

TOTALLY PLC

REMUNERATION COMMITTEE – TERMS OF REFERENCE

As at 10 March 2016



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TOTALLY PLC
("the Company")

Remuneration Committee Terms of Reference

1. CONSTITUTION

The Committee was constituted at a full meeting of the board of directors ("**Board**") held on 10 March 2016 in accordance with the articles of association of the Company ("**Articles**").

2. DUTIES AND TERMS OF REFERENCE

- 2.1. The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman ("**Chairman**") and the executive directors including pension rights, compensation payments and other benefits. The remuneration of non-executive directors shall be a matter for the Chairman and executive directors (within the limits set in the Articles). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.
- 2.2. In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance (such as, for example, the guidance produced by the Quoted Companies Alliance). The objective of such policy shall be to attract, retain and motivate the executive management of the Company in a fair and reasonable manner without paying more than necessary. The Committee shall also take into account the Company's long-term strategic goals.
- 2.3. When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the Company and its group, especially when determining salary increases.
- 2.4. The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 2.5. The Committee shall approve the design of, and determine targets for, any performance related schemes operated by the Company and approve the total annual payments made and incentives granted under such schemes.
- 2.6. The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other

matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

- 2.7. The Committee shall 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 senior executives and the performance targets to be used.
- 2.8. The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- 2.9. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the Chairman, each executive director, the Company Secretary and other senior executives including bonuses, incentive payments and share options or other share awards.
- 2.10. The Committee shall:
 - 2.10.1. ensure that contractual terms on termination and any payments made are fair to the individual and the Company;
 - 2.10.2. ensure that failure is not rewarded and the duty to mitigate loss is fully recognised;
 - 2.10.3. consider how remuneration may be structured or designed so as to promote the long-term success of the Company;
 - 2.10.4. oversee any major changes in employee benefits structures throughout the Company and its group; and
 - 2.10.5. agree the policy for authorising claims for expenses from the Company's directors.
- 2.11. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 2.12. The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board.
- 2.13. The Committee shall consider such other matters as may be requested by the Board.

- 2.14. The Committee shall be mindful that certain changes to directors' remuneration and the payment of cash or non-cash bonuses (including certain types of grants of share options) to directors may constitute a related party transaction under the AIM Rules. Accordingly, the remuneration committee should consult with the Company's Nominated Adviser in advance of significant changes to director remuneration or the payment of bonuses or the grant of any share options to a director.

3. MEMBERSHIP

- 3.1. The Board shall appoint the Committee's chairman ("**Committee Chairman**"). 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 who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman shall not be the Committee Chairman. The Committee Chairman should be an independent non-executive director.
- 3.2. The members of the Committee shall be appointed by the Board. Appointments to the Committee shall be for periods of up to three years, which may be extended provided the members continue to be independent.
- 3.3. The Committee shall have at least two members. The Chairman may also serve on the Committee as an additional member, but not chair the Committee.
- 3.4. At the date of formation of the Committee, it has been agreed that the members of the Committee will be Tony Bourne and Bob Holt and the Committee shall be chaired by Tony Bourne. A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee, provided that any additional appointment must be an independent non-executive director.

4. VOTING ARRANGEMENTS

- 4.1. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 4.2. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.3. Save where he has a personal interest, the Committee Chairman will have a casting vote.

5. ATTENDANCE AT MEETINGS

- 5.1. The Committee will meet at least once a year. The Committee may meet at other times during the year as agreed between the members of the Committee.
- 5.2. Only members of the Committee have the right to attend Committee meeting but other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate. The Nominated Adviser shall be entitled consult with the Committee.
- 5.3. The Company Secretary or his/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 the issues.

6. NOTICE OF MEETINGS

- 6.1. Meetings of the Committee shall be summoned 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 the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

7. AUTHORITY

The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

8. REPORTING

The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the Company Secretary. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless it would be inappropriate to do so or in the opinion of the Committee Chairman a conflict of interest exists. The Committee Chairman shall report to the Board on its proceedings after each

meeting on all matters within its duties and responsibilities. The Nominated Adviser shall be entitled to receive a copy of the minutes of the Committee's meetings upon request.

9. GENERAL MATTERS

- 9.1. The chairman of the Committee should make him/herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 9.2. The Committee shall arrange for periodic reviews of its own performance and, at least once a year, 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.
- 9.3. The Committee shall have access to sufficient resources in order to carry out its duties and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 9.4. The Committee shall 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 as appropriate.
- 9.5. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.6. The Committee shall ensure that provisions regarding disclosure of information, including pensions, 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 whether they have any other connection with the Company.
- 9.7. Through the Chairman, ensure that the Company maintains contact as required with its principal shareholders about remuneration.