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**IOMART GROUP plc**

**REMUNERATION COMMITTEE TERMS OF REFERENCE**



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## REMUNERATION COMMITTEE TERMS OF REFERENCE

### 1 Objectives

- 1.1 To review the performance of the Executive Directors.
- 1.2 To ensure that the Group's Executive Directors and senior executives are fairly rewarded for their individual contributions to the Group's overall performance by determining their pay, any bonuses and other remuneration.
- 1.3 To consider the allocation of share options together with any attached performance targets to Directors and employees.
- 1.4 To demonstrate to all shareholders that the remuneration of the senior executive members of the Group is set by a Committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Group.

### 2 Membership

- 2.1 The Remuneration Committee shall consist not less than two members, all of whom shall be drawn from the non-executive directors of the Group and the Chairman of the Group. A quorum shall be all the members.
- 2.2 The Chairman of the Remuneration Committee shall be a non-executive director approved from time to time by the full Board.
- 2.3 The membership of this Committee is to be set out in the annual report of the Group.

### 3 Procedure of Meeting

- 3.1 No director being a member of the Remuneration Committee shall participate or count in the quorum for any of the Remuneration Committee's deliberations concerning his own remuneration and the Remuneration Committee shall be quorate without the participation of such member on such matters.
- 3.2 The Secretary of the Group shall be the Secretary of the Remuneration Committee and will distribute minutes of the meeting to all members of the Board.
- 3.3 Meetings shall be held not less than once a year on at least 1 month's notice and may be held by telephone.
- 3.4 A meeting may be requested at any time on reasonable notice by the Chairman of the Board and by any member of the Remuneration Committee who considers that one is reasonably necessary.
- 3.5 The Remuneration Committee may fulfil its duties with a combination of both formal meetings and informal consultation with the relevant parties. The Board of Directors should agree that the Committee will be given sufficient time to study relevant documentation and an adequate opportunity to discuss those matters within its remits.

### 4 Remit and authority

- 4.1 The Remuneration Committee is a sub-committee of the Board of Directors and as such exercises such powers of the Board as have been delegated to it.

4.2 The Remuneration Committee is authorised by the board to investigate any activity within its terms of reference.

4.3 The Remuneration Committee is authorised by the board when reasonably necessary to obtain outside legal or other independent professional advice at the expense of the Group and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

4.4 Matters for decision by the Remuneration Committee shall be decided by a majority decision of all members.

## 5 Duties

5.1 The Remuneration Committee in carrying out its duties under these terms of reference will have regard to:

(a) the Codes of Best Practice recommended by the Cadbury Committee and the Greenbury Committee and implemented by the Best Practice Provisions on Directors' Remuneration (Sections A and B) set out at the end of the Listing Rules of the London Stock Exchange insofar as such recommendations are practicable for the Group; and

(b) the recommendations on corporate governance of the City Group for Smaller Companies.

5.2 The Remuneration Committee in carrying out its duties under these terms of reference will aim to give the executive Directors every encouragement to enhance the Group's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions.

5.3 The duties of the Remuneration Committee shall be to be responsible for and to consider and to decide upon the following:

(a) all elements of the remuneration of the Chairman, the Chief Executive and the executive directors of the Group and at the request of the Chairman, any other person, including salary, any performance related remuneration, share options, pension arrangements and other benefits;

(b) the terms of employment of, and terms of the service contracts (including the contractual notice periods) for all executive directors of the Group and at the request of the Chairman of the board, any other person;

(c) the terms of appointment of, and the fees payable to, non-executive directors of the Group and at the request of the Chairman of the board, any other persons;

(d) the overall salary increase (in percentage terms) for employees of the Group, subject to paragraphs 5.2(a), (b) and (c) above, with the amounts awarded to individuals to be decided at the discretion of the board;

(e) the details of directors' remuneration which should be reported in the Group's annual report and accounts in addition to those required by law, and how these details should be presented.

5.4 It shall also be the duty of the Remuneration Committee to consider and to make recommendations to the board on:

(a) the terms of any share option or incentive scheme, ESOP, profit sharing scheme or scheme for profit related pay (whether for the benefit of executive directors or others employed by the Group or any subsidiary undertaking);

(b) any other matter referred to it by the board or the Chairman of the board.

5.5 It is the responsibility of the Chairman of the Remuneration Committee to decide what data he considers necessary in order to fulfil the duties outlined above, and to ensure that this is circulated to all members of the Committee. The Board of Directors has agreed to provide the Remuneration Committee with full co-operation in the fulfilment of its duties.