

Kellan Group PLC

Remuneration Committee – Terms of Reference

Reference to “the Committee” shall mean the Remuneration Committee. Reference to “the Board” shall mean the main Board of Directors of Kellan Group Plc.

1. CONSTITUTION

The Committee has been established by resolution of the Board and is to be known as the Remuneration Committee

2. MEMBERSHIP

- 2.1. The members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members.
- 2.2. The Board shall appoint the Chairman of the Remuneration Committee and shall decide his or her period of office.
- 2.3. The Chairman shall nominate the secretary of the Committee.

3. FREQUENCY OF MEETINGS

Meetings shall be held not less than once a year. The Chairman of the Company may request a meeting if he/she reasonably considers that one is necessary.

4. AUTHORITY

- 4.1. The Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Remuneration Committee.
- 4.2. The Remuneration Committee is authorised by the Board at the expense of the Company to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the Chairman of the Company.

5. PURPOSE

The purpose of the Remuneration Committee is:

- 5.1. to ensure that the executive directors of the company and other senior executives of the group are fairly, but responsibly, rewarded for their individual contribution to the overall performance of the company;
- 5.2. to demonstrate to the shareholders of the company that the remuneration of the principal executive directors of the company and other senior executives of the group is set by the committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration Committee and who will have due regard to the interests of the shareholders; and
- 5.3. to make recommendations to the Board on the Company's framework of executives remuneration and its cost.

6. DUTIES

Subject to paragraph 5 above and to any policy for executive remuneration determined by the Board, and to section B of the Combined Code, the Remuneration Committee shall be responsible for all elements of the remuneration of the executive directors of the company and other senior executives of the group ("the executives"), including pension rights and compensation (ie damages) payments and the duties of the Remuneration Committee shall be:

- 6.1. to consider the basic salary paid to the executives and any recommendations made by the Chairman for changes to that basic salary;
- 6.2. to consider any bonuses to be paid to the executives and, in respect of any element of remuneration of an executive which is performance-related, to formulate suitable performance-related criteria and monitor their operation, and to consider any recommendations of the Chairman of the company regarding bonuses or performance-related remuneration;
- 6.3. having regard to Schedule A of the Combined Code, to advise on and determine all performance-related formulae relevant to the remuneration of the directors of the Company and to consider the eligibility of directors for annual bonuses and benefits under long term incentive schemes;
- 6.4. to administer all aspects of and to make recommendations to the Board regarding any share option 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 requirements):
 - 6.4.1. the selection of those eligible directors and employees of the company and its subsidiary companies to whom options should be granted,
 - 6.4.2. the timing of any grant,
 - 6.4.3. the numbers of shares over which options are to be granted,
 - 6.4.4. the exercise price at which options are to be granted; and
 - 6.4.5. the imposition of any objective condition which must be complied with before any option may be exercised;
- 6.5. to have regard in the performance of the duties set out in this clause, to any published guidelines or recommendations regarding the remuneration of directors and the formation and operation of share option schemes (in particular the guidelines published by the Association of British Insurers and National Association of Pension Funds) which the Remuneration Committee considers relevant or appropriate;
- 6.6. to consider and make recommendations to the directors of the Company concerning disclosure of the detail of remuneration packages and structures in addition to those required by law;
- 6.7. to consider other benefits to the executives and any recommendations of the Chairman for changes in those benefits;
- 6.8. to consider the pension arrangements applicable to the executives;
- 6.9. to consider and make recommendations in respect of any other terms of the service contracts of the executives and any proposed changes to these contracts;
- 6.10. to consider other matters relating to the remuneration of or terms of employment applicable to the executives and referred to the Remuneration Committee by the Board;
- 6.11. to assist the Board in drafting an annual report of the Company's remuneration policy which will form part of the Company's annual report and accounts;

- 6.12. to consider each year whether circumstances are such that the shareholders at the Annual General Meeting should be invited to approve the remuneration policy set out in the annual report and accounts;
- 6.13. to assist the Board in drafting the explanation of how it applies the Principles of Section B (Directors' Remuneration) of the Combined Code in the annual report remuneration report section; and
- 6.14. to scrutinise and authorise the reimbursement of any claim for expenses of the Chief Executive and the Chairman of the Company.

7. EXCLUSIONS

The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executives. The Remuneration Committee does not have responsibilities for nominations to the Board.

8. ANNUAL GENERAL MEETING

The Chairman of the Remuneration Committee shall be available at the Annual General Meeting to answer questions arising from the annual report remuneration report section and generally on remuneration principles and practices. He or she should also ensure that the company maintains good contact with shareholders about remuneration in the same way as for other matters.

9. REPORTING PROCEDURES

The Company Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board.