

# TRU | FIN

## Remuneration Committee Terms of Reference

**TRUFIN PLC (THE "COMPANY")**

**REMUNERATION COMMITTEE – TERMS OF REFERENCE**

**CONSTITUTION**

1. The members of the Remuneration Committee for the time being shall be:

**Peter Whiting** (Chairman)

**Steve Baldwin**

2. The Remuneration Committee (the "**Committee**") shall consist of a minimum of 2 members appointed by the Board of the Company (the "**Board**"), on the recommendation of the nomination committee and in consultation with the Committee Chairman, membership being confined to independent non-executive directors. The Chairman of the Committee shall be appointed by the Board which shall determine the period for which he/she shall hold office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be eligible to be appointed as Chairman of the Committee but may serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
3. Appointments to the Committee shall be for a period of up to one year, which may be extended by no more than six further one year periods, provided the members (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent.
4. The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
5. The quorum for decisions of the Committee shall be any 2 members.

**OBJECTIVES**

6. The objectives of the Committee are to:
  - 6.1 develop remuneration packages which motivate directors and support the delivery of business objectives in the short, medium and long-term; and
  - 6.2 align the interests of the executive directors with the interests of long-term shareholders.

**ROLE**

7. The Committee shall, on behalf of the Board and the shareholders of the Company:
  - 7.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;
  - 7.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company (as detailed in the Company's risk policy) and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
  - 7.3 when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company, especially when determining annual salary increases;
  - 7.4 review the ongoing appropriateness and relevance of the remuneration policy;
  - 7.5 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the composition and structure of the total individual remuneration package of each executive director and other senior executives of the Company including bonuses, incentive payments and share options or other share awards bearing in mind that each remuneration package should motivate each executive director and support delivery of the Company's objectives in the short, medium and long term;
  - 7.6 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-size Quoted Companies (the "**QCA Code**"), the QCA's Remuneration Committee Guide for Smaller Quoted Companies and the AIM Rules for Companies and any other applicable rules, as appropriate;
  - 7.7 be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
  - 7.8 review and note annually the remuneration trends across the Company;
  - 7.9 approve the design of, and determine the targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;

## Remuneration Committee – Terms of Reference

- 7.10** review the design of and determine the performance periods, measures and targets for all share incentive plans of the Company for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives of the Company and the performance targets to be used;
  - 7.11** determine the policy for, and scope of, pension arrangements for each executive director and other senior executives of the Company;
  - 7.12** ensure that contractual terms on termination, and any payments made, are appropriate to the individual and the Company;
  - 7.13** oversee any major changes in employee benefits structures throughout the Company;
  - 7.14** agree the policy for authorising claims for expenses from the Chief Executive and Chairman; and
  - 7.15** work and liaise as necessary with all other Board committees.
- 8.** The Chairman of the Committee shall be responsible for:
- 8.1** setting the agenda for meetings, chairing those meetings and ensuring the effective operation of the Committee;
  - 8.2** ensuring that the Committee addresses all of the tasks delegated to it;
  - 8.3** leading timely consultations with shareholders as directed by the Board on remuneration policy where there is a proposed significant change in the Company's remuneration policy;
  - 8.4** communicating the work of the Committee through the drafting the annual remuneration report; and
  - 8.5** answering questions on the annual remuneration report and about remuneration more generally at shareholder meetings.
- 9.** The Secretary of the Committee will be responsible for:
- 9.1** working with the Chairman of the Committee in setting the agenda for meetings;
  - 9.2** providing the Committee with informational support;
  - 9.3** circulating papers to Committee members; and
  - 9.4** taking minutes of Committee meetings.
- 10.** The Committee shall not consider the remuneration of any non-executive director which shall be a matter for the Board or, where required by the articles of association, the shareholders who shall determine the remuneration within the limits set in the articles of association.

### **REPORTING RESPONSIBILITIES**

- 11.** All decisions of the Committee shall be reported formally to the Board by the Committee Chairman. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.** The Committee shall ensure that all legal and regulatory requirements regarding disclosure of information, and those set out in the QCA Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state the fees and services rendered and whether they have any other connection with the Company.
- 13.** Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

### **PROCEDURE**

- 14.** 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.
- 15.** Meetings of the Committee shall be held not less than once each year and at such other times as the Chairman of the Committee requires, normally immediately before or after regular meetings of the Board but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by conference telephone. Meetings may also be called by the Secretary of the Committee at the request of any member of the Committee.
- 16.** At least 5 working days' notice of any meeting of the Committee shall be given, although such notice period may be waived or shortened with the consent in writing of all the members of the Committee for the time being. Notice of the meeting should confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 17.** The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 18.** The draft minutes of the meetings of the Committee shall be circulated to all members of the Committee and, once agreed, to all members of the Board unless, in the opinion of the Committee Chairman, it would be inappropriate to do so.
- 19.** The Chairman of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report of the

## Remuneration Committee – Terms of Reference

Company's remuneration policy and practices which will form part of the Company's annual report to shareholders and generally on the Committee's activities. He/she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

- 20.** The Company's Chief Executive and/or Finance Director may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.
- 21.** The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

**January 2018**