

**Alfa Financial Software Holdings PLC**  
**Terms of Reference of the Remuneration Committee of The Board of Directors**  
**of The Company**

adopted by the board on 15 May 2016

**1. Background**

- 1.1 The board has resolved to establish a remuneration committee. These terms of reference replace any previous terms of reference for any remuneration committee.

**2. The Committee's Duties**

- 2.1 To determine the framework or broad policy for the remuneration of the Company's chairman, chief executive officer, chief financial officer, any other executive directors of the Company, the company secretary and any other senior employees of the Company as the board may determine from time to time (the "Executive Group"). The Company's chairman and the executive directors should determine the remuneration of the non-executive directors within the limits set out in the articles of association of the Company. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 2.2 To recommend and monitor the level and structure of remuneration for senior management.
- 2.3 In determining a remuneration policy, to 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 the remuneration policy shall be to attract, retain and motivate members of the Executive Group of the quality required to run the Company successfully by ensuring that members of the Executive Group are provided with appropriate incentives to encourage performance and are, in a fair and reasonable manner and having regard to the views or likely views of shareholders and other stakeholders (including employees, suppliers, customers and the wider community) rewarded for their contribution to the long-term success of the company, without being paid more than necessary. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company. Performance-related elements of remuneration should be transparent, stretching and rigorously applied.
- 2.4 To review and have regard to the remuneration trends across the Company or group when determining the remuneration policy for directors.
- 2.5 To review the ongoing appropriateness and relevance of the remuneration policy.
- 2.6 To consider and determine all elements of the remuneration of the Executive Group, namely:
- (a) base salary (the committee shall also consider the pension consequences of basic salary increases);
  - (b) bonuses and performance-related payments (including profit-sharing schemes) and the targets to be satisfied for such payments;
  - (c) immediate and deferred remuneration;
  - (d) annual payments thereof;
  - (e) any other discretionary payments;

- (f) pension contributions;
  - (g) benefits in kind; and
  - (h) share-related awards.
- 2.7 In respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria and monitor their operation and approve the total annual payments made under such schemes including the terms of any malus or claw-back arrangement.
- 2.8 For share-based remuneration of executive directors, to consider requiring them to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the Company, subject to the need to finance any costs of acquisition and associated tax liabilities.
- 2.9 To consider and determine other provisions of the service agreements of the Executive Group (in particular the term, any notice period and compensation commitment on early termination) and to ensure that any payments that may be made under such provisions are fair to the individual and the Company, do not reward failure and that the duty to mitigate loss is fully recognised.
- 2.10 To approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of an executive director or other member of the Executive Group and any other terms and conditions to apply on termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the board).
- 2.11 To agree the policy for authorising claims for expenses from the directors.
- 2.12 To administer all aspects of any executive share scheme operated by or to be established by the Company including but not limited to (subject always to the rules of that scheme and any applicable legal and stock exchange requirements):
- (a) the selection of those eligible executives of the Company and the group to whom options or awards should be granted;
  - (b) the timing of any grant;
  - (c) the numbers of shares over which options or awards are to be granted;
  - (d) the exercise price at which options or awards are to be granted; and
  - (e) the imposition of any objective condition which must be complied with before any option or award may be exercised.
- 2.13 To administer all aspects of any all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of Her Majesty's Revenue and Customs (or any other local tax requirements).
- 2.14 To have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes (in particular the principles and provisions of the UK Corporate Governance Code and guidelines published by the Investment Association and the National Association of Pension Funds) which the committee considers relevant or appropriate.

- 2.15 To have regard to any applicable requirements of the Financial Conduct Authority.
- 2.16 To ensure that provisions regarding disclosure of information relating to directors' remuneration including, where required by law, the directors' remuneration policy and its implementation, as set out in The Large and Medium-sized Companies and groups (Accounts and Reports) Regulations, the Companies Act 2006, the Financial Conduct Authority's Listing Rules, the UK Corporate Governance Code and all other relevant laws and regulations (each as amended from time to time) (the "**Rules**"), are fulfilled and to produce report(s) on the directors' remuneration including, where required, the directors' remuneration policy and its implementation, which will form part of the Company's annual report.
- 2.17 To ensure that the report(s) referred to in paragraph 2.16 above are put to the shareholders for approval as required by the Rules and all other relevant laws and regulations.
- 2.18 To consider and make recommendations to the Board concerning disclosure of details of remuneration packages and structures in addition to those required by law of by the UK Listing Authority or the London Stock Exchange.
- 2.19 Where required by law to do so, to ensure that any remuneration payment or payment for loss of office to any current or former chairman or executive director of the board is consistent with the most recent directors' remuneration policy that has been approved by shareholders or is otherwise approved by the shareholders as required by the Rules and all other relevant laws and regulations.
- 2.20 To consider, monitor and review the Company's executive remuneration policy (directors and senior management) as well as its policy on remuneration of the chairman and non-executive directors.
- 2.21 To be aware of and advise the board on any major changes in employee benefit structures throughout the Company or group.
- 2.22 To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee within the budgetary restraints imposed by the Board and considering any other connection that they may have with the Company or the Group.
- 2.23 To 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 any reports, surveys or information which it deems necessary within any budgetary restraints imposed by the board.
- 2.24 To review and design share incentive plans for approval by the board and shareholders. For any such plans, the committee shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Executive Group and the performance measures and performance targets to be used, including ensuring that any such awards to Executive Directors are consistent with the most recent directors' remuneration policy that has been approved by shareholders or are otherwise approved by the shareholders as required by the Rules and all other relevant laws and regulations.
- 2.25 To 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.
- 2.26 To work and liaise as necessary with all other board committees.
- 2.27 To consider any other matters as may be requested by the board.

- 2.28 In relation to the above, the committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company.
- 2.29 The duties of the Committee do not include decisions to employ or dismiss members of the Executive Group. The Committee does not have responsibility for nominations to the Board.

### **3. Composition**

- 3.1 The committee shall be made up of at least three members appointed by the board on the recommendation of the nomination committee and in consultation with the chairman of the committee from time to time. The committee shall consist of independent non-executive directors. Any member who is determined by the board no longer to be independent shall cease to be a member of the committee. The chairman of the board may be a member of, but not chair, the committee provided they were considered independent on appointment.
- 3.2 Members of the committee shall be appointed by the board, on the recommendation of the nomination committee in consultation with the chairman of the remuneration committee.
- 3.3 Only members of the committee have the right to attend committee meetings. However other individuals may be invited to attend all or part of any meeting. Any director of the Company who is not a member of the committee may, nevertheless, attend committee meetings unless the committee considers his or her attendance to be inappropriate in respect of any particular item(s) of business being discussed, in which case her or she should be excluded from such discussion(s).
- 3.4 Appointments to the committee shall be for a period of up to three years, which may be extended by up to two three-year periods, provided the director still meets the criteria for membership of the committee.
- 3.5 The board shall appoint one member of the committee to act as its chairman who shall be an independent non-executive director. The chairman of the committee shall not be the chairman of the board. 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.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business is two members.
- 4.2 A duly convened meeting of the committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **5. Meeting administration**

- 5.1 The committee shall meet at least twice a year and otherwise as determined by the committee chairman. The committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the committee chairman.
- 5.2 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or by the board.
- 5.3 Unless otherwise agreed by all committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of the 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 or such other reasonable time considered adequate by the committee chairman for the appropriate preparation for the business of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

- 5.4 Any conflicts of interest of members of the committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes. No member of the committee shall be involved in any discussion or decision as to their own remuneration.

## **6. Annual general meeting**

The Chairman of the Committee shall attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

## **7. Secretary**

- 7.1 The company secretary or such person as the company secretary nominates acts as the secretary of the committee.
- 7.2 The secretary must ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 7.3 The secretary must minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 7.4 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.5 Draft minutes of committee meetings must be sent promptly to all members of the committee. Once approved, minutes must be sent to all members of the board, unless a conflict of interest exists or the chairman of the committee thinks it is inappropriate to do so.

## **8. Self-evaluation**

The committee must review its own performance, composition and terms of reference at least once a year and recommend to the board any changes it considers necessary or desirable.

## **9. Reporting responsibilities**

- 9.1 After each committee meeting, the chairman must report formally to the board on the committee's proceedings and on how it has discharged its duties and responsibilities unless it would be inappropriate to do so.
- 9.2 The committee shall make such recommendations to the board as it deems appropriate on any area within its remit where action or improvement is necessary or desirable.
- 9.3 As referred to in paragraph 2.16 above, the committee shall produce an annual report relating to the Company's remuneration policy and practices which will form part of the Company's annual report and ensure such report(s) are put to shareholders for approval as required by relevant law or regulation.
- 9.4 To, in relation to the disclosure of information (including pensions) by the Company, ensure that the relevant regulatory and legislative provisions (including the UK Corporate Governance Code) are complied with.

- 9.5 The committee shall ensure that the Company maintains contact as required with its principal shareholder(s) about remuneration. The committee chairman shall attend the annual general meeting to respond to any shareholder questions on the committee's activities.

## **10. 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 on all committee matters;
- (b) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws, regulations, guidelines and recommendations regarding the remuneration of directors and the formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the guidelines published by the Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- (d) oversee any investigation of activities which are within its terms of reference.

## **11. Authority**

The board authorises the committee to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information from any group employee, contractor, consultant or other provider of services to the Company (including legal and tax advisers) to enable it to perform its duties;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend committee meetings;
- (d) call any group employee, contractor, consultant or other provider of services to be questioned at a committee meeting, as and when required;
- (e) publish in the Company's annual report details of any issues that have not been resolved between the committee and the board; and
- (f) delegate any of its powers to one or more of its members or the secretary.