1.13.1 use open advertising or the services of external advertisers to facilitate the search;
  - 3.1.13.2 consider candidates from a wide range of backgrounds; and
  - 3.1.13.3 consider candidates on merit and against objective criteria, having due regard to the benefits of the diversity of the Board and taking care that appointees have enough time available to devote to the position.
- 3.1.14 Ensure that, on appointment to the Board, NEDs receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 3.1.15 Review the results of any Board performance evaluation process that relate to the composition of the Board and succession planning.
- 3.1.16 Review annually the time required from NEDs to ensure that the NEDs are spending enough time to fulfil their duties.
- 3.1.17 Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 3.1.18 Annually compile a report to Shareholders in its role and activities to be included in the Company's Corporate Governance Report.

#### **4. Annual General Meeting**

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

#### **5. Committee Authority**

- 5.1 The Committee shall be authorised to obtain advice and assistance from internal and external legal, accounting, remuneration or other advisors as the Committee requires for the performance of its duties and to commission or purchase any reports, surveys or

information which it deems necessary at the expense of the company; advising the Board of its selection of outside experts and reporting to the Board the findings of those experts.

## **6. Reporting Responsibilities**

- 6.1 The Committee Chair shall report to the Board after each meeting on the nature and content of discussion, recommendations and action to be taken.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 6.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Quoted Company Alliance Code.
- 6.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2013 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report.
- 6.5 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.

## **7. Evaluation of Committee Performance**

- 7.1 The Committee shall periodically assess its performance and that of its Chair and report the outcomes of such reviews to the Board.

## **8. Amendments to Terms of Reference**

- 8.1 The Committee shall review, at least annually its constitution and terms of reference to ensure maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **9. Currency of Terms of Reference**

These Terms of Reference were approved by the Board on 17 January 2023.