

ADES International Holding Ltd
(the “Company”)

Terms of Reference of the Remuneration Committee
(The “Committee”)

(approved at a meeting of the board of directors (the “Board”) held on 9 May 2017)

1. Introduction

- 1.1 The Board has determined that the Company should comply with the provisions of the UK Corporate Governance Code (the “Code”) for so long as it is admitted to trading on the London Stock Exchange and so far as appropriate for a company of its size and nature.
- 1.2 The Code provides that *“there should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration”* and *“the board should establish a remuneration committee”*.
- 1.3 These terms of reference have been produced to identify and formalise the roles and responsibilities of the Committee for compliance with the Code.
- 1.4 Should members of the Committee need or want to consult the Code, copies can be obtained from the company secretary.

2. Terms of Reference to be made Available

- 2.1 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 2.2 The requirement to make this information available would be met by making such information available on request and including the terms of reference and such explanation on the Company’s website.

3. Membership

- 3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Committee (the “**Committee Chairman**”). The Committee shall be made up of at least two independent non-executive directors (provided that the independent non-executive directors shall always comprise a majority of the Committee). 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 of the Board (unless otherwise determined by the Board).
- 3.2 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 all or part of any meeting as and when appropriate and necessary.
- 3.3 In deciding chairmanship and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
- 3.4 All appointments to the Committee shall be for a period of one year.
- 3.5 The Committee Chairman shall be appointed by the Board.

- 3.6 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as his alternate.

4. Secretary

The company secretary or their nominee shall act as the secretary of the Committee and shall attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to be give full and proper consideration to the issues.

5. Quorum

The quorum necessary for the transaction of business shall be two members. 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. A member of the Committee shall not be counted in the quorum where decisions are to be made or discussions are to take place concerning such member's remuneration. All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

6. Frequency of Meetings

The Committee shall meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters and, in any event, not less than once each financial year. Any member of the Committee may request a meeting if he/she considers that one is necessary or expedient.

7. Notice of Meetings

- 7.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairman.
- 7.2 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.

8. Committee Chairman

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. The Committee Chairman (or chairman of the relevant meeting) shall have a casting vote on all matters in the event of an equality of votes.

9. Minutes of Meetings

- 9.1 The company secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 The company secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 9.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so.

10. Annual General Meeting

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

11. Purpose

11.1 The purpose of the Committee is to:

- (a) recommend the level of remuneration of the executive directors of the Company, the Chairman of the Board, the company secretary and such other members of the executive management as it is designed to consider;
- (b) demonstrate to the shareholders of the Company that the remuneration of the principal executive directors of the Company and other senior members of the executive management of the Company and its subsidiaries is recommended by a committee of the Board whose members have no personal interest in the outcome of the decision of the Committee and who will have due regard to the interests of the shareholders; and

11.2 To the extent that an executive director shall sit upon the Committee or may be invited to join meetings of the Committee, as appropriate, he shall absent himself and take no part in the discussions concerning his own remuneration or other benefits or matters within the province of the Committee.

12. Duties

12.1 The members of the Committee have the following specific duties as regards their membership of the Committee. In carrying out these specific duties, the members of the Committee should keep in mind the Main and Supporting Principles at D.1 and D.2 of the Code and their detailed Provisions, including schedule A to the Code which contains provisions on the design of performance-related remuneration.

12.2 The Committee shall:

As regards determining and monitoring policy on and setting levels of remuneration

- (a) determine and agree with the Board the framework or broad policy for setting remuneration for the Chief Executive, the chairman, all executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors (including members of the Committee) shall be a matter for the chairman and the executive members of the Board (or where required by the Company's articles of association, the shareholders). No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining policy on executive remuneration, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that levels of remuneration are sufficient to promote the long-term success of the Company;
- (c) keep under review the appropriateness and relevance of the remuneration policy;

- (d) within the terms of the agreed policy, have delegated responsibility for setting the total individual remuneration package of all executive directors and the chairman including, where appropriate, pension rights and any bonuses, incentive payments, share options or other share awards;
- (e) recommend and monitor the level and structure of remuneration for senior management;
- (f) consult with the chairman and/or Chief Executive about the Committee's proposals relating to the individual remuneration packages of other executive directors;
- (g) oversee any major changes in employee benefit structures throughout the Company or group;
- (h) review and note annually remuneration trends and employment conditions across the Company or group;
- (i) obtain reliable, up-to-date information about remuneration in other companies with a view to determining where to position the Company relative to other companies;
- (j) in agreeing the policy for the level and make-up of remuneration and in determining total remuneration packages and arrangements of executive directors and other senior managers, give due regard to any relevant requirements, provisions and recommendations of the Code and associated guidance;
- (k) obtain information on the remuneration of any employee of a group company;

As regards contracts of employment

- (l) consider and (if appropriate) approve any contract of employment within the Company's group which has an initial term of two years or more taking into account any period of notice required to terminate such contract;
- (m) consider and (if appropriate) approve any contract of employment which requires more than 12 months' notice to determine unless it does not require approval pursuant to (l) above;
- (n) consider and (if appropriate) approve any new contract of employment within the group where the total remuneration and benefits payable to an employee in respect of salary, including guaranteed bonus would exceed \$150,000 (or its equivalent) per annum or the gross amount of compensation (ignoring mitigation or any other factors reducing the amount payable) on termination of any such contract would exceed \$150,000 (or its equivalent);

As regards early termination

- (o) determine the Company's policy in relation to compensation agreed to be paid to any executive director or other senior managers in connection with early termination of employment and, where appropriate, office as director;
- (p) 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;

As regards performance-related pay

- (q) consider and (if appropriate) 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. (Provisions on the design of

performance-related remuneration covering share option schemes, bonus schemes and long-term incentive schemes can be found at schedule A to the Code and should be consulted when the Committee comes to design or review such schemes);

- (r) ensure that the performance-related elements of the executive directors' remuneration are transparent, stretching, rigorously applied and designed to promote the long-term success of the Company;
- (s) include at the discretion of the Board a provision that would enable the Company to recover sums paid or withhold the payment of any sum, specifying the circumstances in which it would be appropriate to do so;
- (t) 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 and other senior management and the performance targets to be used;
- (u) ask the Board, when appropriate, and in its absolute discretion, to seek shareholder approval for all new long term incentive schemes (as defined in the Listing Rules) as well as any significant changes to existing schemes;
- (v) consider whether the directors should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- (w) consider whether directors should be eligible for benefits under long-term incentive schemes and weigh traditional share option schemes against other kinds of long-term incentive schemes;

As regards pension arrangements

- (x) determine the policy for and scope of pension arrangements for each executive director and other senior executives and consider the pension consequences and allocated costs to the Company of basic salary increases and other changes in remuneration especially for directors close to retirement;

As regards authorising claims for expenses from the Board

- (y) agree the policy for authorising claims for expenses from the Board;

As regards reporting and disclosure

- (z) produce an annual report on the Company's remuneration policy and procedures and practices, particularly with regard to the work of the Committee, which will form part of the Company's annual report and ensure each year at the discretion of the Board that it is put to shareholders for approval at the Annual General Meeting;
- (aa) produce a statement to be included in the annual report of the Company identifying the membership of the Committee and the frequency of, and attendance by members at, Committee meetings over the course of the year;
- (bb) produce a statement to be included in the annual report describing how annual performance evaluation of the board, its committees and individual directors has been conducted;

As regards remuneration of consultants

- (cc) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee, at the Company's expense;

- (dd) where remuneration consultants are appointed, make a statement available of whether they have any other connection with the Company.

In general

- (ee) consider other matters as referred to the Committee by the Board; and
- (ff) consider any area within its remit where action or improvement is needed.

13. Annual Review

The Committee shall, at least once a year, review its own performance, 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.¹

14. Reporting Responsibilities

- 14.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 14.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

15. Other Matters

- 15.1 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;
 - (b) be provided with appropriate timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
 - (c) give due consideration to laws and regulations, including the general duties of directors set out in the provision of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate.

16. Authority

- 16.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its duties. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Committee including requests to attend meetings of the Committee to seek any information it requires from any employee of the Company in order to perform its duties.
- 16.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other independent professional advice and 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 fulfil its duties.

¹ **Note:** this is best practice under the Code

- 16.3 Although the Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.