

Remuneration Committee Terms of Reference

References to “the Company” and “the Group” are to CLS Holdings plc.

References to “the Committee” are to the Remuneration Committee.

References to “the Board” are to the board of directors of the Company.

References to the “Code” are to the UK Corporate Governance Code.

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Remuneration Committee. The Committee shall be made up of at least 3 members, all of whom shall be independent non-executive directors, as required by the Code, unless otherwise agreed by the Board, in which case the Committee shall be made up of non-executive directors duly appointed by the Board. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, other directors, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 The Board shall appoint the Committee Chair who shall be an independent non-executive director who should have served on a remuneration committee for at least 12 months. Where the composition of the Board is such that, for the time being, it is not possible or practical for the Chair to be an independent non-executive director, the Chair shall be nominated by the Board. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be Chair of the Committee.

2. Secretary

- 2.1 The Company Secretary or their nominee 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.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the 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 Committee.

4. Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.
- 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 5 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 Secretary 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 and, once agreed, to all members of the Board unless, exceptionally, it would be inappropriate to do so.

7. Annual general meeting

- 7.1 The Chair of the Committee shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Chair of the Committee shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. Duties

The Committee shall carry out the duties below for the Group as a whole, as appropriate.

The Committee shall:

- 8.1 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's chair, the executive directors and the next level of senior management, including the Company Secretary, in accordance with the Principles and Provisions of the Code;
- 8.2 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 that reflects best practice, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- 8.3 Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to the Company's 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 circumstances;
- 8.4 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture;
- 8.5 The remuneration of non-executive directors shall be a matter for the Company Chairman and the Executive members of the Board 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 manager shall be involved in any decisions as to their own remuneration;
- 8.6 In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated 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;
 - 8.7 Review the ongoing appropriateness and relevance of the remuneration policy;
 - 8.8 Within the terms of the agreed policy and in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the Company Chair and the next level of senior management 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;
 - 8.9 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;
 - 8.10 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;
 - 8.11 Review workforce remuneration and related policies;
 - 8.12 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly; and
 - 8.13 Agree the policy for authorising claims for expenses from the directors.

9. Reporting responsibilities

- 9.1 The Committee Chair shall report formally 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, and adequate time should be available for Board discussion when necessary.
- 9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- 9.4 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, related legislation and the Code are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM.
- 9.5 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 or individual directors.

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 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.
- 10.3 give due consideration to laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of Company directors and the formation and operation of share incentive plans, the requirements of the Financial Conduct Authority Listing Rules, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 10.4 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.

11. Authority

11.1 The Committee is authorised by the Board to:

- 11.1.1 seek any information it requires from any employee of the Company in order to perform its duties
- 11.1.2 obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

As approved by the Board on 7 March 2023