

(Smart DCC Limited (the “Company”))

REMUNERATION COMMITTEE TERMS OF REFERENCE

(Adopted 1 October 2014 and amended 30 March 2016)

DEFINITIONS

Reference to the “Committee” shall mean the Remuneration Committee.

Reference to the “Board” shall mean the Board of Directors of the Company.

1. Membership

- 1.1 The Committee shall comprise three non-executive directors, two of whom shall be Sufficiently Independent directors (a “SID”).
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Managing Director, Finance Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 The Board shall appoint the Committee chairman who shall be an non-executive director. 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 who would qualify under these terms of reference to be appointed to that position by the Board.

2. Secretary

- 2.1 The company secretary or his or her nominee shall act as the secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two, of which one shall be a SID.

4. Meetings

- 4.1 The Committee shall meet at least twice a year and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chairman.

5.2 Unless otherwise agreed, meetings of the Committee shall be held before or after Board meetings.

6. Minutes of meetings

6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee chairman it would be inappropriate to do so.

7. Duties

The Committee should carry out the duties detailed below for the company.

The Committee shall:

7.1 Have responsibility for reviewing and advising the parent company ("the parent") on setting the remuneration policy for all executive directors including pension rights and any compensation payments.

Note 1: Because the executive directors are seconded from the parent, the parent will have the final say in determining remuneration policy.

Note 2: The parent will determine the remuneration of the independent non-executive directors on advice from the parent non-executive directors. The non-executive directors who are employees of the parent do not receive additional remuneration for their roles on the Board.

Note 3: No director or senior manager shall be involved in any decisions as to their own remuneration.

7.2 Recommend and monitor the level and structure of remuneration for senior management.

Note: Because senior managers are seconded from the parent, the parent will propose the level and structure of remuneration for agreement by the Committee.

7.3 In determining its advice, 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 views of the parent 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.

- 7.4 Review the on-going appropriateness and relevance of the remuneration policy.
- 7.5 Within the terms of the agreed policy and in consultation with the chairman and managing director (where appropriate), determine the total individual remuneration package of each executive director and other designated senior executives including bonuses and incentive payments.
- 7.6 Recommend and agree the design of, and determine targets for, any performance-related pay schemes operated by the company with the parent and jointly approve the total annual payments made under such schemes with the designated senior executive of the parent.

Note: Because company staff are seconded from the parent, the parent will propose the level and structure of performance related pay schemes for discussion and agreement by the Committee.

8. Reporting responsibilities

The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 8.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.2 Through the chairman of the Board, ensure that the company maintains contact as required with its parent about remuneration