



Adept4 plc
(the "Group")
Terms of reference for the Remuneration Committee

1. Constitution

The Committee shall be established by resolution of the Board and shall be known as the Remuneration Committee (the "**Committee**").

2. Membership

2.1. The members of the Committee shall be appointed by the Board from amongst the directors of the Group (the "**Directors**") and shall comprise not less than two members. All of the members of the Committee shall be independent non-executive Directors.

2.2. The Chairman of the Committee, who shall be an independent non-executive Director, shall be appointed by the Board which shall determine the period for which he/she shall hold office.

2.3. A quorum for decisions of the Committee shall be two members.

2.4. in order to fulfil the Committee's overall purpose of ensuring that the levels of remuneration are sufficient to attract, retain and motivate the executive Directors of the quality required to run the Group successfully and that the remuneration of such executive Directors and the award of options to them under the Group's share option schemes is independently approved and monitored, the members of the Committee should:

2.4..1. have no personal financial interest, other than as shareholders in the Group (if applicable), in the Committee's decisions;

2.4..2. have no "cross-directorships" with the executive Directors which could be thought to offer scope for mutual agreements to bid up or otherwise enhance each other's remuneration;

2.4..3. be independent of the Group's management and free from any business or other relationship with the Group or any member of the Group's group which could materially interfere with the exercise of their independent judgement; and



2.4..4. have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the ambit of the Committee's business.

3. Attendance at meetings

- 3.1. The Committee may at each meeting appoint one of their number to be the Secretary of the Committee.
- 3.2. Board members shall not have the right of attendance where the meeting of the Committee is to discuss their personal remuneration.
- 3.3. Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.

4. Financial reporting and control Frequency of meetings

- 4.1. Meetings shall be held not less than twice a year and at such other times as the Chairman of the Committee shall require. The Board and any member of the Committee may request a meeting if they consider that one is necessary.
- 4.2. At least seven days' notice of any meeting of the Committee shall be given, although such notice may be waived or shortened with the consent of all the members of the Committee for the time being.

5. Authority

- 5.1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2. The Committee is authorised by the Board to obtain, at the cost of the Group, outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the Chairman of the Group.



- 5.3. The Committee is authorised by the Board to invite the Chief Operating Officer and Finance Director of the Group and, if appropriate, such other external advisers as considered necessary, to attend and speak at meetings (or parts thereof) of the Committee.

6. Purpose

- 6.1. The purpose of the Committee is to:
- 6.1..1. ensure that the executive Directors of the Group and other senior executives of the Group are fairly rewarded for their individual contribution to the overall performance of the Group; and
 - 6.1..2. demonstrate to the shareholders of the Group that the remuneration of the principal executive Directors of the Group and other senior executives of the Group is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration Committee and who will have due regard to the interests of shareholders.

7. Duties

- 7.1. The Committee shall be responsible for all elements of the remuneration of the executive Directors of the Group and other senior executives of the Group (the "**Executives**") and the duties of the Committee shall be:
- 7.1..1. to determine and agree with the Board the framework or broad policy for the remuneration of the Executives (including pension rights and compensation payments);
 - 7.1..2. to consider the basic salary paid to the Executives and any recommendations made by the Chairman of the Group for changes to that basic salary;
 - 7.1..3. to consider any bonuses to be paid to the Executives and, in respect of any element of remuneration of an Executive which is performance related, to formulate suitable performance related criteria and monitor their operation, and to consider any recommendations of the Chairman of the Group regarding bonuses or performance related remuneration;



- 7.1..4. to advise on and determine all performance-related formulae and targets relevant to the remuneration of the Executives (which should be relevant, stretching and designed to enhance shareholder value) and to consider the eligibility of Executives for annual bonuses and benefits under long term incentive schemes;
- 7.1..5. to administer all aspects of any share option scheme operated by or to be established by the Group including but not limited to (subject always to the rules of that scheme and any applicable legal and stock exchange requirements):
- 7.1..5.1. the selection of those eligible Executives and employees of the Group and its subsidiary companies to whom options should be granted;
 - 7.1..5.2. the timing of any grant;
 - 7.1..5.3. the numbers of shares over which options are to be granted;
 - 7.1..5.4. the exercise price at which options are to be granted;
 - 7.1..5.5. the imposition of any objective condition which must be complied with before any option may be exercised;
- 7.1..6. to have regard in the performance of the duties set out in this clause to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes (in particular the Principles of Good Governance and Code of Best Practice contained in the Combined Code and guidelines published by the Investment Committees of the Association of British Insurers and National Association of Pension Funds) which the Committee considers relevant or appropriate;
- 7.1..7. to ensure that the provisions regarding disclosure of remuneration, including pensions, as required by law or stock exchange regulation, are fulfilled and to consider and make recommendations to the directors of the Group concerning disclosure of the detail of remuneration packages and structures in addition to those required by law or by stock exchange regulation;
- 7.1..8. to consider other benefits granted to the Executives and any recommendations of the Chairman for changes in those benefits;



- 7.1..9. to determine the policy for and scope of the pension arrangements applicable to the Executives;
- 7.1..10. to consider and make recommendations in respect of the terms of the service contracts of the Executives and any proposed changes to these contracts and to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- 7.1..11. to consider other matters relating to the remuneration of or terms of employment applicable to the Executives and referred to the Committee by the Board;
- 7.1..12. to agree the policy for authorising claims for expenses from the Executives;
- 7.1..13. to be aware of and advise the Board on any major changes in employee benefit structures throughout the Group and its Group;
- 7.1..14. to ensure that the Committee has access to reliable and up-to-date information about remuneration in other companies and to judge the implications of this information carefully; and
- 7.1..15. to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

8. Exclusions

- 8.1. The terms of reference of the Committee do not encompass:
 - 8.1..1. decisions to employ or dismiss Executives; or
 - 8.1..2. consideration of the remuneration of any non-executive Director, which shall be a matter for the Board or, where required by the Articles of Association of the Group, the shareholders.
- 8.2. The Remuneration Committee does not have responsibilities for nominations to the Board.



9. Procedures

- 9.1. The Secretary of the Committee shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board. All decisions of the Committee in respect of the specific remuneration package of each executive Director shall be reported to the Board and the Committee should consult the Chairman of the Board and/or the Chief Operating Officer of the Group about their proposals relating to the remuneration of other executive Directors.
- 9.2. The Chairman of the Committee shall be available at the Annual General Meeting of the Group to answer questions arising from the Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Group maintains good contact with shareholders about remuneration in the same way as for other matters.
- 9.3. The Committee shall conduct an annual review of its work and these terms of reference and shall make recommendations about this to the Board.
- 9.4. Members of the Committee shall be provided with appropriate and timely training.

Approved by the Board