

REMUNERATION COMMITTEE

Terms of Reference

As approved by the Board of Directors on 18th June 2015

1. Constitution

- 1.1. The Board of Directors of TClarke plc ('the Board') has established the Remuneration Committee ('the Committee') to provide the Company with formal, rigorous and transparent arrangements for developing its policy on executive remuneration and for fixing the remuneration packages of individual directors.
- 1.2. The Committee is a committee of the Board and has no authority independent of the functions delegated to it. The Committee is to report its findings and recommendations directly to the Board. There is to be no delegation of executive power to the Committee, and the functions of the Committee do not relieve the Board of any of its responsibilities.

2. Membership

- 2.1. The Committee shall consist of a minimum of two members appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Committee.
- 2.2. The Chair of the Committee, who shall be an independent non-executive director, will be appointed by the Board. In the absence of the Chair at a meeting, the remaining members present shall select one of themselves to chair the meeting.
- 2.3. All members of the Committee shall be independent non-executive directors of the Company.
- 2.4. The Chairman of the Company may be a member of the Committee (but not the Chair), provided that he or she was independent on appointment.
- 2.5. Where practicable having regard to the size of the Board, appointments should be for a period of up to three years, extendable by no more than two additional three year periods.
- 2.6. If members should request it, appropriate training will be provided on induction and on an ongoing basis to maintain a reasonable degree of up-to date financial literacy that will enable them to carry out their duties.
- 2.7. The Company Secretary or his or her nominee shall be 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 issues.

3. Meetings

- 3.1. The Committee shall meet at least twice a year and otherwise as required.
- 3.2. A meeting of the Committee may be called by the Secretary at the request of the Chair of the Committee.
- 3.3. The quorum for the meetings of the Committee shall be two members. 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.
- 3.4. Only members of the Committee have the right to attend Committee meetings. Other individuals, including other directors of the Company, the Head of Human Resources and external advisers, may be invited to attend all or part of the meeting as and when appropriate.

- 3.5. Unless otherwise agreed, notice of each meeting together with an agenda of items to be discussed and supporting papers shall be sent to each member of the Committee and any other person invited to attend no later than 3 days before the date of the meeting.
- 3.6. The secretary shall minute the proceedings and decisions of all the meetings of the Committee. The secretary shall circulate the minutes of the meetings to all members of the Committee and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.

4. Duties

- 4.1. The Committee shall carry out the following duties:
 - 4.1.1. Have responsibility for setting the remuneration policy for all executive directors and the company's chairman, including pension rights and any compensation payments. The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.
 - 4.1.2. 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 UK Corporate Governance Code and associated guidance. 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;
 - 4.1.3. When setting remuneration policy for directors, review and have regard to the remuneration trends across the Company and the Group;
 - 4.1.4. Review the ongoing appropriateness and relevance of the remuneration policy;
 - 4.1.5. Within the terms of the agreed policy determine the total individual remuneration package of the Chairman, the Chief Executive, each executive director, the Company Secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
 - 4.1.6. Obtain reliable, up-to-date information about remuneration in other companies. 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;
 - 4.1.7. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
 - 4.1.8. 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.
 - 4.1.9. 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;
 - 4.1.10. 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 the executive directors, the company secretary and other designated senior executives and the performance targets to be used;

- 4.1.11. Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 4.1.12. 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;
- 4.1.13. oversee any major changes in employee benefits structures throughout the Company or the Group; and
- 4.1.14. agree the policy for authorizing claims for expenses from the directors

5. Reporting procedures

- 5.1. The Chair of the Committee shall report to the Board on the Committee's proceedings at the Board meeting following each Committee meeting on all matters within its duties and responsibilities.
- 5.2. The Committee shall make whatever recommendations to the Board that it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3. The Committee will ensure that the provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Regulations and the UK Corporate Governance Code, are fulfilled.
- 5.4. 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. Such report shall include:
 - A statement by the Chair of the Committee;
 - The Group's policy on directors' remuneration; and
 - Information on how the remuneration policy was implemented during the year being reported on.
- 5.5. Through the chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 5.6. The Chair of the Committee will be expected to attend the annual general meeting to respond to any shareholder questions on the Committee's activities.

6. Other matters

- 6.1. The Committee shall:
 - 6.1.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
 - 6.1.2. 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;
 - 6.1.3. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. It will be exclusively responsible for establishing the selection criteria relating to selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - 6.1.4. Work and liaise as necessary with all other board committees; and
 - 6.1.5. Review its own performance, its constitution and its terms of reference on at least an annual basis to ensure it is operating effectively and make recommendations to the Board of any changes considered necessary.
 - 6.1.6. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing,

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Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.

7. Authority

- 7.1. The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.