Nomination Committee Report

Good progress in strengthening the Board for future challenges

Dear Shareholder,
As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 31 December 2021. The report outlines the Committee's work to fulfil our responsibilities for reviewing Board composition and balance, considering the skills and capabilities required for each new Board appointment, leading the process for the Board in relation to new appointments and reviewing succession planning for the Board and senior management. The Committee continues to perform this with utmost professionalism and diligence.

The Committee met four times during the year and was chaired by myself, with Penny Freer as the other Committee member who was in place throughout the year. In 2020 we outlined that, in accordance with the 2018 UK Corporate Governance Code ('Code'), the Group intended to refresh the composition of the Non-Executive Directors. Steve Bellamy left the Committee following his retirement at the 2021 AGM. Grahame Cook and Douglas Le Fort were appointed as Non-Executive Directors on 1 February and 2 August 2021 respectively and were appointed to the Committee immediately.

The Committee remains focused on this programme of Board refreshment and Penny Freer will not put herself forward for re-election at the 2022 AGM. The Committee is following the process of Non-Executive Director recruitment outlined on page 64, taking into account the Hampton-Alexander report and our commitment to equality and diversity. We will report to shareholders on the outcome of this recruitment process once it is complete and ensure that there is a smooth and effective handover for Penny's responsibilities as Chair of the Remuneration Committee and Senior Independent Director.

I continue to believe that the actions we are taking will ensure that the Board's size and composition is appropriate for a Group of AMS' size, complexity and nature and will put us in the best possible position to drive long-term sustainable growth for the benefit of our stakeholders. We are pleased with the progress made in 2021 and that AMS continues to attract great people.

Peter Allen
Chair of the Nomination Committee
14 April 2022

> The Committee has focused on succession planning and developing its plans for orderly and progressive Board refreshment.

Attendance record and tenure in 2021

Member	Number of meetings held during the year	Number of meetings attended	Committee tenure
Peter Allen (Chair)	4	4	8 years
Grahame Cook (joined 1 February 2021)	4	4	11 months
Penny Freer	4	4	12 years
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Chris Meredith	4	4	11 years
Steve Bellamy (retired in June 2021)	0	0	15 years

Board changes in the year

The Committee oversaw a rigorous recruitment process for a Non-Executive Director to take over as Audit Committee Chair. We were delighted to welcome Grahame Cook to the Board on 1 February 2021. His appointment followed an extensive search which the Chairman led with an executive search consultancy, Dzaleta Consulting, who specialise in Life Sciences. A shortlist of candidates were interviewed by all members of the Board.

Grahame is a Chartered Accountant and was an investment banker for 18 years, focusing on global equity capital markets, M&A and corporate advisory. For the past 18 years, he has been a Non-Executive Director, most recently with Horizon Discovery plc and Morphogenesis Inc, and Chairman of Sinclair Pharma plc. He brings significant financial experience, knowledge of the healthcare sector and his experience of driving significant value creation at healthcare companies will be invaluable in the next stage of AMS's growth.

Following Grahame's appointment the Board assessed their composition, skills and experience and decided it would be beneficial to make a further appointment to provide additional sector specific commercial knowledge and market intelligence. Douglas Le Fort was short-listed during the recruitment process for Grahame and having completed interviews with all members of the Board, was appointed on 2 August 2021.

Douglas has expertise in business strategy, including commercial business execution, operational management and M&A. He is an Operating Partner for Revival Healthcare Capital Partners, an investor in medical device and diagnostics businesses, as well as a Non-Executive Director at Trio Healthcare, a manufacturer of ostomy products. Most recently, he was CEO of MedTrade Products, a woundcare products business and prior to that served in various senior executive roles at ConvaTec Group plc, including five years on the Executive Committee for the Group. He has an MBA from Henley Management College and is a Chartered Management Accountant.

Board members were unanimous in appointing both Grahame and Douglas. Following their appointments they received a comprehensive and tailored induction programme to enhance their knowledge and understanding of the Company's business, strategy and governance structure, as well as their own duties and responsibilities. They spent time with the Executive Directors, Non-Executive Directors, Senior Management Team, Company Secretary and other key personnel. They also received a briefing on their role and duties as a Director of a publicly traded company from external advisers.

Non-Executive Director appointment process

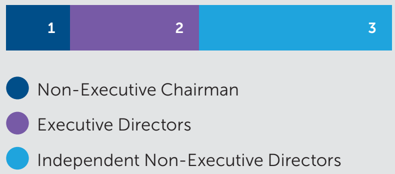
Board composition is central to the effective leadership of the Group and therefore prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting on the Board's current balance of skills and experience and that will promote diversity on the Board, including gender, social and ethnic backgrounds, cognitive and personal strengths, and those that would be conducive to the delivery of the Company's strategy. Selection for Board appointments is made on merit against this specification. We have again appointed a search consultancy to support this process.

Gender diversity

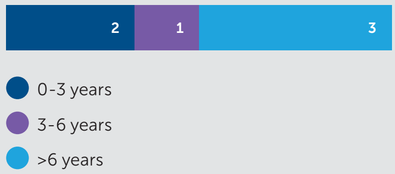
Following the Board changes in the year, female representation on the Board stands at 16.7%. AMS continues to see the development of female executive talent as important, which is reflected in the increased female representation in the Senior Management Team (50%).

Penny Freer will retire from the Board at the 2022 AGM and our commitment to equality and diversity will be a key part of the recruitment process.

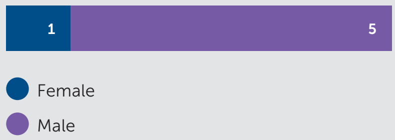
Board composition



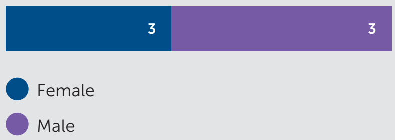
Board tenure



Board gender diversity



Senior Management Team gender diversity



Nomination Committee Report continued

Activity in the year

The Committee has been focused on the appointment of Non-Executive Directors to implement our programme of Board refreshment and inducting and onboarding those appointed. We have appointed Dzaleta Consulting for all executive searches in 2021 and 2022. Dzaleta Consulting has no connection with AMS or any individual Directors, other than having provided Executive search services for prior AMS Board appointments.

We undertook a Board Evaluation and Committee Self-Assessment during 2021. The overall findings from the effectiveness reviews concluded that AMS' Board, Committees and individual Directors continue to operate effectively and the Board actively discussed any recommendations arising out of the evaluations.

Priorities for 2022

The Committee will support the appointment and onboarding of at least one new Non-Executive Director. In addition, we will continue to assess the support required to develop the Senior Management Team and potential succession internally, as well as the activity to drive a broader equality, diversity and inclusion action plan.

Appointment process

SCOPING

Nomination Committee discussion

(Both scheduled and ad hoc meetings include Executive Directors where appropriate)

Considerations

- **Identification of a vacancy**
- **The needs of the organisation, currently and in the future**
- **The personal skills and qualifications required**
- **The dynamics of the current Board**

Appointment of an Executive Search Consultancy

Considerations

- **Market reputation**
- **Reach**
- **Understanding of the AMS culture, mission, vision and values**

SEARCH

Production of a long list

Considerations

- **Skillset**
- **Experience**
- **Gender, ethnicity and background**

Production of a short list

Considerations

- **Specific skills**
- **Experience**
- **Potential for overboarding**

APPOINTMENT

Nomination Committee recommendation to the Board

Considerations

- **Due diligence findings**

POST APPOINTMENT

Induction programme

Considerations

- **Directors duties and responsibilities**
- **Familiarisation with the business**
- **Meetings with key employees**

Audit Committee Report

Governance and risk management play a key role in supporting delivery of our long-term strategy

Dear Shareholder,
As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 December 2021. This report highlights the work done by the Committee in the year, to fulfil our responsibilities to shareholders and other stakeholders and assist the Board in providing effective governance over the Group. In meeting these responsibilities, the Committee continues to reflect the provisions of the 2018 UK Corporate Governance Code, FRC Guidance for Audit Committees and other best practice.

Strong governance of audit and risk management is critical to the Group, to allow it to deliver the strategy outlined in further detail through our Strategic Pillars in the Our Strategy section on pages 10 to 19.

The impacts of the pandemic including global supply chain disruption have highlighted the importance of the Committee's role and the need for robust internal controls and risk management systems to ensure that the Group remains resilient in the face of change, while remaining operationally agile and adaptable. The Committee has been ably supported during the year, by our external auditors, Deloitte and our internal auditors, RSM.

I took over the Committee Chair position following Steve Bellamy's retirement at the 2021 AGM. Penny Freer was a member of the Committee throughout the year, with Douglas Le Fort becoming a member of the Committee on his appointment as a Non-Executive Director on 2 August 2021. The Chairman, Peter Allen, commonly attends meetings of the Committee as his accounting background and general experience is valuable to the Committee.

The Committee met three times in 2021. In addition, there were a number of ad hoc meetings with the external and internal auditors. I am confident that the Committee is well-balanced, with the necessary skills and experience to perform its critical oversight and governance function within the Group.

Looking ahead, the Committee will continue to monitor the potential impact of the pandemic and global events on our financial performance whilst maintaining a focus on internal controls and our risk management approach.

Grahame Cook

Chair of the Audit Committee
14 April 2022

Attendance record and tenure in 2021

Member	Number of meetings held during the year	Number of meetings attended	Committee tenure
Grahame Cook (Chair – joined 1 February 2021)	3	3	11 months
Penny Freer	3	3	12 years
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Steve Bellamy (retired in June 2021 at the AGM)	1	1	15 years

Audit Committee Report continued

Aims and objectives

The aim of the Committee is to monitor the integrity of the Group's Financial Statements and announcements, its accounting processes, and the effectiveness of its internal controls and risk management system. The Committee assists the Board in fulfilling its responsibility to ensure that the Group's financial systems provide accurate, up-to-date information on its financial position and in its consideration as to whether the Group's published Financial Statements are fair, balanced and understandable.

The Audit Committee is required to:

- Oversee and advise the Board on the risk exposures of the Company and related risk management strategies.
- Oversee Internal Audit and review internal control policies and procedures for the identification, assessment and reporting of material financial and non-financial risks.
- Review the Group's procedures for detecting and preventing fraud, prevention of bribery and corruption and ensure arrangements are in place to enable employees to raise matters of possible impropriety in confidence.
- Review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
- Review the engagement, effectiveness and independence of the External Auditor, and consider a tender process.
- Review audit and non-audit services provided by the external auditor and fees for such services.
- Review the Terms of Reference annually to ensure all key areas are being considered and that the Committee's remit and activities are in line with best practice. These were last updated in December 2021.

Audit Committee activities

To discharge its responsibilities, during the year, the Committee has undertaken the following activities:

Topic	2021 main activities and key areas of focus
Financial Statements and Reports	• Reviewed and approved the External Audit fees for 2021. • Reviewed the annual and half-yearly financial reports and related statements. • Assessed key accounting judgements, including the number of cash generating units, capitalisation of development and recertification costs and the impact of COVID-19. • Reviewed all significant matters in relation to the Financial Statements and how these have been addressed including: – Going Concern – Code Provision 31 requires the Directors to explain in the Annual Report how they assessed the prospects of the Company, over what period and why that period is appropriate. The Committee considered a wide range of information relating to present and future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the uncertainty that COVID-19 may have on the Group's operations. The statement to be made by the Directors was considered and it was concluded that the Group and Parent Company will be able to continue in operation and meet liabilities as they fall due, and that it is appropriate that the long-term viability statement covers a period of at least 12 months beyond the date of the Financial Statements. – Assessed risk management, risk appetite, internal controls, the risk and control reporting structure and the ongoing process to monitor the principal risks of the Group. As part of these reviews, consideration has been given to the ongoing impact of COVID-19. – Reviewed changes to the Group's Cash Generating Units (CGUs), to reduce the number from five to two to better align to how the Group now operates, including consideration of the impact of this change on impairment modelling. A summary of the rationale for reducing the number of CGU's was received and challenged and proactive communication of the proposal was made to the External Auditors to ensure that the change was appropriately considered by all parties. Key inputs and methodologies used in the Impairment testing was received and challenged, with a key focus on the cashflows included within the forecasts and the discount rates used. The Committee also challenged management's key judgements and considered the reasonableness of the outcomes as a sense check against the business forecasts and strategic objectives of the Group. – The Committee considered and challenged management's judgements relating to the capitalisation of development and recertification costs including the relevant amortisation period. Summary information is provided to the Committee before a decision is taken whether to capitalise significant new projects.

External Audit	• Monitored the independence and ensured the objectivity of the External Auditor, approved the Audit Plan for the 2021 audit, reviewed the performance of the External Auditor, considered the re-appointment of Deloitte LLP as auditor for 2022 and recommended their re-appointment to the Board. In line with Best Practice as the incumbent Audit Partner has served five years a new Audit Partner will commence in April 2022.
Internal Audit	• Continued the rolling internal audit plan from RSM, including reports on treasury and cash management, post-Brexit and VAT customs treatment and on business continuity and disaster planning.
Risk Management	• Reviewed and considered key risks to the Group, the plans and controls to mitigate these risks and scoring criteria.
Effectiveness of External Auditor	An annual performance review of the External Auditor was undertaken in December 2021 to assess: • Effectiveness of the audit process. • Resource quality – ensuring the right quality and balance of audit team resource and that the team provides continuity, knowledge and a fresh perspective through new team members. • Effective communication – ensuring key audit judgements are communicated at the earliest opportunity to promote discussion and challenge between the External Auditors, management and the Committee. Communication regarding good practice, changes to reporting requirements and accounting standards enables the Group to be fully and properly prepared. Timely provision of audit papers enables adequate management review, Committee consideration and feedback. • Scoping and planning – timely provision of the External Audit plan and timetable. • Fees – ensuring they are transparent, appropriate and communicated prior to the commencement of any work being undertaken. Variations are challenged at the earliest opportunity to enable dialogue and agreement. • Auditor independence – the Committee monitors the External Auditor's compliance with ethical guidelines and considers their independence and objectivity. It is agreed that the External Auditor will generally not be considered for external due diligence type support, but that any non-audit services would typically be assurance related. The Committee received and reviewed written confirmation from the External Auditor that there were no relationships that, in their judgement, may impact their independence. The External Auditor has confirmed that they consider themselves independent within the meaning of UK regulatory and professional requirements.

"The Audit Committee provides effective governance over the Group's internal controls, financial reporting and risk management, to give assurance to shareholders and other stakeholders that their interests are protected.

Aims and objectives

The aim of the Committee is to monitor the integrity of the Group's Financial Statements and announcements, its accounting processes, and the effectiveness of its internal controls and risk management system. The Committee assists the Board in fulfilling its responsibility to ensure that the Group's financial systems provide accurate, up-to-date information on its financial position and in its consideration as to whether the Group's published Financial Statements are fair, balanced and understandable.

The Audit Committee is required to:

- Oversee and advise the Board on the risk exposures of the Company and related risk management strategies.
- Oversee Internal Audit and review internal control policies and procedures for the identification, assessment and reporting of material financial and non-financial risks.
- Review the Group's procedures for detecting and preventing fraud, prevention of bribery and corruption and ensure arrangements are in place to enable employees to raise matters of possible impropriety in confidence.
- Review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
- Review the engagement, effectiveness and independence of the External Auditor, and consider a tender process.
- Review audit and non-audit services provided by the external auditor and fees for such services.
- Review the Terms of Reference annually to ensure all key areas are being considered and that the Committee's remit and activities are in line with best practice. These were last updated in December 2021.

Non-audit services

The External Auditor may provide non-audit services where it is in the Group's best interests, provided certain criteria are met. The External Auditor must not audit their own work, make management decisions for the Group, create a conflict of interest or find themselves in the role of an advocate for the Group. OEPI rules prevent the External Auditor from performing due diligence. The Committee's view is that any non-audit service performed by the External Auditor should be assurance related, where there is limited scope for such conflict.

Audit Committee Report continued

There was one project in 2021 where expenditure exceeded the £10,000 threshold for approval by the Committee, which was the £31,500 fee for audit related assurance services relating to the review of the Interim Statements, which is a permitted service. The Company's policy on non-audit services complies with the FRC's 2019 Revised Ethical Standard.

Deloitte LLP has been the External Auditor for 14 financial years. A performance, effectiveness and independence evaluation led the Committee to recommend the re-appointment of Deloitte LLP as the Group's External Auditor for the next financial year.

Internal Audit

Internal Audit is delivered by RSM against an agreed plan under the guidance of the Committee. RSM report directly into the Committee, to avoid undue influence from management, and focuses on areas of potential risk and process improvement. As noted in last year's Committee Report, a two year Internal Audit Plan with RSM was agreed in December 2020 to cover 2021 and 2022. The Committee:

- Ensures the function has the necessary resources, independence and access to information, employees, the Board and the Committee Chair's to enable it to fulfil its mandate.
- Approves the Internal Auditor appointment and termination.
- Reviews and assesses the Internal Audit work plan and receives a report at least twice per year.
- Reviews and monitors management's responsiveness to the Internal Auditor's findings and recommendations.
- Monitors and reviews the effectiveness of controls in relation to the overall risk management system.

All reports are discussed with the Committee and the External Auditor. Recommendations are considered and acted upon as appropriate. RSM attends Committee meetings twice a year and provides an update in writing ahead of each meeting.

In 2021 the Internal Auditor undertook a series of reviews in line with the Internal Audit Plan agreed in December 2020. These reviews led to RSM reporting to the Committee on:

- Treasury and cash management controls.
- Post-Brexit and VAT Customs, following the end of the transition phase for the UK leaving the European Union on 31 December 2020.
- Business continuity and disaster recovery, including evaluating the ongoing impact of COVID-19 on the Group's business processes, systems and resources.

These reports highlighted to the Committee that, although the Group's internal controls generally give very good assurance, there are some specific non-critical improvements that could be made within the Internal Controls Framework and Risk Management Strategy. These have now been implemented.

This Framework and Strategy is updated regularly and is available on the Company's Intranet. Policies are updated and formally approved by the Committee at least once a year, including where necessary to give the Committee stronger assurance about areas of key risk.

The Group also calls on the services of external bodies to review the controls in certain areas of the Group. The quality assurance systems are reviewed by the Group's Notified Bodies, the British Standards Institute (BSI), TÜV Rheinland, TÜV Sud, DEKRA Certification GmbH and PCBC.

Risk management and internal controls

The Board, taking guidance from the Committee, monitors and reviews all material controls including financial, operational and compliance controls. Only reasonable and not absolute assurances can be made against material loss or misstatement. Key features of the internal control systems are:

- The Group has an organisational structure with clear responsibility and accountability.
- The Board has a schedule of matters reserved for its consideration which includes potential acquisitions, significant capital projects, appointment of senior management, treasury policies, risk management, approval of budgets and re-forecasts, Health and Safety, Corporate Governance and Environmental, Social and Governance (ESG).
- The Board monitors the activities of the Group through monthly management accounts, half-year and full-year forecasts, and reports on current activities and plans. The Senior Management Team also regularly monitors financial and operational performance.
- The Group has set appropriate levels of authorisation which must be adhered to. These levels were comprehensively reviewed by the Board and the Committee during the year, with an updated authorisation matrix issued to the Group in January 2022.
- An Enterprise Resource Planning (ERP) system, with in-built controls over process and authority, minimising manual intervention, is in place in the UK, the Netherlands and Germany, with equivalent systems in other jurisdictions.
- The Group operates a 'Whistleblowing' Policy enabling individuals to report any concerns to Senior Management or the Board. This policy allows for reporting to be made on a confidential basis if necessary.

Any weaknesses identified in the Group's internal control system are reported to the Committee and corrective actions agreed. Creating long-term shareholder value is the reward for taking controlled risk. Risk management is crucial to the Group's success and is given a high priority to ensure that adequate systems are in place to evaluate and limit risk exposure.

The Committee, Board and Management each formally review the Risk Register at least twice a year. Risks are evaluated for both likelihood and financial impact, helping to identify the most significant risks the business faces. Actions are agreed to mitigate the risks and progress is regularly assessed. The process for identifying, evaluating and managing the risks faced by the Group is ongoing throughout the year. As part of the External Auditor's annual review process, any key risks and areas of audit focus are also identified and agreed with the Committee.

Attracting, motivating and retaining strong talent is absolutely critical to delivering the Group's strategy

Dear Shareholder,
I am pleased to present the Remuneration Committee Report for the year ended 31 December 2021. The Committee was made up of myself and Peter Allen throughout the year. Steve Bellamy was a member until his retirement at the 2021 AGM. Grahame Cook and Douglas Le Fort were appointed as Non-Executive Directors on 1 February and 2 August 2021 respectively and were appointed to the Committee with immediate effect. The Committee formally met four times during 2021.

The Committee's role is to ensure that our Remuneration Policy is appropriate for a successful, growing business with the size and profile of AMS, reflecting the need to engage the right calibre of employees to deliver our strategy in a complex and challenging economic and regulatory environment.

The Board and the Committee take governance seriously and we remain committed to high standards of corporate governance, putting this report to an advisory vote each year at the AGM. During the year I, and other members of the Board, have engaged with the Group's largest institutional investors and proxy voting agencies on various governance matters, including remuneration. We proposed a number of changes to our Remuneration Policy, designed to ensure that we are able to attract, motivate and retain the talent we need to deliver on the Group's strategy. We took account of the balance of feedback received and this Remuneration Policy reflects the result of the engagement.

A resolution will be put to shareholders at the AGM on 8 June 2022 asking shareholders to consider and approve this Report.

As I will be retiring from the Board at the 2022 AGM, it is expected that Douglas Le Fort will take over as Chair of the Committee. Douglas has been working closely with me since he joined the Committee in 2021.

Penny Freer
Chair of the Remuneration Committee
14 April 2022

"Aligning our Remuneration Policy to reflect the views of our shareholders, whilst supporting the Group to deliver long-term, sustainable growth."

Attendance record and tenure in 2021

Member	Number of meetings held during the year when the Director was a member	Number of meetings attended	Committee tenure
Penny Freer (Chair)	4	4	12 years
Peter Allen	4	4	8 years
Grahame Cook (joined 1 February 2021)	4	4	11 months
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Steve Bellamy (retired in June 2021)	1	1	15 years

Remuneration Committee Report continued

Remuneration for 2021

The annual bonus awards and Long-Term Incentive Plan ('LTIP') vesting in 2021 for the Executive Directors were as follows:

Annual bonus

The performance conditions for the annual bonus for the last financial year were based on the achievement of three financial targets of which threshold was only met for two (Revenue, Adjusted PBT and EPS – accounted for 85% of the total bonus) and personal objectives accounted for 15%. In view of performance, the Committee determined:

- Revenue of £108.6m was below the threshold figure (£110.3m).
- Adjusted PBT of £25.6 million was in line with the threshold figure (£25.6 million).
- EPS of 9.66p was above the threshold figure of (9.47p).
- Personal objectives are linked to corporate, financial, strategic and non-financial objectives (see page 76). The Committee determined these objectives were met in full.

LTIP

LTIPs awards granted to Chris Meredith and Eddie Johnson in April 2018 were due to vest in 2021 with performance criteria and weightings as follows:

- TSR (50%) – the performance period ended on 12 April 2021. The Company ranked below the median (44th out of 63 comparators) which resulted in a vesting of 0%.
- EPS (50%) – the growth in EPS was calculated over the three financial years to 31 December 2020. The average annual growth was -13.27%, below the threshold level of 5% which resulted in a vesting of 0%.
- Overall across both elements the final vesting result was 0%.

The Committee believes these outcomes were not a fair reflection of Group performance over the vesting period and that the Executive Directors performed well, in particular when managing the impact of COVID-19. Despite this the Committee did not use discretion and maintained a Nil vesting.

Implementation of Remuneration Policy in 2021

The Committee undertook a review of the Remuneration Policy ('Policy') in 2021: we reviewed salaries; the bonus scheme; the LTIP; and engaged with significant shareholders to seek feedback. As a result of this review and shareholder engagement we have made the following changes:

Chris Meredith's salary was increased from £307,545 to £350,000 (an increase of 14%), to bring him into line with the market median for CEOs of comparable AIM listed companies. Eddie Johnson's salary was raised from £174,000 to £210,000 (an increase of 21%). This increase brings Eddie's salary to around the 25th percentile for equivalent CFOs, and it is expected that his salary will continue to increase over time as he gains experience in the role, dependent on his future performance. These changes both took effect from 1 July 2021.

The Committee also reviewed the format of the Executive Directors' annual bonus scheme, and proposed certain changes to this scheme to better enable the Committee to incorporate key non-financial objectives (such as ESG targets) into the Executive Directors' bonus targets. From 2022 Eddie Johnson's maximum bonus potential is to be increased to 100% of salary (up from 75%), to bring him in line with the market median for CFO bonus potential. At the same time, the Committee has agreed that Senior Management Team bonus potential should increase from 50% to 75% of salary. Consequently, in 2022 the annual bonus scheme applying to Executive Directors will be as follows:

- Annual bonus opportunity shall be 150% for Chris Meredith and 100% for Eddie Johnson. 70% of the total bonus will be based on stretch revenue and adjusted PBT targets (35% for each). The formal EPS target has been removed. The balance of 30% will be based on personal objectives (including specific ESG targets) where exceptional achievement may result in the award of a bonus even if financial objectives have not been achieved.

Finally, a review of the LTIP resulted in an increase in Eddie Johnson's maximum award from 100% of salary to 125% of salary. Chris Meredith's maximum award remains at 200% of salary.

Compliance with the 2018 UK Corporate Governance Code ('Code')

As a large AIM quoted company, AMS has chosen to follow the Code and is compliant in the majority of areas including malus and clawback provisions and share ownership guidelines (Executive Shareholding Policy).

In consideration for the changes highlighted elsewhere in this Remuneration Policy, and in order to comply further with the Code, specifically Provisions 36 (share awards granted for Executive Directors should be subject to a total vesting and holding period of five years or more) and 37 (remuneration schemes should include provisions that would enable the Company to recover and/or withhold sums or share awards), the Committee has agreed that the structure of LTIP awards will change from 2022 onwards. These will now be subject to a total vesting and holding period of five years (three years vesting plus two additional years holding), in line with the Code and the trend for FTSE main market companies. Both deferred bonus and LTIP awards will also contain malus and clawback provisions.

Full details of the share schemes offered to the Executive Directors can be found on page 74. Provision 38 of the Code outlines that pension contribution rates for Executive Directors, or payments in lieu, should be aligned with those available to the workforce. The Committee does not consider the current contributions of 10% to be excessive and this issue will be addressed for any new appointments. Full details of compliance with the Code is on the Company's website (www.admedsol.com). When determining the Policy the Committee is aware of the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
We believe that these requirements are met as follows:

Clarity

- Our Policy is well understood with a clear aim; support the delivery of strategy and promote long-term sustainable growth.
- To achieve this the Policy aims to be strategically aligned, promotes pay for performance, is competitive in the market and provides a commitment to employees to pay fairly and in a clear, transparent and simple way.
- Each component of remuneration is clearly explained in the Policy table, including its purpose, how it is operated, the maximum potential and any relevant performance measures, which are disclosed for shareholders' consideration.

Simplicity

- The Policy reflects standard UK market practice with an annual performance bonus and LTIPs.
- All payments are in the form of cash or AMS shares and no artificial structure is used to deliver remuneration.

Risk

- The Committee can use its discretion to override the formulaic outcomes of the incentive plans if it is felt appropriate in extreme circumstances.
- Malus and clawback provisions operate in the LTIP and Deferred Annual Bonus plan (DAB) allowing payments to be adjusted or withheld, and LTIP awards now include a market-standard vesting and holding period totalling five years.
- There is an appropriate mix of financial, non-financial and share price measures to avoid undue risk taking.

Predictability

- Appropriate limits are set out in the Policy and within the respective share scheme rules so outcomes can be predicted.
- In operating the Policy, the Committee continually monitors the performance of share scheme awards so that it is aware of potential outcomes and forewarned of potential issues.

Proportionality

- The outcomes of our share schemes are aligned to delivery of strategy and are measured against various metrics.

Alignment of culture

A focus of the Policy is long-term sustainable growth which is reflected in our Care, Fair, Dare values. The change to 2022 annual bonus requirements is intended to further ensure that the Executive Directors take account of and reflect these values (including ESG strategy) in their roles, over and above pure financial performance. We voluntarily seek advisory shareholder approval for our Remuneration Report and feedback helps inform the Committee's approach. Specific comments on the Policy can be sent to the Company Secretary (companysecretary@admedsol.com).

As an AIM-quoted Company, Advanced Medical Solutions Group plc is not required to comply with the Directors' Remuneration Report regulations requirements under Main Market UK Listing Rules or those aspects of the Companies Act applicable to listed companies. The following disclosures are made voluntarily.

The Committee comprises three Non-Executive Directors and the Chairman of the Board. Biographical information on the members is set out on pages 52 and 53. They have no personal financial interest in decisions other than as shareholders, no conflict of interest from cross-Directorships and no day-to-day involvement in running the business. They do not participate in bonus, share option or pension arrangements.

On behalf of the Board the Committee, in consultation with the Chief Executive Officer, determines the policy for Directors remuneration and setting remuneration for the Company's Chair and Executive Directors and Senior Management, including the Company Secretary, and recruitment at SMT level or for other senior role where shares are included in the joining package.

The Committee administers the share option schemes, determines the design of performance-related pay schemes, sets targets and approves payments under such schemes. The Board has accepted the Committee's recommendations in full. The Terms of Reference of the Committee are available on the Company's website www.admedsol.com.

The activities the Remuneration Committee undertook in 2021 were:

Month	Principal Activities
February	• Review of 2020 personal objectives and implications for bonus and Deferred Annual Bonus awards. • Discussion on 2021 personal objectives for the Executive Directors and review of 2021 corporate objectives. • Review of 2021 LTIP and share option awards for 2021 (Executive Directors, SMT and key employees). • Review of LTIP Scheme and how this combines with the bonus. • Review of Gender Pay Gap Report. • Decision to run the Deferred Share Bonus Scheme twice in 2021 (April and October).
June	• Review of Remuneration Policy provided by external consultant (Ellason LLP). • Ratification of 2021 personal objectives for Executive Directors. • Ratification of LTIP and share option awards for 2021 (Executive Directors, SMT and key employees). • Review of compliance with Executive Shareholding Policy and ratification of zero vesting for 2018 LTIP. • Review and approval of Executive Shareholding Policy and Good Leaver delegation rules.
June-August	• Significant shareholder consultation on Remuneration Policy.

Remuneration Committee Report continued

Month	Principal Activities
October	• Ratification of LTIP, bonus, and overall compensation packages agreed post shareholder consultation. • Reviewed progress of 2021 personal objectives for Executive Directors. • Reviewed status of 2021 bonus. • Renewal of Executive Shareholding Policy and Good Leaver Delegation Policy.
December	• Discussed 2022 salaries for the Executive Directors, SMT and workforce overall and 2022 personal objectives for the Executive Directors. • Consideration of the bonus structure for 2022. • Initial review of 2021 personal objectives and corporate objectives. • Discussion regarding 2022 personal objectives for Executive Directors. • Review of results of Committee Self Assessment questionnaire. • Reviewed Terms of Reference, Directors' Expenses Policy and 2021 Remuneration Committee Meeting dates.

Remuneration Policy

The objective of the Policy is to attract, retain and motivate management of the calibre required to develop and implement the strategy and enhance earnings over the long-term without paying more than is necessary, having regard to views of shareholders and other stakeholders. 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 Group and individual performance and wider circumstances. The Policy aims to conform to best practice as far as reasonably practicable and the Committee retains the right to exercise discretion. From 2022 the Policy will include criteria related to ESG which will increasingly be a key component of Executive Director remuneration moving forward in line with market practice. There are four key aspects to the Policy:

- Strategically aligned – Aligned with our strategy and culture. Share ownership drives the right long-term behaviour. Executive Directors and Senior Management are required to build a significant shareholding aligning their interests with the stakeholders' interests. Design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk.
- Pay for performance – Senior Management remuneration promotes long-term success and reward value creation for our stakeholders. Assessment of short-term incentives under the Annual Performance Bonus is made against corporate, financial, strategic and other non-financial objectives. A proportion of the bonus is deferred for Executive Directors and Senior Management for three-years. Long-term incentives are linked to long-term financial and strategic objectives, and now include a five year total vesting and holding period.
- Market competitive – All elements of our remuneration are reviewed regularly to ensure they remain market competitive to attract and retain talent, as well as to avoid excessive overpayment.
- Employee commitment – We are committed to paying our people fairly and in a clear, transparent and simple way.

The Policy supports strategy and promotes long-term sustainable success. Executive remuneration is aligned to strategy and performance and the Care, Fair, Dare values are linked to the delivery of this long-term strategy. The Policy enables the use of discretion to override formulaic outcomes and to withhold sums or share awards under appropriate specified circumstances. In considering reward elements, account will be taken of both Group performance and the performance of each individual Executive Director. Discretion can also be used when making grant awards.

The Committee appointed Ellason LLP in 2021 to provide independent advice on the remuneration of Executives, Non-Executive Directors and SMT. Details of the work carried out by Ellason are set out below. Executive Director remuneration consists of basic salary, bonus, LTIPs, health and insurance benefits, and pension contributions. A balance between fixed and performance-related remuneration elements is maintained.

Enhanced shareholding guidelines

Executive Directors and Senior Management are expected to accumulate and maintain a significant shareholding. The holding requirements for the Executive Shareholding Policy are 200% and 100% of salary respectively for the Executive Directors and Senior Management in order to align their interests with our stakeholders and encourage share ownership. All Executive Directors and Senior Management Team (SMT) members met or exceeded the shareholding target in 2021, except for three SMT members who have been with the Company for less than five years. If a SMT member does not comply at the end of the five-year period the Committee retains discretion to decide on any sanction, which may include a simple 'warning' or a reduction in the next LTIP grant or bonus opportunity.

Ellason LLP was engaged in May 2021 to provide guidance and benchmarking for Executive, Non-Executive and SMT remuneration packages. Ellason was the only advisor who provided material assistance to the Committee during 2021 as below:

Advisors	Fees for Committee assistance
Ellason LLP	£18,312

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for the broader employee population when determining the annual salary increases and remuneration of Executive Directors. The cost of living increase for the 2021 financial year was 1% for the SMT and the broader employee population, which took effect from 1 January 2021. Additionally, the Group awarded a small number of merit-based increases over and above this cost of living increase to employees at various levels of the organisation. Details of the increases awarded to Executive Directors are set out above and were separate to the cost of living increase, which the Executive Directors did not receive. Non-Executive Director salaries and fees were also reviewed and increased during the year. Details of these increases are provided below.

The Committee will continue to review Executive Director and Non-Executive Director salaries against industry benchmarks during 2022.

Statement of voting at Annual General Meeting (AGM)

At the 2021 AGM the percentages of votes cast 'for', and 'against' in respect of the Directors' Remuneration Report were:

Resolution	Number of shares voted	Votes cast 'for'	Votes cast 'against'
To approve the Directors' Remuneration Report	120,394,128	99.73	0.27

Overview of Director and Senior Management Remuneration Policy

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Base salary	To provide competitive fixed remuneration. To attract, retain and motivate Executive Directors and Senior Management of the right calibre to deliver the Company's strategy and to provide a core level of reward for the role.	In line with the Policy salary levels are set taking into account experience, responsibilities and performance, both from an individual and business perspective and from utilising external market data (benchmarking). Salaries are reviewed annually. Changes are usually effective from 1 January, although in 2021 changes were made effective from 1 July 2021. Current salaries of the Executive Directors are set out on page 70. A review was last carried out in June 2021.	Where there is a change in responsibility, progression in the role, change in size or structure of the Group or increased experience of the Executive Director or member of Senior Management, the Committee retains the discretion to award a higher increase than the standard increase for the UK workforce.
Benefits	To provide a competitive level of benefit provision.	Executive Directors and their families receive private medical insurance. No maximum cost.	N/A
Annual Performance Bonus	To drive and reward performance against annual financial and operational goals which are consistent with the medium to long-term strategic needs of the business.	Executive Directors are entitled to receive an Annual Performance Bonus to be determined by the Committee based on the Group's financial performance and the achievement of specific personal targets set by the Committee. There is no financial underpin, which allows the Committee a greater level of discretion when determining the payment of a bonus in respect of personal objectives. The maximum percentages of salary achievable are set out on page 76.	In 2022 both financial and non-financial measures are used for Executive Directors,. Financial targets are set against Group revenue (35%), PBT (35%) and personal objectives (30% based on non-financial objectives, including ESG and Care, Fair, Dare values). Business need may alter future bonus measures or weightings.

Remuneration Committee Report continued

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Deferred Annual Bonus (DAB)	Provides mechanism to exercise malus provisions.	The DAB requires Executive Directors and SMT to defer up to 25% of their Annual Performance Bonus for three years. The DAB includes malus provisions which are laid out on page 75. Clawback provisions also apply to the DAB.	N/A
Deferred Share Plan Bonus (DSB)	To align the interests of all employees with shareholders, incentivise long-term value creation and act as a retention tool.	The DSB is available to all employees and allows investment of bonus and/or salary into shares. It also allows for the provision of matching (free) shares if the shares are held for a set period.	N/A
Long-Term Incentive Plan (LTIP)	To align the interests of the Executive Directors and SMT with shareholders and to incentivise long-term value creation.	The LTIP permits an annual grant that vests subject to performance and employment. Under LTIP rules, the maximum annual award is 200% of salary. Details of the award levels for 2021 are set out below. Awards under the LTIP may be granted in the form of nil-cost options or cash (where they cannot be settled in shares). Awards have a £1 consideration. 50% of the vesting is based on the Total Shareholder Return (TSR) performance compared with the AIM Healthcare Share Index over the three-year period and 50% of the vesting is determined by the growth in the average Earnings Per Share (EPS) per year of the Group over a three-year period. The calculation analyses the 90 dealing day period to the date of grant measured against the 90 dealing day period prior to the three-year anniversary following the date of grant. The 2014 LTIP scheme introduced malus provisions which are laid out below. The scheme has also been revised to allow for clawback provisions.	No shares shall vest from the proportion of the Award determined by reference to the AIM Healthcare Share Index if the Company is ranked below median. Awards vest on a sliding scale from 25% to 100% for performance from median to upper quartile. Performance against EPS will be based on the percentage increase in the Group's EPS over a three-year period commencing on 1 January of the year in which the Award is made. Awards vest on a sliding scale from 25% to 100% for an average annual EPS growth rate over the vesting period of a minimum of 5% rising to 20%. No awards will be made for an average annual growth rate below the 5%. The Committee has flexibility to make adjustments to performance conditions to ensure the Award achieves its purpose. Vesting is subject to the Committee being satisfied that the Group's performance on these measures is consistent with the performance of the business.

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Pension	To provide a market competitive remuneration package to enable the recruitment and retention of Executive Directors and Senior Management.	Executive Directors contribute up to 10% of salary into a defined contribution plan with the Group contributing a fixed 10%. All other UK employees contribute a minimum of 3% which is matched by a Company contribution of 6%. An employee may substitute pension contributions for salary if they are impacted by limitations on the size of individual personal pension funds. It is intended that any new Executive Directors will have a pension in line with the workforce.	N/A

Malus and clawback provisions – 2014 LTIP/DAB

The 2014 LTIP and DAB incorporate malus provisions. The Committee may, in its absolute discretion, resolve to vary an Award in the event that any of the Financial Statements or results for the Company, or for any Group Company, are materially restated (other than restatement due to a change in accounting policy or to rectify a minor error) or if, in the reasonable opinion of the Committee and following consultation with the relevant employing Group Company, a participant has deliberately misled the management of the Company and/or the market and/or the Company's shareholders regarding the financial performance of any Group Company or any Subsidiary, or a participant's actions amount to serious misconduct or conduct which causes significant financial loss for the Company, any Group Company and/or the participant's Business Unit. If it is determined that the malus provision applies then the number of shares comprised in an Award that are not vested and/or vested shares in the case of an unexercised Option should be reduced (to Nil if appropriate). Following the consultation with shareholders during the year, the Committee has agreed to incorporate clawback provisions into DAB and LTIP awards from 2022. These would allow for clawback of previously granted Awards in the same circumstances as set out above.

Directors emoluments – single figure of remuneration (2020 and 2021)

	Salary and fees		Annual Performance Bonus		Deferred Bonus		LTIPs vested		Gains on DSB vested[1]		Benefits		Pensions		Total remuneration	
	21	20	21	20	21	20	21	20	21	20	21	20	21	20	21	20
Chris Meredith	329	305	150	–	19	–	–	192	11	9	1	1	33	30	543	537
Eddie Johnson	192	173	45	–	6	–	–	41	37	33	1	1	19	17	300	265
Peter Allen	83	75	–	–	–	–	–	–	–	–	–	–	–	–	83	75
Penny Freer	49	45	–	–	–	–	–	–	–	–	–	–	–	–	49	45
Steve Bellamy[2]	22	45	–	–	–	–	–	–	–	–	–	–	–	–	22	45
Grahame Cook	44	–	–	–	–	–	–	–	–	–	–	–	–	–	44	Nil
Douglas Le Fort	18	–	–	–	–	–	–	–	–	–	–	–	–	–	18	Nil
Total	737	662[3]	195	–	25	–	–	233	48	42	2	2	52	47	1,059	986[3]

1 Gains on DSBs vested is based on the share price at vesting date. Details of the DSB can be found on page 74.
2 Steve Bellamy retired on 8 June 2021.
3 Includes £19,000 of fees paid to Peter Steinmann prior to his retirement on 10 June 2020.

The table above summarises the payments made and amounts earned by the Executive and Non-Executive Directors for the 2020 and 2021 financial years. The fees for the Chairmen of the Audit Committee and Remuneration Committees (Grahame Cook and Penny Freer) include a fee of £8,000 for chairing a Committee from 1 July 2021 (previously £3,000) and a £3,000 fee for the Senior Independent Director from 1 July 2021 (Penny Freer – previously no fee). No Annual Performance Bonus was payable for 2020. The Executive Directors were granted LTIPs as detailed on page 76. All Directors have confirmed that they have not received remuneration save as disclosed above.

Salaries and fees

Details of 2021 salaries for the Executive Directors are outlined on page 70 and for the prior year in the table above.

Remuneration Committee Report continued

Annual Performance Bonus and Deferred Annual Bonus

Details of the Annual Performance Bonus and Deferred Annual Bonus are outlined on pages 73 and 74.

The personal objectives for the Executive Directors for the year ended 31 December 2021 included progress in new products launches, development of the SMT and progress with the successful integration of recent acquisitions. The table below summarises 2021 performance against the targets:

Performance measures	Weighting	Threshold £m	Target £m	Stretch £m	Achievement £m	2021 result (% of maximum)
Group Revenue	28.33%	110.3	116.1	121.9	108.6	0%
Adjusted Profit Before Tax	28.33%	25.6	27.6	29.0	25.6	27.6%
Adjusted fully diluted Earnings Per Share	28.33%	9.47	10.37	10.88	9.66	33.1%
Personal objectives/ values assessment	15%	Committee assessed that the Executive Directors fully achieved their objectives			Maximum	15%
Total	100%					

The bonus for 2021 is payable in April 2022, as a % of salary is:

Director	Revenue	PBT	EPS	Objectives	Total %
Chris Meredith	0%	11.7%	14.1%	22.5%	48.3%
Eddie Johnson	0%	5.9%	7.0%	11.3%	24.2%

2022 objectives are commercially sensitive and not detailed in this Report.

2021 bonus payments in respect of 2020 were as follows:

Director	Bonus paid in 2021 (FY 2020)	Deferred	Percentage of salary (total bonus)	Maximum % of salary
Chris Meredith	£Nil	£Nil	0%	150%
Eddie Johnson	£Nil	£Nil	0%	100%

Vesting of LTIPs for the year ended 31 December 2021

Details of the LTIP performance conditions for the LTIPs granted on 13 April 2018, which produced a Nil vesting result on 13 April 2021, are shown on page 70.

Directors' interests in the LTIP

On 16 April 2021 the Committee approved LTIP awards as outlined below. Eddie Johnson was awarded 25% above his indicated award level to reflect strong performance and that his remuneration package is towards the lower end of the market. Eddie Johnson's maximum award for future years has been increased to 125%, as detailed on page 70.

Director	Type of award	Basis of grant awarded	Share price at date of grant (£)	Number of shares granted	Face value of grant (£)	Vesting determined by performance over 3 years
Chris Meredith	Nil-cost option	200% of salary	2.574	238,963	615,090.73	See page 74
Eddie Johnson	Nil-cost option	100% of salary	2.574	67,706	174,275.24	See page 74

Outstanding Share Awards – Maximum under the LTIP

Director	As at 1 January 2021	Exercised in the year	Issued in the year	Lapsed in the year	As at 31 December 2021	Market price at grant date (p)	First vesting date
Chris Meredith	146,939	–	–	–	146,939	151.50	10 September 2018 (vested)
	129,628	–	–	–	129,628	184.60	18 April 2019 (vested)
	80,096	–	–	–	80,096	246.69	6 April 2020 (vested)
	90,344	–	–	90,344	–	308.00	13 April 2021 (vested)
	182,510	–	–	–	182,510	328.75	24 April 2022
	254,812	–	–	–	254,812	239.00	14 April 2023
	–	–	238,963	–	238,963	257.40	16 April 2024
Eddie Johnson	34,235	–	–	–	34,235	132.00	2 April 2018 (vested)
	28,126	–	–	–	28,126	184.60	18 April 2019 (vested)
	17,379	–	–	–	17,379	246.69	6 April 2020 (vested)
	19,603	–	–	19,603	–	308.00	13 April 2021 (vested)
	38,783	–	–	–	38,783	328.75	24 April 2022
	72,197	–	–	–	72,197	239.00	14 April 2023
	–	–	67,706	–	67,706	257.40	23 April 2024

Neither Chris Meredith or Eddie Johnson exercised any Nil LTIPs in 2021 (2020: Nil). Awards have no performance re-testing facility.

Approach to remuneration of Executive Directors at the time of recruitment

When appointing an Executive Director the Committee may utilise all existing remuneration components. Salary will reflect experience, skills, market data and current salary. They will be eligible for a personal pension, medical insurance and share schemes. In line with the Code, it is the intention that pension contributions will be set at a rate available to the wider workforce in respect of future Executive Director appointments.

Non-Executive Directors

Non-Executive Directors are appointed under arrangements that may be terminated by either party on six months' notice. Their fees are determined by the Executive Directors, taking into account the time and responsibility of the role. They receive travel expenses, do not participate in incentive arrangements and have confirmed they have not received any other remuneration in 2021 save as disclosed on page 75.

Following our consultation with shareholders, it was agreed that Non-Executive Directors should have their remuneration increased in line with other similar AIM-listed companies. Consequently, it was agreed that the Chairman's fee should be increased from £75,000 to £90,000, the Non-Executive Director base fee should remain at £42,000, a Senior Independent Director fee of £3,000 should be introduced and the fee for chairing the Remuneration or Audit Committee should be increased from £3,000 to £8,000. Further details of Non-Executive Director fees are below:

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Non-Executive Director Fees.	Reflects time commitments and responsibilities of each role.	There is no maximum annual increase. The Board is guided by the market and broader employee population. On occasion they may need to recognise an increase in the scale or scope of the role. Fees were increased in 2021 in line with comparable AIM listed companies, as detailed above.	Non-Executive Directors do not participate in variable pay arrangements and do not receive retirement benefits.

Remuneration Committee Report continued

Service agreements

Executive Director service contracts are not fixed term, are terminable by either party giving not less than 12-months' written notice and can be viewed at the Company's registered office and at the AGM. The Committee reviews the contractual terms for new Executive Directors to ensure they reflect best practice. Details of the service contracts are as follows:

Executive Director	Date of contract	Unexpired term (months) or rolling contract	Notice period (months)
Chris Meredith	1 July 2005 (updated 1 July 2021)	Rolling Contract	12
Eddie Johnson	1 January 2019 (updated 1 July 2021)	Rolling Contract	12
Non-Executive Directors			
Peter Allen	4 December 2013	Rolling contract	6
Penny Freer	1 March 2010	Rolling contract	6
Grahame Cook	1 February 2021	Rolling contract	6
Douglas Le Fort	2 August 2021	Rolling contract	6

Policy on Payment for Loss of Office – Executive Directors

The Committee considers individual cases of early termination and determines compensation on a case-by-case basis. There are no special provisions in the event of loss of office or for Payment in Lieu of Notice (PILON). If such circumstances were to arise, the Executive Director would have no claim against the Company for damages or any other remedy in respect of the termination. The Committee would apply principles of mitigation to any payment made to a departing Executive Director.

Whilst the Committee retains overall discretion for 'Good Leaver' status, it typically defines a 'Good Leaver' for the Annual Performance Bonus and 2014 LTIP as retirement, ill health or injury, disability, redundancy or the employing company ceasing to be under the control of the Group. The 2014 DAB defines a 'Good Leaver' as ceasing to be a Director or employee of a Group Company where that individual is not a 'Bad Leaver'. A 'Bad Leaver' is defined as a Director or employee leaving the business due to the Financial Statements requiring restatement. Final treatment is subject to the Committee's discretion.

No payments were made to past Directors or for loss of office during the year ended 31 December 2021.

Event	Timing of vesting/award	Calculation of vesting/payment
Bonus/DAB		
Good Leaver	Annual Performance Bonus payment would be negotiated as part of the leaving arrangements (at the discretion of the Remuneration Committee). Unvested Deferred Annual Bonus share awards vest at the normal vesting date (or earlier at the Remuneration Committee's discretion).	No automatic entitlement to Annual Performance Bonus on a pro-rata basis – it is at the discretion of the Remuneration Committee.
Bad Leaver	Not applicable.	Individuals lose the right to their Annual Performance Bonus and unvested Deferred Annual Bonus shares.
Change of Control	Annual Performance Bonuses are paid and unvested Deferred Share Bonus shares vest on the date of change of control notification to the Executive Directors.	Annual Performance Bonus is paid to the extent that performance conditions have been satisfied and are pro-rated to the effective date of change of control.
LTIP		
Good Leaver	On normal vesting date (or earlier at the Remuneration Committee's discretion).	Unvested awards vest to the extent that performance conditions have been satisfied and are reduced pro-rata to account for any part of the vesting period remaining.
Bad Leaver	Unvested awards lapse on cessation of employment.	Unvested awards lapse on cessation of employment.
Change of Control	Unvested awards vest on the date of notification to the Executive Directors regarding the change of control.	Unvested awards vest and a pro-rata reduction applies for the proportion of the vesting period not served.

Upon a Director's exit or a change of control situation, Deferred Share Bonus (DSB) awards will be treated in line with the DSB plan rules. If employment is terminated by the Company, an Executive Director may have a legal entitlement to additional amounts, which would need to be met. The Committee retains discretion to settle other amounts reasonably due to the Executive Director.

The Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement and/or consultancy arrangements which will be used sparingly and only where it is in the best interests of the Company and shareholders. There are no agreements between the Group and its Directors or employees for loss of office or employment (whether through resignation, purported redundancy or otherwise) which may occur as a result of a takeover bid.

Statement of Directors' shareholdings and share interests

Director	Beneficially owned* at 31 December 2020	Beneficially owned* at 31 December 2021	Outstanding LTIP awards at 31 December 2021	Outstanding DAB awards at 31 December 2021	Outstanding share awards under DSB at 31 December 2021	Shareholding as a % of issued Share Capital at 31 December 2021
Chris Meredith	1,515,241	1,528,893	1,032,948	34,608	71,114	0.71%
Eddie Johnson	118,938	141,648	258,426	10,854	46,094	0.06%
Peter Allen	50,000	50,000	–	–	–	–
Penny Freer	13,888	13,888	–	–	–	–
Grahame Cook	Nil	Nil	–	–	–	–
Douglas Le Fort	Nil	Nil	–	–	–	–

* Includes all shares beneficially held by the Executive Director (or their spouse and children) and vested DSBs.

Executive Directors are required under the Executive Shareholding Policy to hold shares equivalent in value to 200% of pre-tax annual salary. Compliance with this policy as at 31 December 2021 is shown below, using the share price at that date:

Director	Shares held*	Vested DSBs	LTIP (50% of vested/ unexercised LTIPs)	DAB awards	Total shares	Shareholding target (£)	Shareholding value (£)	% holding vs target
Chris Meredith	1,480,127	48,500	178,332	34,608	1,741,567	£700,000	£5,886,496	841%
Eddie Johnson	25,732	96,723	39,870	10,854	173,179	£420,000	£585,354	139%

* Includes all shares beneficially held by the Executive Director (or their spouse and children) and vested DSBs.

CEO total remuneration

The total remuneration figure for the Chief Executive Officer during each of the last five financial years is shown below.

Total remuneration includes salary, Annual Performance Bonus, gains on DSBs in that year and LTIP awards vesting in the year. The Annual Performance Bonus and LTIP vesting level as a percentage of the maximum opportunity is given for each year.

Year ended 31 December	2017	2018	2019	2020	2021
Total remuneration (£'000)	1,040	896	770	537	543
Annual Performance Bonus (% of maximum)	82.6%	50.6%	0%	0%	32.2%
LTIP vesting (% of maximum)	76.9%	87.3%	90.3%	73.1%	0%

Relative importance of spend on pay

Year ended 31 December	2020 (£m)	2021 (£m)	Change %
Staff costs	35.8	39.7	11%
Dividends*	3.3	3.8	15%
Tax	1.5	4.5	200%
Profits for year attributable to owners of the parent	8.6	17.5	103%

* The dividend figures relate to amounts payable in respect of the prior year.

£1,572,000 (2020: £1,043,000) of staff costs relate to pay for the Directors, of which £965,000 relates to the highest paid Director (2020: £590,000). Total pension contributions were £1,407,000 (2020: £1,349,000) and for the highest paid Director £33,000 (2020: £30,000).

During 2021, distributions to shareholders included a dividend of £2,579,000 paid on 18 June 2021 (2020: £2,256,000) and £1,266,000 paid on 22 October 2021 (2020: £1,081,000). It is proposed that a dividend of 1.37p per share be paid on 17 June 2022. Further details are provided in Note 14 on page 112.

Remuneration Committee Report continued

Private healthcare

Executive Directors and other senior employees are entitled to private healthcare and permanent health insurance.

Share options

Employees may be granted share options under the 2019 Share Option Plan (SOP). Options granted under the SOP are not offered at a discount. The exercise of options is conditional on performance conditions, normally after the third anniversary of the date of grant and no later than the tenth anniversary of grant. Full details are included in Note 29 on pages 117 to 118.

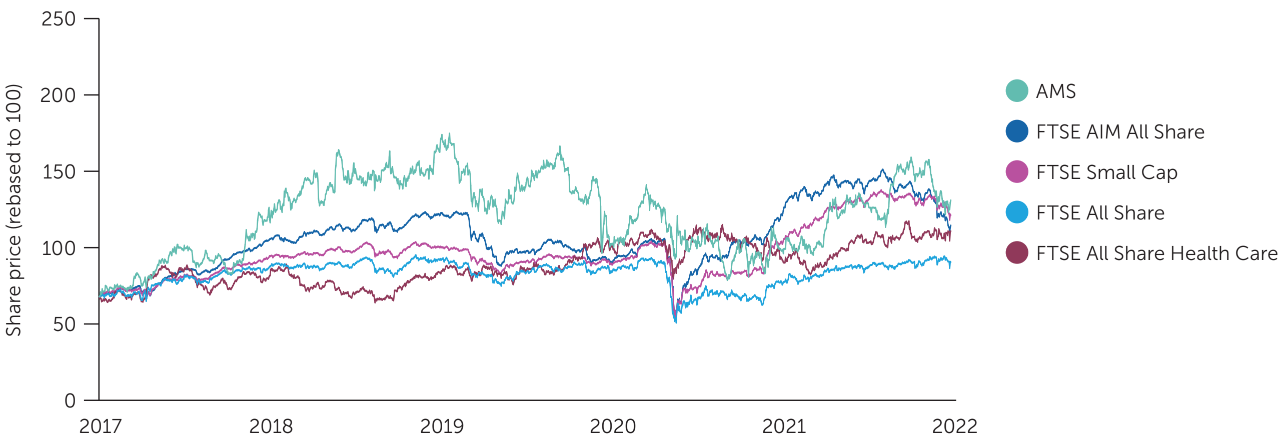
The SOP allows employees to be granted approved or unapproved options. Under the approved part of the SOP, UK employees can receive up to £30,000 worth of shares by market value of the shares on the grant date and benefit from the growth in value of those shares.

Share performance – 2022

The opening share price for 2021 was 243p and the closing price, on the last trading day of the year, was 338p. The range during the year was 341p (high) and 222.5p (low) (Source: Daily Official List of the London Stock Exchange).

Five-year share performance

For the five-year period ending 28 February 2022, the Advanced Medical Solutions Group plc share price outperformed the FTSE All-Share Index by 30% and FTSE All-Share Health Care Index by 7%, the FTSE Small Cap Index by 5% and the FTSE AIM All-Share Index by 21%.



For the five-year period ending 28 February 2022, the Advanced Medical Solutions Group plc Total Shareholder Return (TSR), share price growth plus reinvested dividends, outperformed the FTSE All-Share Index by 13% and the FTSE AIM All-Share Index by 17%. TSR underperformed the FTSE All-Share Health Care Index by 14% and FTSE Small Cap Index by 12%.