

FRP ADVISORY GROUP PLC

(THE "COMPANY")

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1 MEMBERSHIP

- 1.1 The board of directors of the Company (the "**Board**") has resolved to establish a committee of the Board to be known as the Remuneration Committee.
- 1.2 Members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chair of the Remuneration Committee. Membership of the Remuneration Committee shall consist of at least two members, at least two of whom shall, where possible, be independent non-executive directors.
- 1.3 Only members of the Remuneration Committee have the right to attend committee meetings. However, other individuals such as the chief executive, heads of departments and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. However, these persons shall not be involved in any decision or present at any discussions for the Remuneration Committee as to their own remuneration.
- 1.4 Appointments to the Remuneration Committee are made by the Board and shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided the director still meets the criteria for membership of the Remuneration Committee.
- 1.5 The Board shall appoint the Remuneration Committee chair who shall be an independent non-executive director. The chair of the Board may also be a member of but not chair the Remuneration Committee. In the absence of the Remuneration Committee chair 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

The Company secretary or his or her nominee shall act as the secretary of the Remuneration Committee and will ensure that the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3 QUORUM

The quorum necessary for the transaction of business shall be two members.

4 MEETINGS

- 4.1 The Remuneration Committee shall meet at least twice a year and otherwise as required.
- 4.2 Meetings may be held by video conference, telephone or by any other manner permitted by the Company's constitution.
- 4.3 Notwithstanding the quorum requirements for the Remuneration Committee, all members of the Remuneration Committee should endeavour to attend all meetings

of the Remuneration Committee at which matters of general remuneration policy or the contents of the Remuneration Committee's annual report to shareholders are discussed.

- 4.4 If a matter being considered by the Remuneration Committee is one where a member of the Remuneration Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.

5 **NOTICE OF MEETINGS**

- 5.1 Meetings of the Remuneration Committee shall be called by the secretary of the Remuneration Committee at the request of any of its members or at the request of the Remuneration Committee chair.

- 5.2 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 Remuneration 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 Remuneration Committee members and to other attendees, as appropriate, at the same time.

6 **MINUTES OF MEETINGS**

- 6.1 The secretary shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest.

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

7 **ANNUAL GENERAL MEETING**

The Remuneration Committee chair should attend the Company's annual general meeting to answer any shareholder questions on the Remuneration Committee's activities.

8 **DUTIES**

- 8.1 The Remuneration Committee should develop a formal and transparent procedure for developing policy on executive remuneration and determining remuneration and carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

- 8.2 The Remuneration Committee shall:

- (a) determine and agree on behalf of the Board, the Company's policy and framework for the remuneration of the chair, chief executive and the executive directors including pension rights and compensation payments, including any such remuneration, rights and/or payments as arise from any such persons' engagement as a member of FRP Advisory Services LLP. The remuneration of non-executive directors shall be a matter for the chair and the executive members of the Board, acting in accordance with the Company's articles of association. No director or member of senior management shall be involved in any decisions as to their own remuneration;

- (b) 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 QCA Corporate Governance Code (the "**QCA 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 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;
- (c) when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group especially when determining annual salary increases and align incentives and rewards with the group's culture;
- (d) review the on-going appropriateness and relevance of the remuneration policy;
- (e) consider and determine the other provisions of the service agreements of directors and (if required by the Board) other senior management (in particular, the term of their agreement, the length of any notice period, termination payments and compensation commitments);
- (f) approve the design of, and determine targets for, any performance-related remuneration schemes operated by the Company and approve the total annual payments made under such schemes, save to the extent such matters are expressly reserved to the Board;
- (g) 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 to executive directors and non-partner senior executives, 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;
- (h) determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- (i) 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;
- (j) within the terms of the agreed policy and in consultation with the chair of the Board and/or chief executive, as appropriate, determine the total individual remuneration package of the chair, each executive director, the Company secretary and other senior executives including bonuses, incentive payments and share options or other share awards, including any such remuneration, and/or awards as arise from any such persons' engagement as a member of FRP Advisory Services LLP;
- (k) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for the remuneration consultants who advise the committee;

- (l) obtain reliable, up-to-date information about remuneration in other companies of comparable size. To help fulfil its obligations, the Remuneration Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company to fulfil its obligations within any budgetary restraints imposed by the Board;
- (m) through the chair of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration;
- (n) oversee any major changes in employee benefits structures throughout the Company or group;
- (o) review, and make a recommendation to the Board with respect to, any share ownership guidelines applicable to senior executives and directors and review the shareholdings of the senior executives and directors based on such guidelines established from time to time;
- (p) review, and make a recommendation to the Board with respect to, any disclosure related to executive remuneration included in any public disclosure document, including any management information circular of the Company for any meeting of the shareholders of the Company and review and approve any report on executive remuneration required to be included in any public disclosure document, including any management information circular of the Company;
- (q) review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Remuneration Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (r) agree the policy for authorising claims for expenses from the directors in their capacity as such; and
- (s) consider such other matters as may be requested by the Board and work and liaise as necessary with all other Board committees.

9 **REPORTING RESPONSIBILITIES**

- 9.1 The Remuneration Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Remuneration 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 Remuneration 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 QCA Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report. If the Remuneration Committee has appointed remuneration consultants, the annual report should identify such consultants and the fees charged and state whether they have any other connection with the Company.

OTHER MATTERS

The Remuneration Committee shall:

- (a) have access to the necessary resources for development and updating the directors' knowledge and capabilities, including access to the Company secretary for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of companies whose shares are traded on AIM and also to the London Stock Exchange's AIM Rules for Companies, comments and recommendations of the QCA Code, the UK Corporate Governance Code and associated guidance which the Remuneration Committee considers relevant or appropriate; and
- (d) 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.

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AUTHORITY

- 11.1 A duly convened meeting of the Remuneration 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 Remuneration Committee.
- 11.2 The Remuneration 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.

The Remuneration Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Remuneration Committee.

Approved by the Board July 2020