

Lighthouse Group plc
Terms of reference for the Remuneration Committee
August 2018

1 Membership

- 1.1 The Committee shall comprise at least two members, all of whom shall be independent Non-Executive Directors. The Chairperson of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman. Members of the Committee shall be appointed by the Board in consultation with the Chair of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend committee meetings. However, other individuals such as 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.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up three years, provided the Director still meets the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director. 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. The Chairperson of the Board shall not be Chair of the Committee.

2 Secretary

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

3 Quorum

- 3.1 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.
- 3.2 Decisions of the Committee will be made by majority vote. In the event that there is an equality of votes the Chair of the Committee will have a second or casting vote.

4 Meetings

The Committee shall normally meet at least twice a year, but in any event it shall meet as often as required.

5 Notice of meetings

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.

5.2 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 required to attend and all other Non-Executive Directors, no later than five 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.

6 Minutes of meetings

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

6.2 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 it would be inappropriate to do so.

7 Annual General Meeting

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

8 Duties

The Committee should carry out the duties below for the Parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

8.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairperson, Chief Executive, the Executive Directors, the Company Secretary and such other members of the Company's management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chair and the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration

8.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements (in particular the FCA Remuneration Code), the provisions and recommendations of the Corporate Governance Code issued by the Quoted Company Alliance and associated guidance. The objective of such policy shall be to ensure that the management of the Company is provided with appropriate incentives to encourage enhanced performance and is, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company and the Group

8.3 when setting remuneration policy for Directors, review and have regard to the remuneration trends across the Company or Group

- 8.4 review the ongoing appropriateness and relevance of the remuneration policy
- 8.5 within the terms of the agreed policy and in consultation with the Chairperson and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairperson, each Executive Director, Company Secretary and other designated senior executives and managers including bonuses, incentive payments and share options or other share awards.
- 8.6 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
- 8.7 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee
- 8.8 advise the Board on the design of, and determination of targets for, any performance related pay schemes operated by the Company and the total annual payments made under such schemes
- 8.9 advise the Board as requested by it on the design of all share incentive plans for approval by the Board and Shareholders. For any such plans, consider each year whether awards could 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
- 8.10 determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior managers
- 8.11 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
- 8.12 oversee any major changes in employee benefits structures throughout the Company or Group
- 8.13 agree the policy for authorising claims for expenses from the Directors
- 9 Reporting responsibilities
- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce an 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 Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required
- 10.2 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
- 10.3 give due consideration to laws and regulations, in particular, the FCA's Remuneration Code, the provisions of the QCA Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules e.g. AIM Rules, as appropriate
- 10.4 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.

11 Authority

- 11.1 The Committee is authorised by the Board to obtain, at the Company's expense and as appropriate, outside legal or other professional advice on any matters within its terms of reference.
- 11.2 The Committee is authorised by the Board to carry out any investigation relevant to its terms of reference and to consult the Chairperson of the Company, Chief Executive and/or any other Director about their proposals