

## **Actual Experience plc (the "Company")**

### **Terms of Reference of the Remuneration Committee**

#### **1. Purpose**

The purpose of the Remuneration Committee (the "**Committee**") is to determine the remuneration and terms and conditions of employment of the executive directors and the Chair of the board of directors of the Company (the "**Board**").

#### **2. Constitution and Membership**

2.1 The Committee is a Committee of the Board.

2.2 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee. Membership of the Committee shall be for a period of 3 years, which may be extended for further periods of up to 3 years, provided the director still meets the criteria for membership of the Committee.

2.3 All members of the Committee shall be non-executive directors of the Company. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair.

2.4 The Chair of the Committee shall be appointed by the Board.

2.5 The Chair of the Committee shall be a non-executive director. The Chair of the Board shall not be the Chair of the Committee, unless this is deemed necessary by the Board as a temporary measure.

2.6 The Committee shall be made up of at least two members.

2.7 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair, the Chief Executive Officer, and external advisers may be invited to attend for all or part of any meeting as and when appropriate provided that they should not be present for discussion of matters related to themselves.

#### **3. Secretary**

The CFO or his or her nominee shall act as secretary of the Committee unless the Chair of the Committee appoints another individual to this position. The secretary of the Committee 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.

#### **4. Quorum**

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 of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **5. Frequency of Meetings**

The Committee shall meet at least twice a year and at such other times as the Chair of the Committee shall require. One such meeting shall be held prior to the agreed annual remuneration review date for directors and senior management.

## 6. **Notice of Meetings**

- 6.1 Meetings of The Committee shall be called by the Secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person invited to attend (which will normally include the Chief Executive Officer) and all other non-executive directors, no later than four working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. Other executives shall attend at the request of the Committee.

## 7. **Minutes of Meetings**

- 7.1 The Chair of the Committee shall make an oral report of the findings and recommendations of the Committee to the Board at the next Board meeting after each Committee meeting.
- 7.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.3 Draft minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.

## 8. **Annual General Meetings**

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

## 9. **Duties**

The Committee shall:

- 9.1 determine and agree with the Board the framework or broad policy for the remuneration of the Chair of the Board, the Chief Executive Officer, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chair of the Board and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- 9.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Quoted Companies Alliance Corporate Governance Code (the "**Code**") and associated guidance and pay and employment conditions across the Company, especially when determining annual salary increases. The objective of such policy shall be to ensure that members of the executive management of the Company 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 Company. The policy should also have regard to the views of shareholders and other stakeholders, as well as the risk appetite of the Company and its long-term strategic goals;
- 9.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 9.4 within the terms of the agreed policy and in consultation with the Chair of the Board and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chair of the Board, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;

- 9.5 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 9.6 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 9.7 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 9.8 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, company secretary and other designated senior executives and the performance targets to be used;
- 9.9 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 9.10 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;
- 9.11 oversee any major changes in employee benefits structures throughout the Company or the Group;
- 9.12 agree the policy for authorising claims for expenses from the directors; and
- 9.13 work and liaise as necessary with all other Board committees.

## 10. **Reporting responsibilities**

- 10.1 The Chair of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall 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 Annual General Meeting.
- 10.4 Through the Chair of the Committee, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## 11. **Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the AIM Rules for Companies and any other applicable rules, as appropriate; and

11.4 arrange for periodic reviews of its own performance and, at least annually, review its 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.

12. **Advice**

The Committee shall have the authority to seek any information that it requires from any officer or employee of the Company. In connection with its duties the Committee is authorised by the Board to take such independent advice (including legal or other professional advice, at the Company's expense) as it considers necessary, including requests for information from or commissioning investigations by external advisers. The Committee will inform the Board as necessary of such requests.

13. **Remuneration**

'Remuneration' is not confined simply to salaries and bonuses. It now has a wider definition and includes pension arrangements, share options, Share Save schemes, employees' share ownership schemes (ESOPs), Funded Unapproved Retirement Benefit Schemes (FURBS) and anything that is intended as 'pay' for any employee. It also includes fringe benefits e.g. company cars, use of company premises for living purposes and so on. Many of these matters will be covered in service agreements but the Committee should determine not only the company's overall policy but also appropriate individual cases. Policy will also involve the purpose or objective of remuneration.