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Terms Of Reference Of The Nominations And Remuneration Committee Of Theon International Plc

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1. INTRODUCTION

The Terms of Reference (“**Terms**”) which apply to the Nominations and Remuneration Committee (as defined below) of the Company (as defined below) are laid in the present document.

The scope and purpose of these Terms is to clearly determine, govern and define the operation, duties and conduct of the activities of the Company’s Nominations and Remuneration Committee, in relation to the BoD composition and remuneration policy and practices of the Company.

2. INTERPRETATION AND DEFINITIONS

2.1 Headings in these Terms are inserted for the ease of convenience and reference only and shall not affect the interpretation hereof.

2.2 All words denoting only the singular will include the plural and vice versa.

2.3 Words denoting natural persons include companies and vice versa.

2.4 References in these Terms to any other Company’s documents, rules and policies or other document or instrument shall be deemed to include references thereto as the same may be varied, amended, novated or replaced from time to time documents and instruments stated to be supplemental thereto.

2.5 In these Terms, unless the content requires otherwise, the neutral gender includes the male and female and vice versa.

2.6 In these Terms:

1.1.1 “**AoA**” mean the Articles of Association of the Company, as they shall read as applicable at the date of the present;

1.1.2 “**Applicable Law**” means any Cyprus and/or Dutch and/or EU law which might be applicable to the Company and/or the BoD;

1.1.3 “**Audit Committee**” means the audit and risk committee established for the purposes of financial reporting and risk management;

1.1.4 “**BoD**” means the persons and/or members consisting the Board of Directors;

1.1.5 “**Chairman**” means the chairman of the Nominations And Remuneration Committee;

1.1.6 “**Company**” means THEON INTERNATIONAL PLC



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- 1.1.7 “**Conflict of Interest Policy**” means the policy in relation to the administration of conflicts of interest, which the Company has implemented;
- 1.1.8 “**Corporate Governance Code**” means the Cyprus and Dutch Corporate Governance Code as these are applied by the Company;
- 1.1.9 “**Cyprus**” means the Republic of Cyprus;
- 1.1.10 “**Director**” means any person appointed to exercise the duties of the directors to that effect;
- 1.1.11 “**EU**” means European Union;
- 1.1.12 “**Executive Directors**” means the Directors appointed by the Company and who are responsible for the day-to-day management;
- 1.1.13 “**Group**” means the Company and its subsidiaries;
- 1.1.14 “**Nominations and Remuneration Committee**” means the committee established for reviewing the structure, size, composition and nominations of the BoD and the remuneration policy and practices;
- 1.1.15 “**Non-Executive Directors**” means the Directors appointed by the Company, who are responsible for the supervision of the Executive Directors and who are not involved in the day to day management;
- 1.1.16 “**Policy**” or “**Policies**” means the Policy and/or Policies of the Company, respectively, which are currently in effect;
- 1.1.17 “**Secretary**” means the secretary of the Company as appointed from time to time;
- 1.1.18 “**Suitability Policy**” means the Policy promoting the corporate interest by ensuring quality staffing, effective operation evaluation and fulfilment of the B oDi’ role with the Company’s general strategy and medium to long term pursuits;
- 1.1.19 “**Terms**” mean the present Terms of Procedure as these are described in this document;
- 1.1.20 “**Shareholder(s)**” means any shareholder or shareholder participating in the Company’s issued share capital;

3. REGULATORY FRAMEWORK

Each member of the Nominations and Remuneration Committee is obliged to follow and apply the law, rules and practice codes of the member state of incorporation, and also always acting in accordance with any other Applicable Law as may be applicable, bearing in mind that the Company is publicly traded and listed in an EU financial securities market.

4. ESTABLISHMENT AND OBJECTIVES

The Nominations and Remuneration Committee has been established in accordance with the powers vested to the BoD of the Company under the latter's AoA.

The scope and purpose of establishing a Nominations and Remuneration Committee is to assist the Company in the process for BoD appointments recommendations, in fulfilling its responsibilities to the shareholders of the Company along with applying effective remuneration planning and practices.

The Nominations and Remuneration Committee shall ensure that these Terms in relation to nomination practices of the Company, the practice followed, the procedures for the appointment of the BoD and the composition of the BoD will promote long-term sustainable success and facilitate the BoD to act in the best interests of the Company.

In addition, the Nominations and Remuneration Committee shall ensure that these Terms in relation to remuneration are aligned with the Company's purposes and values and promote long term sustainable success.

The duties, roles and responsibilities of the Nominations and Remuneration Committee are furtherly analysed in paragraph 6 and 8 below.

5. MEMBERS AND COMPOSITION

The members of the Nominations and Remuneration Committee are appointed by the BoD for a maximum term of three years.

The members of the Nominations and Remuneration Committee shall be no less than 3, comprising of Non-Executive and Independent Non-Executive Directors of the Company.

6. DUTIES AND RESPONSIBILITIES FOR NOMINATIONS

The duties of the Nominations and Remuneration Committee in relation to nominations are:

(A) BoD COMPOSITION AND SUCCESSION PLANS:

- 6.1 To regularly review the structure, size and composition (including the skills, experience, independence, knowledge, inclusion and diversity) of the BoD and its committees and make the necessary recommendations to the BoD;
- 6.2 To review at various intervals the effective leadership of the Company, both executive and non-executive, with the aim of safeguarding the Company's and the Group's viability as well as ability to operate effectively in the marketplace;
- 6.3 To keep up to date with the market developments and main trends regarding the retention of Company Directors as well as key executives and personnel of the Group, the design and deployment of incentives and compensation schemes, aligning the strategic goals of the Company and the Group, its taking into account the market peers; and
- 6.4 To keep under review the leadership needs of the Company and the Group, relating to the BoD, and ensure the continued ability of the Company and the Group to compete effectively with its market peers;
- 6.5 To ensure plans are in place for orderly succession of BoD positions, based on merit and objective criteria and taking into account the challenges and opportunities facing the Company and satisfy itself that effective plans to succession are in place;
- 6.6 To arrange for drawing up plans pertaining to the efficient and well-structured succession of the BoD and other management positions, whilst abiding by the Suitability Policy of the Company.
- 6.7 To formulate succession plans for both executive and non-executive directors and in particular for the key roles of chairman and chief-executive.

(B) BoD APPOINTMENTS AND NOMINATIONS:

- 6.8 to identify suitable candidates for the BoD according to the skills, experience, independence and diversity required on the board and the needs of the Company.
- 6.9 To ensure that any new appointments or succession shall be decided solely on objective criteria, taking into account the need to refresh the BoD from time to time, the strategic issues, priorities and needs of the Company, the challenges and opportunities faced thereof and the skills, knowledge, independence and diversity required on the BoD;
- 6.10 To arrange that proper mechanisms are put in place ensuring that any newly appointed director and/or the chairman of the Company discloses any conflicts of interest (taking into account the Conflict of Interest Policy of the Company) as well as other important commitments before the proposed appointment takes place. In this respect a proper job description and specification shall be prepared indicating the time commitment expected from the respective appointee.

- 6.11 To ensure that on appointment to the BoD, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service, involvement outside board meetings and the induction process.
- 6.12 To identify suitable candidates as new directors;
- 6.13 To ensure that an induction programme is in place which shall enable them to ensure that all newly appointed directors receive proper induction and are fully informed on vital aspects of the Company, such as the main areas of activities, markets risks, strategic priorities and commercial issues affecting the Company and how they are expected to perform their duties and responsibilities in this regard.
- 6.14 To recommend to the BoD the re-appointment of any non-executive director at the conclusion of their appointment, having given due regard to their performance and ability to continue to contribute to the BoD, in the light of the knowledge, skills and experience required.
- 6.15 To discuss and recommend to the BoD 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 Applicable Law and their contract.

(C) BoD EVALUATION

- 6.16 To recommend to the BoD, after relevant reviews and evaluation, for the continuance in service or not of an executive director as a non-executive director, taking into account policies of the Company and the skills, experience, knowledge and ability of the proposed director to contribute to the BoD.
- 6.17 To introduce and revise regularly performance criteria that will allow them to evaluate from time to time whether the Executive and Non-Executive Directors are performing their duties to the anticipated level and quality of work of the average person holding the same position and to the demands of the Company's business;
- 6.18 Assist the BoD of the Company in evaluating and reviewing the BoD's performance, on a collective and individual basis but also assist in evaluation of the BoD's relationship with its committees;
- 6.19 Assist the BoD of the Company in evaluating and reviewing the performance of the committees to which powers are delegated by the BoD;
- 6.20 Review the possibility of re-appointment of any Non-Executive Director at the conclusion of their term of office, taking into consideration their performance and ability to continue to contribute to the BoD with the purpose of long-term sustainable success, bearing in mind the knowledge, skills and experience required.

7. BoD RECOMMENDATIONS PROCEDURE

In case the necessity of new appointments to the BoD arises, the Nomination and Remuneration Committee, must prepare a full description of the role in respect to an appointment, including the time commitments expected thereof, prepare a recommendation and set up a procedure for the interviewing of future candidates.

The Nomination and Remuneration Committee must provide the BoD and the Shareholders of the Company, of a recommendation which will mainly describe the balance of skills, experience, independence, knowledge and diversity expected from new appointments, and the future challenges affecting the Company.

Accordingly, in light of this evaluation, the Nomination and Remuneration Committee will prepare a description of the role and capabilities and time commitment required for a particular appointment and set the process to identify and interview suitable candidates. In identifying suitable candidates, the Committee shall:

- (i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
- (ii) consider candidates from diverse backgrounds;
- (iii) consider candidates on merit, against objective criteria and with due regard for promoting the benefits of diversity on the board, including of gender, social and ethnic backgrounds, and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- (iv) bear in mind and/or identify any potential conflicts of interest in accordance with the Conflict of Interest Policy, that potential candidates may have;
- (v) require proposed candidates to disclose any other business interests;
- (vi) consider the level of expertise and previous experience in such positions;

8. DUTIES AND RESPONSIBILITIES FOR REMUNERATION:

The duties of the Nominations and Remuneration Committee in relation to remunerations are:

(A) REMUNERATION POLICY AND PRACTICES

- 8.1 Establish a formal and transparent procedure and policy on Executive Directors' remuneration and for establishing and introducing remuneration packages which will be reflected in the remuneration policy of the Company;
 - a. Determine and agree with the BoD the elements comprising the remuneration package, including type of remuneration, benefits, pension and compensation payments for the Company Directors, as well as for the key executives and personnel of the Group.
- 8.2 Determine remuneration policy on the basis of clarity, simplicity, risk, predictability, proportionality and alignment to the Company's culture;
- 8.3 Review annually the effectiveness, appropriateness and relevant of the remuneration policy and take into account any applicable corporate governance codes when deciding the Remuneration Policy;
- 8.4 Determine the total remuneration package for the chair of the board and each element of the total individual remuneration package for each executive director, including the base salary, incentive remuneration schemes, share option schemes, pension arrangements, other bonuses whether in cash or in kind, payment and employment conditions;
- 8.5 Ensure that the remuneration Policy and any payments in respect to remuneration package are permitted and approved by the Shareholders and the BoD of the Company;
- 8.6 To recommend to the BoD any remuneration packages and/or plans required to be offered to attract suitable candidates and retain existing key officers, with the necessary skills and knowledge who can enhance the effectiveness of discharging the duties of the BoD and facilitate the long-term viability and success of the Company in the market.
- 8.7 To review and recommend to the BoD the performance targets to be used in respect of incentive plans and the levels of participation thereof and to ensure that any performance related payments reflect the actual respective achievements;
- 8.8 Review its own performance periodically and its Terms to ensure that it is performing and carrying out its duties effectively to the highest possible level.

(B) NON-EXECUTIVE DIRECTORS

- 8.9 to ensure that any payments or remuneration packages offered are aligned with the remuneration Policy of the Company, especially in respect of Non-Executive Directors whose remuneration should not be associated and proportional with the profits of the Company and consider whether any key officers of the Company shall be eligible for bonuses.

- 8.10 Ensure that remuneration of Non-Executive Directors is evaluated and attributed in accordance with the time they devote in the Company, such as in meetings and decision making, and generally as to the independent judgment of the affairs of the Company.
- 8.11 Ensure that Non-Executive Directors' remuneration is not linked to the Company's or the Group's profitability and will not include any share option schemes, pension schemes and insurance schemes.

(C) CONTRACTS

- 8.12 review and approve the terms and conditions of any service contracts and employment contracts, and ensure that these are aligned with other Policies of the Company;
- 8.13 to approve the terms of the contracts of executive directors which shall not exceed one year's notice periods while ensuring that the contractual terms on termination are mutually fair between the Company and the respective director;
- 8.14 determine the rules and policy for, and scope of, termination payments and compensation commitments for each Executive Director and the Company Secretary and ensure performance;
- 8.15 ensure that contractual terms on termination, and any payments made, are fair to the individual, whether this is a Director or employee and the Company and in accordance with the Applicable Law;
- 8.16 review personnel remuneration and related policies and the alignment of incentives and rewards with culture throughout the Company and the Group;
- 8.17 oversee any major changes in remuneration and employee benefits structures throughout the Company and the Group;
- 8.18 tailor approach in individual early termination cases to the wide variety of circumstances.

(D) OTHER DUTIES

- 8.19 To 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.
- 8.20 To review the pension arrangements for the executive directors and consider any consequences thereof and associated costs to the Company for increases to the base salary, in particular for directors that are close to retirement while maintaining a fair plan for the workforce still in service.

- 8.21 To have access to any reports or surveys (within the budget restraints set by the BoD) if deemed necessary that will facilitate the committee in various aspects of the implementation and performance of its duties with particular focus on staying aligned with the sector's remuneration trends.
- 8.22 To appoint consultants who shall help to fulfil its obligations and enable it to judge where to position the Company relative to other companies and compare remuneration packages offered across other companies in the same sector.
- 8.23 To consult and/or work and/or liaise with the Audit Committee, to the extent practically possible under the policies of the Company, whenever deemed reasonably necessary for matters pertaining to the remuneration of the key officers of the Company or other matters associated thereof that may have a significant impact on the viability of the Company.
- 8.24 To align incentives and rewards with culture and maintaining a fair policy with full transparency across all the workforce of the Company;

9. MEETINGS AND DECISION-MAKING

The Nominations and Remuneration Committee shall meet at least four (4) times per year.

The Nominations and Remuneration Committee may call, convene and adjourn its meetings as it thinks fit. The quorum for the transaction of business and any decision taken by the Nominations and Remuneration Committee shall be at least three (3) members.

Convention of such meeting shall be made by any member of the Nominations and Remuneration Committee, by way of written notice to every member entitled to attend and vote and any other member invited, accompanied by supporting documentation.

Only members of the Nominations and Remuneration Committee have the right to receive a written notice to attend and vote at such meeting. The Nominations and Remuneration Committee at its discretion, may invite such other persons, whether directors, financial advisors to attend to such meeting where it is required by the circumstances and the agenda of the meeting, without any right to vote.

The Company Secretary, or their nominee, may act as the Secretary of such meeting and provide all necessary support to the Nominations and Remuneration Committee, including the recording of minutes and ensuring that the Nominations and Remuneration Committee receives information and documents in a timely manner to enable full and proper consideration of the relevant issues.

Upon satisfaction of the quorum requirements for the convention of such Nominations and Remuneration Committee meeting, the latter may choose a Chairman of its meetings. In case the

Chairman is not elected or in case he/she is not present within five minutes from the time fixed for the commencement of the meeting, the members present may elect one of them who is a non-executive director to preside at the meeting.

Matters arising during the meetings will be decided by a majority of the members present., and in case of an equality of votes, the Chairman is entitled to a second or casting vote.

After completion of the Nominations and Remuneration Committee's meetings, the Nominations and Remuneration Committee shall report to the BoD of the Company, on all matters within its duties and responsibilities, including any matters which the BoD has requested an opinion if any.

The Nominations and Remuneration Committee's minutes of meetings can be included for discussion and consideration in any BoD meeting of the Company and shall be kept by the Company along with the BoD minutes.

10. SECRETARY

The Nomination and Remuneration Committee shall procure that the Secretary of the Company, is present at the meetings for the purposes of ensuring that the meeting has been validly convened, satisfying the quorum and notice requirements.

The Secretary during the meetings of the Nominations and Remuneration Committee shall procure to obtain minutes of the proceedings and the resolutions passed by the Nominations and Remuneration Committee. After completion of the proceedings of the meeting of the Nominations and Remuneration Committee, the Secretary will finalise the minutes of the meeting and as soon as possible provide them to all the members of the Nominations and Remuneration Committee entitled to attend and vote, for the purposes of approval and execution.

11. REPORTING AND DISCLOSURE

11.1 Disclosures

The Nominations and Remuneration Committee shall ensure and procure that it discloses to the Company's BoD all minutes of the meeting convened, the actions taken, and all these shall be made available to the BoD upon request.

The Nominations and Remuneration Committee shall immediately inform the BoD of the Company if anything might affect the Company's and/or the Group's financial position and take appropriate measures, in coordination with the BoD of the Company, to eliminate such risk and exposure, and/or mitigate any possibility to that effect.

11.2 Reporting Responsibilities



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The Nominations and Remuneration Committee shall:

- a. Report formally to the BoD after each meeting as indicated in paragraph 7 under the title “*Meetings and Decision-Making*”;
- b. Publish its Terms if the BoD deems this to be necessary for transparency purposes having regard to the long-term sustainable success of the Company.
- c. Upon BoD’s request and/or when the Nominations and Remuneration Committee deems necessary, prepare a formal report for the BoD’s consideration which shall at least include the following:
 - i. meetings held up to the date of the formal report, the respective attendance thereof and its activities;
 - ii. summary of any work undertaken including those falling under its duties and responsibilities;
 - iii. an explanation of the application of the Company's Remuneration Policy;
 - iv. recommendations to the BoD where the committee deems fit within the ambit of its role as described hereof, including any amendments to its Terms;
 - v. the names of the external consultants appointed (if this is the case) and whether there had been any issues in respect with their appointment and the Conflict of Interest Policy of the Company;
 - vi. any matters requested by the BoD or the Shareholders of the Company.
 - vii. A description on the processes adopted by the committee in respect of ensuring a proper level of diversity on the level of the BoD.
 - viii. A description of the processes adopted in respect of appointments on the BoD and in other key management roles in the Company while ensuring proper alignment with the policies of the Company.
- d. In compiling the report referred to in paragraph 9.2.(c) above, exercise judgement and provide the BOD with adequate justification.
- e. Provide the BoD with any recommendations on any specific area upon request;

12. CONFLICTS

The Nominations and Remuneration Committee is obliged to follow the Conflict of Interest Policy of the Company as this is amended and approved by the Company, which is currently in place by the Company for the purposes of prevention, management and elimination of any cases of conflict, in order to be able safeguard the Company's and the Group's integrity.

The members of the Nominations and Remuneration Committee in the event where a conflict of interest occurs under any Applicable Law and/or the Conflict of Interest Policy, shall immediately disclose the nature and extend of interest to the Nominations and Remuneration Committee.

The Secretary of the Company is also responsible of identifying any conflicts of interest arising at the level of the Nominations and Remuneration Committee.

In case where a conflict of interest exists, this member of the Nominations and Remuneration Committee shall not be eligible to vote on a matter where the conflict exists.

13. POLICIES

The Nomination and Remuneration Committee shall ensure at all times that will address all issues in relation to any Policy or any matters under this Terms, to the appropriate body or committee of the Company, and procure that it coordinates with them.