

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

TABLE OF CONTENTS

CLAUSE

1.	<i>CONSTITUTION.....</i>	<i>3</i>
2	<i>ROLE.....</i>	<i>3</i>
3	<i>DUTIES AND TERMS OF REFERENCE - NOMINATION.....</i>	<i>3</i>
4	<i>DUTIES AND TERMS OF REFERENCE - REMUNERATION.....</i>	<i>5</i>
5	<i>MEMBERSHIP.....</i>	<i>8</i>
6	<i>ATTENDANCE AT MEETINGS.....</i>	<i>8</i>
7	<i>NOTICE OF MEETINGS.....</i>	<i>9</i>
8	<i>QUORUM.....</i>	<i>9</i>
9	<i>VOTING ARRANGEMENTS.....</i>	<i>9</i>
10	<i>MINUTES OF MEETINGS.....</i>	<i>9</i>
11	<i>ANNUAL GENERAL MEETING.....</i>	<i>10</i>
12	<i>REPORTING RESPONSIBILITIES.....</i>	<i>10</i>
13	<i>GENERAL MATTERS.....</i>	<i>10</i>
14	<i>AUTHORITY.....</i>	<i>11</i>

1. CONSTITUTION

- 1.1 The Nomination and Remuneration Committee (**Committee**) was constituted as a committee of the board of directors (**board**) of Avanti Communications Group plc (**Company**) by the board in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.

2 ROLE

- 2.1 The role of the Committee is to assist the board to fulfil its responsibility to shareholders to ensure that:
- (a) the composition of the board complies with the Board Charter and appointments are made taking account of the level of support required to meet the challenges and opportunities facing the Company;
 - (b) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements;
 - (c) executive remuneration is aligned to company purpose and values and linked to delivery of the company's long-term strategy.
- 2.2 The remuneration of the senior independent director and non-executive directors of the board shall be determined by the chair and the executive directors to be determined within the limits set in the Company's articles of association. No director shall be involved in any decisions as to their own remuneration.

3 DUTIES AND TERMS OF REFERENCE - NOMINATION

- 3.1 The Committee shall:
- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes;
 - (b) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the board in the future;
 - (c) be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
 - (d) before 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. In identifying suitable candidates the Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds;

- (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;
- (e) for the appointment of a chairperson, the committee should prepare a job specification, including the time commitment expected. A proposed chairperson's other significant commitments should be disclosed to the board before appointment and any changes to the chairperson's commitments should be reported to the board as they arise;
- (f) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (g) 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;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (i) review the results of the board performance evaluation process that relate to the composition of the board;
- (j) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (k) ensure that on appointment to the board, non-executive directors 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; and
- (l) work and liaise as necessary with other board committees.

3.2 The Committee shall also make recommendations to the board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairperson and Chief Executive;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit Committee, and any other board committees as appropriate, in consultation with the chairmen of those committees;
- (d) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
- (e) the re-election by shareholders of any director under the "retirement by rotation" provisions in the company's articles of association, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board;
- (f) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and

(g) the appointment of any director to executive or other office.

3.3 To consider such other matters as may be requested by the board of directors.

4 DUTIES AND TERMS OF REFERENCE - REMUNERATION

The Committee shall carry out the following duties for the Company and advise the board appropriately:

4.1 Remuneration policy and practices

- (a) determine and agree with the board the policy for the remuneration and benefits, including pension rights and compensation payments, of the executive directors and set the remuneration for:
 - (iv) the Chairman of the Company;
 - (v) executive directors;
 - (vi) the executive committee members (**senior executives**); and
 - (vii) when not a member of the executive committee, the company secretary;
- (b) subject to paragraph 4.1(c), in determining the remuneration policy, consider:
 - (i) all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (**Code**) and associated guidance;
 - (ii) the need to promote the long-term sustainable success of the Company and the alignment to the Company purpose and values clearly linked to the successful delivery of the company's long-term strategy, without paying more than is necessary, having regard to the views of shareholders and other stakeholders, and ensuring that executive directors, the company secretary and senior executives are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions;
 - (iii) the need to support the strategy of the Company and how the policy reflects and supports the long-term strategy;
 - (iv) the Company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Company's risk policies and systems and long-term strategic goals; and
 - (v) any shareholding requirements;
- (c) when determining executive director remuneration policy and practices, address the following factors set out in Provision 40 of the Code:
 - (i) clarity;
 - (ii) simplicity;
 - (iii) risk;
 - (iv) predictability;
 - (v) proportionality; and
 - (vi) alignment to culture;

- (d) when determining remuneration schemes and the remuneration policy, consider the use of discretion by the Committee to override formulaic outcomes;
- (e) review at least annually the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration;
- (f) within the terms of the agreed remuneration policy and in consultation with the chair and/or CEO as appropriate, determine the total remuneration package for the chair of the board and each element of the total individual remuneration package for each executive director, the company secretary and senior executives including (to the extent applicable):
 - (i) base salary;
 - (ii) profit sharing and specific incentive remuneration schemes or arrangements;
 - (iii) participation in share option schemes and share ownership plans;
 - (iv) pension arrangements, including the level of contributions by the Company; and
 - (v) other bonuses and benefits in cash or in kind;
- (g) ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for board and/or shareholder approval;
- (h) within the terms of the agreed remuneration policy, decide on any ex-gratia payments to be made and benefits granted to directors and senior executives and their surviving spouses;]
- (i) exercise any discretion or judgment on remuneration outcomes in accordance with any incentive schemes and the remuneration policy, taking account of Company and individual performance, and wider circumstances and in relation to performance-based incentive plans using a range of financial and non-financial strategic measures to ensure that targets are aligned with how the Company will deliver value over the long-term in line with the Company's purpose; and
- (j) agree the policy for authorising claims for expenses from the directors.

4.2 Share based remuneration and bonus arrangements

- (a) review and recommend for approval by the board (and where required, the shareholders) the design of, and determine the targets for, the operation of all share and other incentive plans and or management in which executive directors, the company secretary and senior executives participate;
- (b) monitor and assess any performance conditions applicable to any long-term incentive awards granted under any schemes or plans adopted by the Company. Ensure that the performance conditions are fully explained, aligned to the Company purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value;
- (c) consider whether the executive directors, the company secretary and senior executives should be eligible for annual bonuses;
- (d) recommend for approval by the board the design of, and determine annual targets and key performance indicators for, any bonus scheme operated by the Company and assess performance against targets and key performance indicators, by the Company, individual executive directors, the company secretary and senior executives;

- (e) exercise independent judgement and discretion when authorising outcomes under all incentive arrangements, taking account of Company and individual performance, and wider circumstances;
- (f) design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive arrangements to ensure that any performance-related payments reflect actual achievements; and
- (g) ensure that all incentive arrangements are aligned to the Company's risk policies and systems, its purpose and values, support the strategy and promote long-term sustainable success.

4.3 Pensions

Review the pension arrangements for the senior executives and consider:

- (a) the alignment of pension contribution rates, or payments in lieu, for the senior executives with those available to the workforce; and
- (b) the pension consequences and associated costs to the Company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for directors close to retirement, when compared with workforce arrangements.

4.4 Service contracts and severance

- (a) approve the terms of the service contracts, the duration of which shall not exceed one year's notice period, for executive director and senior executives and any material amendments to those contracts;
- (b) determine the policy for, and scope of, termination payments and compensation commitments for each executive director and senior executive and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance; and
- (c) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

4.5 Workforce remuneration and related policies

- (a) review workforce remuneration and related policies and the alignment of incentives and rewards with culture;
- (b) when setting the policy for executive director remuneration, take into account the matters in paragraph 4.5(a); and
- (c) oversee any major changes in remuneration and employee benefits structures throughout the Group.

4.6 Other matters

- (a) keep abreast of external remuneration trends and market conditions;
- (b) consider such other matters as are referred to the Committee by the board; and
- (c) work and liaise as necessary with all other board committees.

5 MEMBERSHIP

- 5.1 At all times the Committee shall comprise a chair and a minimum of three members. Each Committee member shall be an independent non-executive director as determined by the board (in accordance with the Code). If any member of the Committee is deemed not to be independent, then the board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.
- 5.2 The board shall appoint members of the Committee in consultation with the Committee chair. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 5.3 The chair of the board may be a member of, but not chair, the Committee if he or she was considered to be independent on appointment as chair.
- 5.4 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.
- 5.5 The board shall appoint the Committee chair who shall be an independent non-executive director and, before such appointment, the appointee should have served on a remuneration committee for at least 12 months. In the absence of the Committee chair or an appointed deputy, the remaining members of the Committee present at a meeting shall elect one of their number present to chair the meeting.
- 5.6 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 5.7 The company secretary, or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

6 ATTENDANCE AT MEETINGS

- 6.1 The Committee shall meet at least three times a year and otherwise as required.
- 6.2 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 and necessary.
- 6.3 No person (including directors, the chair of the board or senior executives) of the Company shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.
- 6.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.5 Meetings of the Committee may be conducted when the members are physically present together or in the form of video or audio conference.

7 NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any member of the Committee.

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, and any other person required to attend, no later than three 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.

8 QUORUM

8.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference. If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.

8.2 A duly convened Committee meeting 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.

9 VOTING ARRANGEMENTS

9.1 Subject to Paragraph 9.2 and Paragraph 9.3, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting.

9.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

9.3 Except where he or she has a personal interest, the Committee chair shall have a casting vote.

9.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

10 MINUTES OF MEETINGS

10.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 10.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then be circulated promptly to all Committee members, unless in the Committee chair's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other board members unless in Committee chair's opinion it would be inappropriate to do so.

11 ANNUAL GENERAL MEETING

The Committee chair (or other appropriate member) shall attend the annual general meeting be available to respond to any shareholder questions on the Committee's activities.

12 REPORTING RESPONSIBILITIES

- 12.1 The Committee chair shall report to the board after each meeting on the nature and content of its discussion, records and action to be taken (including on any matters on which the board has requested the Committee's opinion) and the minutes of all Committee meetings shall be made available on request.
- 12.2 The Committee shall:
- (a) report to the board on workforce reward, incentives and conditions, and support the board's monitoring of the alignment of company policies and practices with culture and strategy;
 - (b) make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
 - (c) ensure that provisions regarding the disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code are fulfilled;
 - (d) prepare a report for shareholders, if required to be incorporated in the Company's annual report; and
 - (e) ensure, through the chair of the board, that the Company maintains contact, and the Committee chair seeks engagement, as required, with the Company's major shareholders on significant matters related to the Committee's areas of responsibility.

13 GENERAL MATTERS

The Committee shall:

- 13.1 Consider other duties determined by the board from time to time.
- 13.2 Have access to sufficient resources to carry out its duties, including access to the company secretary and management for advice and assistance as required.
- 13.3 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.

- 13.4 Give due consideration to relevant laws, regulations and any published guidelines or recommendations regarding the remuneration of directors and formation and operation of incentive plans including but not limited to the Companies Act 2006, the principles and provisions of the Code and any other applicable rules, as appropriate.
- 13.5 Work and liaise as necessary with all other board committees.
- 13.6 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.

14 AUTHORITY

The board authorises the Committee to:

- 14.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- 14.2 Seek any information it requires from any employee of the Company to perform its duties.
- 14.3 Call any employee of the Company to be questioned at a Committee meeting as and when required.

Adopted by the board on xx June 2020.