

SOFTCAT PLC

(the "Company")

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Chair:	Peter Ventress
Members:	Robyn Perriss Vin Murria
Attendee:	Martin Hellowell
Frequency of Meetings:	At least twice a year and as required.

1. CONSTITUTION

The meetings and proceedings of the Remuneration Committee (the "**Committee**") are governed by the Terms of Reference set out below which were adopted by the board of directors of the Company (the "**Board**") on 10 July 2019.

2. OBJECTIVES

The Committee is a Board committee, to which is delegated the responsibility of advising the Board on developing an overall remuneration policy that is aligned with the business strategy and objectives, risk appetite, values and long term interests in the Company, recognising the interests of all stakeholders.

3. MEMBERSHIP

3.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. 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. 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 (the "**Committee Chair**").

3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other directors, the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

3.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years which may be extended by two further three year periods, provided the Committee member (other than the chair of the Board, if he or she is a member of the Committee) continues to be independent.

3.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director. Before appointment as Committee Chair, the appointee should have served on a remuneration committee for at least 12 months prior to appointment. In the absence of the Committee Chair 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.

3.5 The chair of the Board shall not be chair of the Committee.

4. SECRETARY

The company secretary or his or her nominee shall act as the secretary of the Committee (the "**Committee Secretary**") 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.

5. **QUORUM**

5.1 The quorum necessary for the transaction of business shall be two members.

5.2 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.

5.3 The Committee may hold meetings by telephone or using any other method of electronic communication whereby the participants are able to communicate effectively with each other, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Committee Chair.

6. **FREQUENCY OF MEETINGS**

The Committee shall meet at least twice a year and otherwise as required.

7. **NOTICE OF MEETINGS**

7.1 Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chair or of any of its members.

7.2 Unless otherwise agreed, and except where a situation of urgency otherwise requires, where practicable, 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 required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall, where practicable, be sent to Committee members and to other attendees as appropriate, at the same time.

7.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Committee Chair.

7.4 Supporting papers may be circulated electronically or in hard copy as circumstances permit.

8. **MINUTES OF MEETINGS**

8.1 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and, if applicable, the existence of any conflict of interest.

8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

9. **ANNUAL GENERAL MEETING**

The Committee Chair should attend the annual general meeting ("**AGM**") prepared to respond to any shareholder questions on the Committee's activities.

10. **DUTIES**

10.1 The Committee shall:

(a) have responsibility for setting (subject to shareholder approval) the remuneration policy for all executive directors of the Company, the chair of the Board and such other members of the executive management as it is designated to consider,

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;

- (b) exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and relevant wider circumstances. This shall include if appropriate the use of discretion to override formulaic outcomes where such outcomes are inappropriate given relevant wider circumstances. The use of discretion shall be disclosed in the annual report on remuneration;
- (c) recommend and monitor the level and structure of remuneration for senior management. The remuneration of the Company Secretary should be determined by the Committee;
- (d) in determining the remuneration policy in accordance with paragraph (a) above, 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 (the "**Code**") and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. A significant proportion of remuneration should be structured so as to link rewards to corporate or individual performance and be designed to promote the long-term success of the Company. Performance-related elements of remuneration should be transparent, stretching and rigorously applied;
- (e) when setting remuneration policy for directors, review and have regard to pay and employment conditions and remuneration trends across the Company especially when determining annual salary increases. The Committee shall consider as appropriate workforce remuneration and related policies and the alignment of incentives and rewards with culture. The Committee shall also consider as appropriate explaining to the workforce how decisions on executive pay reflect wider pay policy;
- (f) in accordance with the recommendations of the Code, when determining executive director remuneration policy and practices, the Committee should address: clarity, simplicity, risk, predictability, proportionality and alignment to culture;
- (g) review the on-going appropriateness and relevance of the remuneration policy;
- (h) within the terms of the remuneration policy and in consultation with the chair of the Board and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director of the Company, the chair of the Board and the designated members of executive management, including bonuses, incentive payments and share options or other share awards;
- (i) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- (j) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

- (k) 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 (in accordance with the Code and the associated Guidance on Board Effectiveness). Schemes should include provisions that would enable the Company to recover sums paid or to withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so;
- (l) ensure remuneration schemes promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. The Committee should develop a formal position or policy regarding post-employment shareholding requirements for executive directors;
- (m) 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 each executive director of the Company, the chair of the Board and the designated members of executive management and the performance targets to be used. Such determination shall take account of dilution limits and headroom capacity within the relevant share schemes or plans and the financial impact of awards on the Group;
- (n) determine the policy for, and scope of, pension arrangements for each executive director of the Company, the chair of the Board and the designated members of executive management. The Committee shall consider the Code recommendation that pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce;
- (o) approve the remuneration terms of an executive director's service contract. This shall include the duration of notice period which shall not normally exceed one year;
- (p) 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;
- (q) oversee any major changes in employee benefits structures throughout the Company;
- (r) consider the annual salary review of the Company as proposed by the executive management, including the Company-wide annual increase (if applicable);
- (s) consider the bonus to be paid to staff at the end of the year as proposed by the executive management (if applicable);
- (t) agree the policy for authorising claims for expenses from the Company's chief executive officer and chair of the Board; and
- (u) work and liaise as necessary with all other Board committees.

11. **REPORTING RESPONSIBILITIES**

- 11.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code, 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. Where there is a significant vote against a remuneration report, the Committee shall recommend actions in response to investor concerns.

11.4 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.

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

12. **OTHER MATTERS**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) 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 existing members;
- (c) give due consideration to laws, regulations, provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules; and
- (d) 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.

13. **AUTHORITY**

13.1 The Committee is authorised to seek any information it requires from any employee of the Company, contractor, consultant or other provider of services to the Company (including legal and tax advisors) in order to perform its duties.

13.2 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.

13.3 To help the Committee to 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.