



Animal Health Group plc

Remuneration Committee

The members of the Remuneration Committee are:

- Frank Armstrong (Chair of the Remuneration Committee)
- Andrew Jones
- Tracey James

Executive management may be invited to attend Remuneration Committee meetings. The Company Secretary or his/her nominated representative ensures that the meetings are properly recorded.

The Remuneration Committee meets at least twice a year and on an ad hoc basis when necessary. The Remuneration Committee operates within specific Terms of Reference as set out below.

The Remuneration Committee can call for information from the Executive Leadership Team and consults with external specialists directly if they require to do so.

Role of the Remuneration Committee

The Remuneration Committee reviews and determines on behalf of the Board and shareholders of the Company the pay, benefits and other terms of service of the executive directors of the Company and the broad pay strategy with respect to Company employees.

Remuneration Policy

The objective of the Company's remuneration policy is to attract and retain the directors, senior executives and other employees needed to run the Company for long term success and in a cost-effective manner. The components of the remuneration policy are established to meet this objective by the Remuneration Committee from time to time. There are currently four principle components of remuneration:

- Basic Salaries and Benefits in Kind
- Bonuses
The Executive Directors and all employees are eligible for discretionary bonuses.
- Share Options
The Company has in place share option schemes in which the Executive Directors and all employees are eligible to participate.
- Pensions
There is a defined contribution pension scheme available to the Executive Directors and all employees.



Animal Health Group plc

Terms of Reference of the Remuneration Committee

Updated: August 2022

Terms of Reference of the Remuneration Committee

1 Membership

- 1.1 The committee shall comprise at least three members, all of whom shall be independent non-executive directors. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chairman of the remuneration committee.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as external advisers and executive management may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the committee are made by the board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as a majority of members continue to be 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 who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee.
- 1.5 The committee chair shall review membership of the committee annually, as part of the annual performance evaluation of the committee.

2 Secretary

- 2.1 The company secretary, or his or her nominee, shall act as the secretary of the committee and shall provide all necessary support to the committee. This will include ensuring that the committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues. The recording of committee minutes will be taken by the company secretary or his/her nominated representative.

3 Quorum

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

4 Meetings

- 4.1 The committee shall meet at least twice a year and otherwise as required.

5 Notice of meetings

- 5.1 Meetings of the committee shall be called by the chairman of the committee.
- 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 company secretary, or his/her nominated representative, shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

7 Annual general meeting and engagement with shareholders

- 7.1 The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities. In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

8 Duties

The committee shall:

- 8.1 Have responsibility for setting the components and levels of individual remuneration for the executive directors and the Company's chairman, including pension rights and any compensation payments. The board itself or, where required by the Articles of Association, the shareholders should 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.
- 8.2 Review, recommend and monitor the level and structure of remuneration for the senior leadership team.
- 8.3 Review the overall remuneration policy generally throughout the Company.

- 8.4 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Corporate Governance Code and associated Remuneration Committee guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
- 8.5 When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 8.6 Keep under review the on-going appropriateness and relevance of the remuneration policy.
- 8.7 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, other designated senior executives including bonuses, incentive payments and share options or other share awards.
- 8.8 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. 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 at the expense of the company but within any budgetary restraints imposed by the board.
- 8.9 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.10 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.
- 8.11 Review the design of all share incentive plans for approval by the board and, if so decided by the Remuneration Committee, by 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.
- 8.12 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.

- 8.13 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.
- 8.14 Oversee any major changes in employee benefits structures throughout the company or group.

9 Reporting responsibilities

- 9.1 The committee chairman shall report 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 ensure that provisions regarding disclosure of information, including pensions, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report. If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.
- 9.4 Through the chairman of the board or the Chairman or other members of the Remuneration Committee, ensure that the company maintains contact as required with its principal shareholders about remuneration.

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 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including but not limited to the provisions of the QCA Corporate Governance Code and Remuneration Committee Guide, the requirements of the AIM Rules for Companies, as well as guidelines published by the Investment Association and any other applicable rules, as appropriate.
- 10.3 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.
- 10.4 ensure that a periodic evaluation of the committee's own performance is carried out.

- 10.5 review annually the committee's 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.
- 10.6 have the flexibility to appointment a temporary sub-committee to act on behalf of the committee for a specific purpose, e.g. appointment of an Executive Director or undertake a corporate task
- 10.7 work and liaise as necessary with other board committees.

11 Authority

- 11.1 The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 11.2 The committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the committee.

Approved by the Board

August 2022