

# Tenure Policy

## ATRATO ONSITE ENERGY PLC (the “Company”)

---

### Relevant Code and Guidance

Provision 13 of the AIC Code of Corporate Governance (the “Code”) sets out the circumstances which are likely to impair, or could appear to impair, a non-executive director’s independence. These include whether a director has served on the board for more than nine years from the date of their first appointment.

The Code further states that all directors should be subject to annual re-election (provision 23) and that each board should determine and disclose a policy on the tenure of the chair (provision 24). A clear rationale for the expected tenure should be provided, and the policy should explain how this is consistent with the need for regular refreshment and diversity. The FRC Guidance on Board Effectiveness states that independence should be considered throughout their tenure to ensure they continue to demonstrate that they are holding management to account. Boards will need to justify why they consider a non-executive director independent beyond nine years.

Supplementary guidance explains that different considerations apply in respect of tenure of chairs of investment companies. The chair of an investment company should be independent on appointment and avoid relationships which might compromise independence throughout their tenure. This is further reinforced by the regulatory rules that apply to investment companies (e.g., LR 15.2 12-A), ensuring that the chair remains independent on and after the appointment. For the chair, the nine-year period is calculated from when they were first appointed to the board, therefore, years spent on the board prior to becoming chair would be included when considering their total length of service. There may be reasons for justifying a limited extension to the term of the chair beyond nine years if prior to being appointed chair, they have been a board member for a significant amount of time, and the appointment supports the company’s succession plan and diversity policy.

Principles of the Code further state that:

- Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic background, cognitive and personal strengths.

- The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

The Company's Articles of Association require all the Directors to retire from office at each annual general meeting ("**AGM**") of the Company, and if eligible, stand for re-appointment at such AGM. The Code also requires that all directors are subject to annual re-election.

## Background

The Board comprises three non-executive Directors, all of whom were deemed independent upon appointment. None of the Directors has reached their ninth anniversary as Board members. They will reach this milestone as set out in the below table.

<b>Independent Non-Executive Directors</b>	<b>Date of appointment</b>	<b>Completion of nine years in</b>
<b>Juliet Davenport</b>	13 October 2021	2030
<b>2030</b>	13 October 2021	2030
<b>Duncan Neale</b>	12 April 2023	2032

The Board recognises the importance of a gradual refresh of the Board and the necessity to plan in order to ensure a smooth transition between the Board members and maintain confidence of the stakeholders in the Board.

Per the Code, the nomination committee is responsible for regular review of the structure, size and composition, including the skills, knowledge, experience and diversity of the Board, as a whole, and making recommendations to the board with regard to any changes. The nomination committee is also responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise. Given the size of the Company's Board, a separate nomination committee has not been established. Therefore, these functions are performed by the Board as a whole. Any appointments to the Board are made in a formal and transparent matter.

The FRC's Guidance on Board Effectiveness recommends that when considering extending the length of service for the Chair and any Director, the Board should take the following factors into account:

- does the Chair continue to demonstrate objective judgement and promote constructive challenge amongst other Board members;
- how long should length of service be extended and how does this fit with wider succession planning and Company objectives;
- does extending the length of service complement diversity planning; and
- engagement with major shareholders.

## Tenure Policy

The Board recognises that independence is not a function of service or age, and that continuity and experience add significantly to the strength of the Board. The Board's policy for Directors, including the Chair, is that they serve for no more than nine years and, in order to ensure continuity, the Board has adopted a succession plan that allows for gradual changes to its composition. In accordance with the Articles and the Code, all Directors stand for re-election annually.

The Board reviews this Tenure policy periodically.