

Company Number: 08696120

mporium group plc

(the "Company")

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

**1. CONSTITUTION AND AUTHORITY**

1.1 The Committee has been established by the board of Directors of the Company (the "**Board**") under article 86 of the Company's articles of association and in accordance with the Quoted Companies Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013.

1.2 The Committee is authorised to investigate and undertake any activity within these terms of reference. It is authorised to seek any information it properly requires in order to perform its duties from any employee of the Company or any subsidiary undertaking of the Company ("**Group**"). All employees are directed to co-operate with any such request made by the Committee.

1.3 If the Committee considers it necessary so to do, it is authorised to obtain appropriate external professional advice (including without limitation, legal advice and the advice of independent remuneration consultants) to assist it in the performance of its duties, and to secure the services of outsiders with relevant experience and expertise. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.

1.4 Each member of the Committee shall disclose to the Committee:

1.4.1 any personal financial or other interest in any matter to be decided by the Committee; or

1.4.2 any potential conflict of interest arising from a cross-directorship or otherwise; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

**2. COMPOSITION AND MEETINGS**

2.1 The Committee shall be appointed by the Board in consultation with the Chairman of the Committee and shall comprise at least two independent non-executive directors.

- 2.2 The Chairman of the Board may be a member, if he or she was considered independent on appointment as Chairman.
- 2.3 The Chairman of the Committee, who shall be an independent non-executive director, shall be appointed by the Board. The Chairman of the Board shall not be the Chairman of the Committee. In the case of an equality of votes, the Chairman of the Committee shall have a second or casting vote save where he or she has a personal interest. In the absence of the Chairman of the Committee and, or an appointed deputy, the members present shall elect to chair the meeting one of themselves who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.4 The Company Secretary or his or her nominee shall be the secretary of the Committee.
- 2.5 Members of the Committee shall be appointed for a period of up to three years, which may be extended for up to two additional periods of three years, provided that the relevant member continues to meet the criteria for membership of the Committee.
- 2.6 Meetings of the Committee shall be summoned by any member of the Committee or the secretary of the Committee at the request of any of its members.
- 2.7 The secretary of the Committee shall circulate a notice of any meeting of the Committee, confirming the venue, time and date of the meeting and enclosing the agenda of business to be covered at the meeting not less than three working days before each meeting of the Committee, to all members of the Committee, any other person required to attend and any other non-executive directors. Supporting papers shall be sent to members of the Committee and to other attendees as appropriate at the same time.
- 2.8 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, other Board members, and external advisers may be invited to attend for all or a part of any meeting as and when the Committee shall decide is appropriate.
- 2.9 The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require.
- 2.10 The quorum for any meeting of the Committee shall be two.
- 2.11 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vesting in or exercisable by the Committee.
- 2.12 Meetings may be held by telephone.
- 2.13 No member of the Board shall participate at a meeting of the Committee (or during the relevant part) at which any part of his or her remuneration is being discussed or participate in any recommendation or decision concerning his or her remuneration.
- 2.14 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

### 3. DUTIES

The Committee shall:

- 3.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer, the Chairman of the Board, the executive directors, the Company Secretary and, if required by the Board, senior management of the Group. The remuneration of non-executive directors shall be a matter for the Chairman of the Board and the executive members of the Board and not for the Committee to determine. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 3.2 in determining the framework or broad policy take into account such factors which it deems necessary. The objectives of such policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- 3.3 review the ongoing appropriateness and relevance of the executive remuneration policy and recommend to the Board any changes to such policy as appropriate;
- 3.4 determine the policy for, and scope of pension arrangements for each executive director and other designated senior executives;
- 3.5 advise, and where appropriate, make recommendations to the Board:
  - 3.5.1 as to developments in best practice relating to the remuneration of all employees; and
  - 3.5.2 on the basis of those developments recommend appropriate changes to the authority of the Committee;
- 3.6 investigate into, report and/or make recommendations regarding, any matter in any way connected with the matters which the Committee is to determine or on which it is to advise, or which is referred to the Committee by the Board;
- 3.7 determine any specific compensation payments to be made to any executive director of the Company in a manner which ensures that contractual terms on termination or variation of employment and any payments made, are fair to the individual and the employing company and that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 3.8 within the terms of the agreed policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer (as appropriate), determine the total individual remuneration package of each executive director, the Company Secretary and other designated senior executives including bonuses, pension rights, incentive payments and share options or other share awards;

- 3.9 in determining such packages and arrangements, give due regard to any relevant legal or regulatory requirements, the provisions and recommendations of the Quoted Companies Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 as well as the UK Corporate Governance Code and the requirements of the London Stock Exchange plc as appropriate;
- 3.10 review and note annually the remuneration trends across the Group, such a review to be taken into account when setting directors' remuneration policy;
- 3.11 consider and determine the other provisions of the service agreements of executive directors and (if required) senior managers (in particular, the term of their agreement, the length of any notice period, termination payments and compensation commitments);
- 3.12 approve the design of, determine targets for, and monitor, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 3.13 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 designated senior executives and the performance targets to be used;
- 3.14 oversee any major changes in employee benefit structures, throughout the Group;
- 3.15 agree the policy for authorising the reimbursement of any claims for expenses from the directors;
- 3.16 ensure that all provisions regarding disclosure of remuneration including pensions are fulfilled;
- 3.17 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- 3.18 consider the grant of interests under all share incentive plans of the company and the application of the rules of such plans; and
- 3.19 consider such other matters as may be requested by the Board.

#### 4. **REPORTING RESPONSIBILITIES**

- 4.1 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

4.3 The Committee shall ensure that the provisions regarding disclosure of information, including pensions, as set out in the Code for Small and Mid-Size Quoted Companies 2013, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

4.4 Through the chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

5. **PERFORMANCE REVIEW**

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

6. **ANNUAL GENERAL MEETING**

The Chairman of the Committee shall attend each annual general meeting of the Company and be available to answer shareholder questions on the Committee's activities.

7. **MINUTES**

7.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 The secretary of the Committee shall circulate the minutes of Committee meetings to all members of the Committee and, once agreed, to all members of the Board unless in the opinion of the Chairman of the Committee it would be inappropriate to do so.

8. **OTHER MATTERS**

The Committee shall:

- 8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 8.3 give due consideration to laws and regulations, the provisions of The UK Corporate Governance Code, the Quoted Companies Alliance's Code for Small and Mid-Size Quoted Companies 2013 and the requirements of the London Stock Exchange plc as appropriate.

Adopted at a meeting of the Board held on

2013.

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Chairman