

**DATED: 30 MAY 2014**

**INTELLIGENT ENERGY HOLDINGS PLC**

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**REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

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## **Intelligent Energy Holdings PLC (the "Company")**

### **1. INTERPRETATION**

1.1 In these terms of reference:

"Company"	means Intelligent Energy Holdings plc
"Board"	means the board of directors of the Company
"Committee"	means the remuneration committee of the Board
"Executives"	means the Company's chief executive, the chairman of the Board, the executive directors of the Company and the company secretary of the Company.

### **2. MEMBERSHIP**

2.1 By a resolution dated 30 May 2014, the Board resolved, pursuant to the authority and power conferred upon the Board by Article 25.8 of the articles of association of the Company, to establish a committee of the Board to be known as the remuneration committee. The committee shall consist of at least three members.

2.2 Members of the Committee shall be appointed by the Board, in consultation with the chairman of the remuneration committee.

2.3 All members of the Committee shall be independent non-executive directors of the Company.

2.4 The chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman.

2.5 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, provided that the relevant Committee member still meets the criteria for membership of the Committee.

2.6 The Board shall appoint the chairman of the Committee who shall be an independent non-executive director of the Company. In the absence of the chairman, members of the Committee present at a duly convened meeting may elect one of their number to chair the meeting. The Board shall determine the period for which the chairman of the Committee holds office. The chairman of the Board shall not be chairman of the Committee.

2.7 The Board may from time to time remove members from the Committee.

2.8 The membership of the Committee shall be set out in the annual report of the Company.

2.9 The remuneration of the non-executive directors of the Company shall be a matter for the executive members of the Board and no member shall be involved in any decisions as to his own remuneration.

### **3. PROCEEDINGS OF THE COMMITTEE**

3.1 The Committee shall meet at least twice a year and at such other times as the chairman of the Committee shall require.

3.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any member of the Committee.

3.3 Unless otherwise agreed, at least five working days notice shall be given of each meeting of the Committee.

- 3.4 Unless agreed otherwise, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed together with any supporting documentation shall be forwarded to each member of the Committee all other non executive directors and any other person required to attend, no later than five working days before the date of the meeting.
- 3.5 The quorum necessary for the transaction of business by the Committee shall be two members of the Committee and 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.
- 3.6 Only members of the Committee have the right to attend meetings of the Committee. However, others (such as the chairman of the Board, the chief executive of the Company and the Group HR Director and external advisers may be invited to attend and speak at (but not vote at) all or part of meetings of the Committee as and when appropriate.
- 3.7 Meetings of the Committee may be held by conference telephone, video-conference or using similar communications equipment whereby all members participating in the meeting can hear each other.
- 3.8 Matters for decision by the Committee shall be decided by a majority decision of all the members.

#### 4. **MINUTES**

- 4.1 The secretary of the Committee shall minute the proceedings and resolutions of Committee meetings and record the names of those present and in attendance.
- 4.2 The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.
- 4.3 Following each meeting of the Committee, the secretary shall circulate, for comment, draft minutes to each member who was present at the meeting.
5. After approval and signing of the minutes by the chairman of the meeting, the secretary shall circulate copies of the minutes to all members of Committee and, in a redacted form removing references to executive performance and remuneration, to all members of the Board, unless in the opinion of the chairman of the Committee it would be inappropriate to do so.

#### 6. **SECRETARY**

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

#### 7. **ANNUAL GENERAL MEETING**

The chairman of the Committee should attend the AGM to answer any shareholder questions on the Committee's activities.

#### 8. **SPECIFIC DUTIES**

8.1 The Committee shall:

8.1.1 have responsibility for setting the remuneration policy for all executive directors and the Company's chairman, including pension rights and any compensation payments. Subject to clause 2.9 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;

8.1.2 recommend and monitor the level and structure of remuneration for senior management;

- 8.1.3 in determining such policy, 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 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. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals. 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 to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 8.1.4 when settling remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group especially when determining annual salary increases;
- 8.1.5 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.1.6 within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of the chairman, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 8.1.7 obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity. 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;
- 8.1.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- 8.1.9 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;
- 8.1.10 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 executive directors, company secretary and other designated senior executives and the performance targets to be used;
- 8.1.11 determine the policy for and scope of pension arrangements for each executive director and other designated senior executives;
- 8.1.12 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;
- 8.1.13 oversee any major changes in employee benefits structures throughout the Company or group;
- 8.1.14 agree the policy for authorising claims for expenses from the directors; and
- 8.1.15 work and liaise as necessary with all other Board committees.

## 9. **REPORTING RESPONSIBILITIES**

- 9.1 The chairman of the Committee 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 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 and the UK Corporate Governance 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. 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.
- 9.4 Through the chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## 10. **OTHER MATTERS**

- 10.1 The Committee shall:
- 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
  - 10.1.2 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;
  - 10.1.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable Rules, as appropriate;
  - 10.1.4 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, outside legal or other professional advice on any matters within its terms of reference.
- 11.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 11.3 The Committee is authorised to:
- 11.3.1 seek any information it requires (including from any employee of the Company);
  - 11.3.2 seek legal or other professional advice (including the advice of independent remuneration consultants);
  - 11.3.3 within any budgetary restraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information, which it deems necessary to help it fulfil its duties;
  - 11.3.4 to secure the attendance of external advisors at its meetings (if it considers it necessary); and

11.3.5 to obtain reliable, up-to-date information about remuneration in other companies;  
all at the Company's expense.