



TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

Adopted by the Board of the Group on: 23 April 2021

The Group consists of Oxford Cannabinoid Technologies Holdings Plc and Oxford Cannabinoid Technologies Ltd.

Membership and attendance

The Remuneration Committee is appointed by the Board from amongst the Non-Executive Directors.

The committee shall comprise at least two members, two of whom shall be independent non-executive directors.

Generally, only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals, such as other Directors and any members of the advisors, shall attend meetings by invitation of the Remuneration Committee.

No-one is present during the discussion of, or vote on, matters regarding his or her own position. The Chairman of the Board does not chair the Remuneration Committee meeting when it is dealing with the appointment of his or her successor.

Members of the Remuneration Committee are named in the annual report and accounts of the Company.

Only members of the Remuneration Committee are entitled to vote at meetings of the Remuneration Committee.

The Company Secretary or their nominee or if the company does not have a company secretary for the time being any suitable person nominated by a majority of the Members of the Remuneration Committee 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.

Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

Frequency of meetings

The Remuneration Committee meets at least twice per year, with one meeting to be held close to the end of each financial year. The Remuneration Committee may hold further meetings at such other times as it requires.

Notice of meetings

Meetings of the Remuneration Committee shall be summoned by the Company Secretary, or if the Company does not have a Company Secretary for the time being such person as is nominated by a majority of the Members of the Remuneration Committee, at the request of any member of the Remuneration Committee.

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 Remuneration Committee, any other person required to attend and all other Non-Executive Directors, no fewer than three working

days prior to the date of the meeting. Supporting papers shall be sent to Remuneration Committee members and to other attendees, at the same time.

Minutes of meetings

The Company Secretary or if the Company does not have a company secretary for the time being such person as is nominated by a majority of the Members of the Remuneration Committee:

- minutes the proceedings and resolutions of all meetings of the Remuneration Committee, including recording the name of those present and in attendance; and
- ascertains, at the beginning of each meeting, the existence of any conflicts of interest and minutes them accordingly.

Minutes of Remuneration Committee meetings shall be circulated promptly to:

- all members of the Remuneration Committee; and
- all members of the Board (if these are different).

Annual general meeting

The Remuneration Committee Chairman attends each annual general meeting of the Company and is prepared to respond to any Shareholder questions on the Remuneration Committee's activities.

Duties

Regular reviews

To review regularly and at least annually:

- the time required from a Non-Executive Director and (possibly using performance evaluation), whether each Non-Executive Director is spending enough time to fulfil his or her duties;
- review and establish remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- review and design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstance;
- ensure that no director or senior manager shall be involved or participate in any decisions which in any part relate to their own remuneration or make any recommendation of decision concerning the outcome of his or her remuneration. 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;
- within the terms of the agreed policy and in consultation with the chair and/or chief executive, as appropriate, determine and agree the framework or broad policy for the total individual remuneration package of each executive director, the company chair, senior managers, and such other members of the executive management as it is designated to consider, including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances;

- at a minimum, the committee should have delegated responsibility for setting remuneration for all executive directors, the chairman and, to maintain and assure their independence, the company secretary: the committee should also recommend and monitor the level and structure of remuneration for senior management;
- 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 will be made, and if so, the overall amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used;
- review and 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;
- 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;
- review comparable company data to ensure that Directors are being adequately remunerated, and to a level which will allow the company to attract new Directors;
- be aware of, advise on and oversee any major changes in employees benefit structures throughout the Company or Group;
- agree the policy for authorising claims for expenses from the chief executive and chairman;
- to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- its own performance, constitution and terms of reference. The committee shall ensure that the terms of reference is be available and sets out the committee's delegated responsibilities and be reviewed and, where necessary, updated annually;
- review the ongoing appropriateness and relevance of the remuneration policy; and
- make recommendations to the Board about any matters arising.

Reporting Responsibilities

The committee shall also ensure that any provisions regarding disclosure of information as set out in the Listing Rules applicable to a Standard Listing are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Company's annual report.

Recommendations to the Board

To make recommendations to the Board about the annual review of fees paid to Directors and any changes to the current levels of remuneration

Other matters

The Remuneration Committee:

- makes a statement in the annual report about its composition and activities, including the number of meetings, its members' attendance and the process used for the appointments (explaining if external advice or open advertising has not been used);
- The committee shall comply with the requirements of the QCA Code and will report on a 'Comply or Explain' basis as to compliance with the QCA Code
- keeps up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;

- ensures that an annual review is undertaken of the Board and its operations;
- ensure that a periodic evaluation of the committee's own performance is carried out; and
- considers such other matters as the Board may from time-to-time refer to it.

Authority

The Remuneration Committee is authorised by the Board to:

- carry out all such acts and deeds as are required to perform its duties;
- seek any information it requires from any officer or employee of the Group in order to perform its duties;
- call any officer or employee of the Group to be questioned at a meeting of the Remuneration Committee as and when required; and
- sanction the following, at the Company's expense within any budgetary restraints imposed by the Board:
 - the obtaining of outside legal or other professional advice on any matters within its terms of reference and, where necessary, the attendance at its meetings of outsiders with relevant experience and expertise; and
 - the obtaining of independent legal or other professional advice by any Director who indicates to the Committee that he requires, or has obtained, independent legal or other professional advice in relation to his duties.

In seeking the approval of the Board under the paragraph above, the Remuneration Committee provides to the Board full details of any expense which is to be incurred in the making of such appointments.

Procedures

Subject to the articles of incorporation of the Company, the Remuneration Committee determines its own procedures.

Terms of reference

The above Terms of Reference of the Remuneration Committee may only be changed with the approval of the Board.