

Benevolent^{AI}

Remuneration Policy for Directors

The aim of this remuneration policy is to set out the overall principles and structure for remuneration of the directors of the Company and to:

- Describe different components of the remuneration, including any bonuses, long-term incentives and other benefits in whatever form, if any, awarded to the directors;
- Describe the duration of the contracts or arrangements with the directors, the applicable notice periods, the main characteristics of supplementary pension or early retirement schemes and the terms of, and payments linked to, termination;
- Describe the decision-making process followed for the determination, review and implementation of the remuneration policy, including the role of the Remuneration Committee; and
- Describe the conditions under which any derogation from the remuneration policy can be applied as well as the elements of the remuneration policy from which a derogation is possible.

The key objectives of the compensation framework are as follows:

- Attract and retain talented executives and employees in a competitive and dynamic environment;
- Strong focus on short term and long-term objectives through performance related pay and awards;
- A remuneration policy that supports the delivery of the Company's business strategy, alignment with the long-term interests of stakeholders and the creation of long-term sustainable value;
- Ensure fairness and transparency in how directors are compensated and how pay decisions are made; and
- Incentivise and retain key executives through share incentive arrangements (including through legacy share incentive arrangements).

The key principles of the compensation framework will be as follows:

- Executive Director compensation will be targeted to be positioned around the upper quartile of other companies of a similar size and complexity, taking into account practice at other companies in the biotech and technology sectors, based on the seniority and experience of the Executive Director's role, in order to attract and compete for high calibre talent and experience to enable the company to deliver its strategy and create long-term value.
- Executive Director compensation will be reviewed at appropriate intervals to ensure we are competitive in the marketplace and to ensure we attract and retain key talent.
- Executive Director compensation will be made up of a mixture of the following:
 - base salary;
 - annual bonus;
 - long-term incentive awards granted under the Company's long-term incentive plan (LTIP)
 - pension or cash pension allowance; and
 - benefits.

- Ensure a significant proportion of the Executive Directors compensation package is linked to performance based reward and is therefore focused on rewarding short term and long term goals and that a significant proportion of reward is delivered in shares creating alignment with shareholder interests.
- Ensure that Executive Director compensation supports the execution of the Company's strategy and the creation of sustainable shareholder value through the use of appropriate incentive programmes, the selection of performance measures which support our objectives, the setting of performance targets which are stretching without encouraging executives to take excessive risk and by aligning executives' interests with shareholders through the use of share based compensation for the majority of reward.

How will compensation be structured for Executive Directors?

Base salary

The purpose of base salary is to ensure that the Company is able to attract and retain talented Executive Directors to deliver the strategy of the business. Base salary is set taking into account the individual's skills, experience and their performance. It also takes into account salary levels at other companies of a similar size and complexity and market practice in the biotech and technology sectors. The Company's policy is that base salary should normally be positioned at or close to the upper quartile of companies of a similar size and complexity taking into account market practice at companies in the biotech and technology sectors.

Annual bonus

The purpose of the annual bonus is to incentivise and reward Executive Directors for the delivery of the Group's strategy and objectives over the financial year.

The maximum annual bonus will normally be 100% of base salary (although the Remuneration Committee retains discretion to exceed this limit if considered appropriate in the circumstances). For 2022 it is intended that the maximum annual bonus will be 100% of base salary for the CEO. The annual bonus will normally be payable in cash following year end.

The annual bonus will normally be linked to short term performance measures related to the achievement of Company's annual objectives and based on personal performance. This may include objectives linked to the financial performance of the Company, delivery of strategic objectives or delivery of the Company's ESG strategy. The Company will determine performance measures each year and these will normally be disclosed in the annual report.

At the end of the financial year the Remuneration Committee will consider performance against targets set and will determine the bonus outcome taking into account performance against targets, as well as the underlying performance of the business, the individual's personal performance and the stakeholder experience during the period.

On termination of employment, ordinarily no bonus will be paid if the Executive Director is not employed at the time the bonus is due to be paid, however, the Remuneration Committee retains discretion to pay the annual bonus if considered appropriate in the circumstances, including by taking into account the satisfaction of the relevant performance criteria at the relevant time and the time in role in the financial year.

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Long-term incentives

The Company intends to implement a new Long-Term Incentive Plan, subject to the approval of the Board. The purpose of the LTIP is to incentivise and reward Executive Directors for the delivery of the Group's strategy and objectives over the long-term.

Under the LTIP, awards can be made in the following forms:

- A Restricted Share Unit (RSU)– An RSU is an award of shares which vest, subject to continued employment, over a fixed period. It is intended that any RSU awards will normally vest over a three-year period, but the Remuneration Committee retains discretion to apply a shorter, longer or phased vesting period and to require a post-vesting holding period. Vesting of RSU awards will not normally be subject to the achievement of performance conditions (but performance underpins may apply).
- A Performance Share Unit (PSU)- A PSU is an award of shares which vest subject to the achievement of performance conditions and continued employment over a fixed period. It is intended that any PSU award will normally vest over a three-year period, but the Remuneration Committee retains discretion to apply a shorter, longer or phased vesting period and to require a post-vesting holding period. It is intended that the vesting of any PSU would be subject to the achievement of performance conditions linked to the Company share price, and financial or strategic targets.
- Market value option (MVO) – An award of market value options which vest subject to continued employment over a fixed period. MVOs will normally be granted with an exercise price equal to the share price on the date of award. It is intended that any MVOs awards will normally vest over a three-year period, but the Remuneration Committee retains discretion to apply a shorter, longer or phased vesting period and to require a post-vesting holding period. MVOs will normally be exercisable until the 10th anniversary of the date of award. The vesting of MVOs may be subject to the achievement of performance conditions linked to the Company share price, and financial or strategic targets.

Where performance conditions apply to awards, at vesting the Remuneration Committee will consider performance against targets set and will determine the vesting outcome taking into account performance against targets, as well as the underlying performance of the business, the individual's personal performance and the stakeholder experience during the period

Customary leaver provisions dealing with the treatment of awards made under the LTIP on termination of employment will be included in individual award agreements. In certain circumstances awards may be retained on termination of employment and the Committee retains discretion to exercise its judgment as to how awards should be treated on termination.

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of LTIP Awards. These provisions may be applied without limitation where the Remuneration Committee considers that there are exceptional circumstances. Such exceptional circumstances include serious reputational damage, negligence or gross misconduct by the participant, corporate failure, a failure of risk management, material financial misstatement, an error in available financial information or misleading data which led to the grant of an award or vesting of an award being greater than it would otherwise have been or personal misconduct.

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It is intended that the aggregate value of awards granted under the LTIP in respect of a financial year to an Executive Director will be up to 275% of base salary (although the Remuneration Committee retains discretion to exceed this limit if considered appropriate in the circumstances). For PSU awards the Committee may determine that the level of vesting may exceed the initial value of the award granted for the delivery of stretching performance. Where awards are granted as market value options the fair value rather than the face value of the award will count towards this limit. Awards may be made in excess of this limit when hiring new Executive Directors to attract or to buyout existing compensation arrangements or for existing Executive Directors for retention purposes.

From time to time, other awards permitted under the terms of the LTIP may be granted and in such cases, approval from the Remuneration Committee will be sought.

The Remuneration Committee is currently considering its approach to long-term incentive awards for 2022 and it is intended that further detail including the form of award and performance measures will be provided in the 2022 Annual Report.

Benefits

Benefits to Executive Directors will be provided in line with the rest of the employee group at BenevolentAI, including pension scheme, with up to 5% of the Executive Director's base salary matching employer contribution to a stakeholder pension scheme for UK (or a cash payment in lieu), and 3% matching contribution to US 401k plan, based on the location of the Executive Director.

Executive Directors will also receive private medical insurance (family level cover), life assurance and salary sacrifice car leasing scheme and cycle to work scheme.

Other remuneration

From time to time, if considered appropriate the Company may:

- Introduce other benefits;
- Introduce additional bonus or LTIP awards related to the recruitment of an Executive Director particularly in a competitive environment
- Make payments or awards to buy out existing benefits, variable pay opportunities or contractual rights when hiring Executive Directors to the team;
- Where an Executive Director is required to relocate to perform their role, provide appropriate one-off or ongoing benefits.

In such cases, it is intended that approval will be sought from the Remuneration Committee in advance of any offers/exceptions being made.

Share ownership guidelines

The Company supports Executive Directors building and maintaining a shareholding in the Company to support the aligned interests with shareholders over the long-term. The Remuneration Committee will consider the adoption of a formal shareholding guideline policy during the year.

How will compensation be structured for Non-Executive Directors?

Non-Executive Directors will be paid an annual fee taking into account market practice at companies of a similar size and complexity.

It is not currently intended there will be an additional fee for committee chairs or committee membership, however, additional fees may be introduced in the future if this is considered appropriate to reflect additional Board or committee responsibilities as appropriate. Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chairperson and Non-Executive Directors. Fees will be reviewed at appropriate intervals.

To facilitate the recruitment of experienced non-executive directors, the Company may make a share award to a Non-Executive Director in connection with their appointment. Such awards would not normally exceed 300% of annual fee. The release of awards would normally vest over a suitable period of time (expected to be up to three years) and would not normally be subject to performance measures.

Pay and employment conditions of the wider workforce

In developing this policy, the Remuneration Committee took into account the pay and employment conditions for the wider workforce to ensure that the policy for Executive Directors was appropriate in this context. The Remuneration Committee will periodically review employee remuneration practices and trends across the company to ensure fairness and equality across the wider workforce, as well as ensure that our remuneration framework reflects our overall company reward principles.

Terms of the contracts for directors

Executive Directors

The Executive Director is employed by BenevolentAI Limited pursuant to a service agreement, which sets out standard conditions as to the Executive Director's duties and responsibilities. The service agreement is of indefinite duration and is governed by the laws of England and Wales.

The service agreement may be terminated by either party giving 6 (six) months' prior written notice to the other party. BenevolentAI Limited is entitled to terminate the Executive Director's employment immediately and make a payment in lieu of notice equal to base salary. There are normally no other benefits payable on termination of employment but the Committee retains discretion to make a payment in lieu of pension and benefits for the notice period. The Remuneration Committee retains the discretion to increase the notice period to a longer period of no more than 12 months.

In addition, the Company may terminate the service agreement with immediate effect without notice to the Executive Director in certain circumstances that customarily entitle the termination of a service agreement without notice.

Non-Executive Directors

The Non-Executive Directors are elected for an initial term of 3 (three) years pursuant to a services agreement. The services agreements may be terminated by either party on 3 months' prior written notice or 6 months' prior written notice in the case of the Chairperson's services agreement, and by the Company without notice where the Non-Executive Director is dismissed by the general meeting of the Company, breaches a material obligation of the service agreement, and in certain other circumstances that customarily entitle the termination of a service contract. The services agreements do not provide for the payment of any benefits to the Non-Executive Directors in the event of termination. The Company is entitled to terminate the services agreements immediately and make a payment to the Non-Executive Director equal to the fees the Non-Executive Director would have received during the outstanding notice period.

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If a director leaves during his/her term, the Board may co-opt a director on a temporary basis and for a period of time not exceeding the initial mandate of the replaced director until the next general meeting of shareholders of the Company which shall resolve on the permanent appointment.

How will we ensure compliance with the policy and framework?

- The Remuneration Committee will ensure that Executive compensation is in line with the policy and framework outlined above as well as the following:
 - Ensure that Executive compensation is reviewed annually, taking into account market practice.
 - Approve any additional remuneration or benefits outside of the normal framework, if required for retention purposes or for attracting or buying out benefits when hiring key executive talent, taking into account the long-term interests and sustainability of the Company.
 - Review gender pay differentials and consider with the Executive Leadership Team what remedial action would be required to address any pay disparity.
 - Ensure share awards are made and that performance measures and targets are set to align with the Company's business strategy and long-term interests and the sustainable delivery of shareholder value.
 - Ensure that Executive compensation recommendations are considered in the context of existing landscape as well as the overall pay and employment conditions of the rest of the employees in the Company.
 - Appoint and retain an independent adviser to the Remuneration Committee to advise on Executive compensation related matters, which is independent of the Executive Team.

Decision making process

The Remuneration Committee is responsible for determining the Directors' remuneration policy on behalf of the Board. In determining this policy, the Remuneration Committee followed a robust process which included discussions on the content of the policy at a number Remuneration Committee meetings during the year. The Remuneration Committee considered the input from management and independent advisers, as well as considering market practice in the biotech and technology sectors, expected best practice and shareholder guidance from major shareholders. The Remuneration Committee will review this policy at appropriate intervals to ensure that it remains appropriate and continues to support the Company's strategy and the creation of long-term shareholder value.

Shareholder Vote

- This remuneration policy will be submitted to the vote of the shareholders of the Company
- The remuneration policy will also be submitted to the vote of the shareholders of the Company every 4 (four) years or each time there is a material change in the remuneration policy

While the vote by the shareholders at the general meeting is advisory only, the Company intends to pay the Directors only in accordance with a remuneration policy that has been submitted to a vote at the general meeting of shareholders of the Company. In case the general meeting of shareholders rejects the proposed remuneration policy, the Company will submit a revised remuneration policy to the vote of the following general meeting of shareholders of the Company. In the meantime, the Company would continue to implement reward in-line with the existing policy.

Disclosure

After the vote on the remuneration policy at the general meeting of shareholders of the Company, this remuneration policy, together with the date and the results of the vote, will be made available on the website of the Company.