

# Quadnetics Group plc

## Terms of Reference for the Remuneration Committee

### Constitution

1. The Board has resolved to establish a Committee of the Board to be known as the Remuneration Committee.

### Membership

2. Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of exclusively of independent non-executive directors.
3. Only members of the Committee have the right to attend Committee meetings. However other individuals such as the Chief Executive and the Group Chairman may be invited to attend for all or part of any meeting as and when appropriate. Such participation is for advice only and does not confer any voting rights.
4. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
5. The Senior independent non-executive director shall be chairman of the Committee. In the absence of the Committee chairman the remaining members present shall elect one of themselves to chair the meeting. The Group Chairman shall not be Chairman of the Committee unless he can be considered independent.

### Secretary

6. The Company Secretary or any other person (except for any Executive Director) appointed by the Committee may act as Secretary of the Committee. The Secretary or any acting secretary should not be present when discussions are held on his remuneration.
7. The Secretary or any acting secretary shall minute all proceedings and resolutions of all Committee meetings, recording the names of those present and in attendance.
8. Minutes of all Committee meetings shall be circulated promptly to all members of the Committee.

### Quorum

9. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any part of the authorities, powers and discretions vested in or exercisable by the Committee.

### Meetings

10. The Committee shall meet at least once a year and at such times as the Chairman of the Committee shall require.
11. Meetings of the Committee shall be summoned by the Secretary of the Committee (or in the absence of a permanent Secretary, by the Company Secretary) at the request of any of its members.

## Annual General Meeting

12. The Chairman of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

## Duties

13. The duties of the Committee shall be to:

- 13.1 determine and agree with the Board the policy for the remuneration of the Company's Chief Executive, Chairman, executive directors, company secretary and other such executives who, whilst not directors of the Company, hold a senior executive management position. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- 13.2 when determining such policy, take into account all factors which it deems necessary. The objective of the policy is to ensure executive directors and members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company;
- 13.3 approve the design of and determine targets for any performance related pay schemes;
- 13.4 review the design of all share incentive plans for approval by the Board and shareholders. 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 and the performance targets to be used;
- 13.5 determine the policy for and scope of pension arrangements for each executive director and other senior executives;
- 13.6 ensure that contractual terms on termination and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 13.7 within the terms of the agreed policy and in consultation with the Chairman and/or the Chief Executive as appropriate, determine the total individual package of each executive director and other senior executives, including bonuses, incentive payments and share options and other share awards;
- 13.8 when determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations of the Combined Code and the UK Listing Authority's Listing Rules and associated guidance, including the disclosure of remuneration including pensions as set out in the Directors Remuneration Report Regulations 2002;
- 13.9 review and note annually the remuneration trends within individual subsidiaries and the Group as a whole and oversee any major changes in employee benefit structures across the Group.;
- 13.10 if considered necessary or appropriate select and appoint any remuneration consultants to advise the Committee and for obtaining up-to-date information about remuneration in other companies;
- 13.11 review from time to time its own performance, constitution and terms of reference to ensure it operates effectively and to recommend any changes it deems necessary to the Board for approval.

## **Reporting Responsibilities**

14. The Committee Chairman shall report formally to the Board on its proceedings after each meeting.
15. The Committee shall make whatever recommendations to the Board that it deems appropriate on any area within its remit.
16. The Committee shall ensure that an annual report of the company's remuneration policy and practices is published which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

## **Authority**

17. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
18. The Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice it deems necessary.