

TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE
OF HYDROGEN GROUP PLC

1. PURPOSE

Responsibility for monitoring and control of remuneration costs for the Group as a whole rests with the full Board.

The purpose of the Remuneration Committee is:

- i. to determine, under delegated authority from the Board, the remuneration policy and individual remuneration packages for the Chairman, the Executive Directors of Hydrogen Group plc and other members of the Executive Board;
- ii. to supervise the establishment and operation of:
 - a. any discretionary annual bonus schemes for Executive Directors and other members of the Executive Board; and
 - b. any long term share-based incentive schemes in which Executive Directors and members of the Executive Board may participate;
- iii. to authorise remuneration packages which fall outside the usual scope or structure of remuneration packages at Executive Board level;
- iv. to report to shareholders as required on the application of the remuneration policy in any particular year.

2. MEMBERSHIP AND OPERATION OF THE COMMITTEE

- 2.1 The Committee shall be appointed by the Board.
- 2.2 Only Non-Executive Directors will be eligible for membership of the Committee.
- 2.3 The Committee will include a minimum of two independent non executive directors. A Non-Executive Director who is not a formal member of the Committee may ask to attend any meeting.
- 2.4 The quorum for Committee meetings shall be any two members present in person or meeting by conference call or electronic means.
- 2.5 The Senior Independent Director will act as Chairman of the Committee. In his absence, the members of the Committee present shall elect one of their number to act as Chairman of the meeting.
- 2.6 Executive Directors will not be entitled to attend meetings but may do so at the invitation of the Committee Chairman.
- 2.7 Other individuals, such as other members of the Executive Board, HR representatives and external advisers, may also attend for all or part of any meeting, by invitation.
- 2.8 The CEO and Finance Director will be invited to attend Remuneration Committee discussions concerning the Chairman's salary and benefits.
- 2.9 The Committee shall determine and agree with the board the framework or broad policy for the remuneration of the company's chairperson and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the board or the shareholders (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. The Committee shall recommend and monitor the level and structure of remuneration for senior management;
- 2.10 Membership of the Committee will be reviewed by the Board on an annual basis.
- 2.11 The Company Secretary shall act as secretary to the Committee

- 2.12 The Committee will meet not less than twice a year.
- 2.13 Meetings of the Committee shall be requested by the Committee Chairman. Unless otherwise agreed, notice of each meeting shall be given to all those required to attend, and relevant papers shall be circulated, no later than three working days before the date of the meeting.

3. RESPONSIBILITIES AND POWERS – GENERAL PRINCIPLES

- 3.1 The Board authorises the Remuneration Committee to investigate any matter within its terms of reference and seek any information it requires from any employee;
- 3.2 In carrying out its responsibilities, the Committee shall have due regard to the principles and recommendations of ~~the UK Corporate Governance Code~~, the QCA Corporate Governance Code for Small and Mid-Sized Quoted Companies and the AIM Rules, together with associated guidance and relevant investor guidelines on remuneration.
- 3.3 The Committee shall also take account of the Company's stated remuneration policy, the current and forecast financial performance of the Group, comparative levels of remuneration inside and outside Hydrogen and the rate of any general increase in salaries and changes in remuneration structure across the Group.
- 3.4 The Committee shall have access to sufficient resources in order to carry out its duties. In particular, 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, subject to any maximum set by the Board.

4. RESPONSIBILITIES AND POWERS – SPECIFIC DUTIES

The Committee shall:

- 4.1 determine, in respect of the Executive Board, all matters relating to:
- principal terms of employment, including notice periods and arrangements for any payments to be made on termination;
 - remuneration, including any bonuses to be awarded at the discretion of the Committee;
 - the setting of targets for any performance-related pay and long term incentive schemes and determination of the level of achievement of those targets;
 - pension benefits and other contractual benefits, where benefits for Executive Board members would differ from those available to other managers;
- 4.2 exercise all the powers of the Board in relation to:-
- any employee share arrangements;
 - amending or varying such arrangements in accordance with such provisions as the Committee may deem appropriate;
 - approving new share arrangements;
 - granting of share awards and options and any other long term incentive arrangements in operation in which members the Executive Board may or will participate.
- 4.3 in particular, approve the design of any performance related pay or share schemes operated by the Company for Executive Board members and ensure that the views of major shareholders are obtained and taken into account in the design and operation of long term incentive plans involving directors of the Company;
- 4.4 authorise any significant changes in the structure of remuneration packages at Executive Board level;

- 4.5 monitor and challenge increases in remuneration proposed for the Executive Board by reference to business performance;
- 4.6 authorise exceptional payments to individuals or individual remuneration packages at the level of “director” or above within the business which fall outside the usual pattern for that level of seniority;
- 4.7 as required, obtain information about remuneration in other companies of comparable scale and complexity. The Committee shall have authority to appoint remuneration consultants and to commission or purchase reports or surveys as it deems necessary to fulfil its purpose but shall be subject always to financial limits set by the full Board. The Committee may appoint a firm of remuneration consultants to advise it; PROVIDED that the seeking of internal information and any brief to consultants regarding the executive directors’ remuneration will be the subject of prior consultation between the Chairman of the Committee and the Chairman of the Company. Such information and work will be commissioned by the Committee as agreed after such consultation.
- 4.8 ensure that contractual terms on termination, and any payments made, are fair to the individual and to the Company so that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 4.9 ensure that statutory provisions regarding the disclosure of remuneration, are fulfilled and that the Company complies with regulations on the disclosure of remuneration applicable to AIM listed Companies; and
- 4.10 approve, execute or give effect to all documents (including service contracts), deeds, acts and things that the Remuneration Committee may consider necessary or desirable in connection with or in relation to any of the foregoing matters.
- 4.11 The Committee shall oversee any major changes in employee benefits structure throughout the group.
- 4.12 The Committee shall agree a policy for the authorisation of expenses claimed by all directors.
- 4.13 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

5. REPORTING PROCEDURES

- 5.1 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to such other attendees of the meetings as the Chairman of the Committee shall direct.
- 5.2 Taking account of potential conflicts of interest, the Secretary shall prepare for circulation to all members of the Board a summary of the business of each meeting of the Committee, containing sufficient information to give an understanding of the matters under discussion. The Chairman of the Committee will approve the content of each summary report and will provide any further verbal reports to the Board as may be required;
- 5.3 The Committee will approve the annual directors’ remuneration report and ensure that an appropriate shareholder vote is taken on remuneration at each Annual General Meeting;
- 5.4 The directors’ remuneration report will record the frequency of, and attendance by members at, Remuneration Committee meetings;

- 5.5 An appropriate member of the Remuneration Committee will be available to answer questions on directors' remuneration principles and practice at the Annual General Meeting of the Company if required;

6. REVIEW

- 6.1 The Committee will arrange for periodic reviews of its own performance to ensure its ongoing effectiveness and, at least annually, will review its Terms of Reference and recommend any changes it considers necessary to the Board for approval.

These Terms of Reference were reviewed by the Remuneration Committee and approved by the Board of Hydrogen Group plc on 2 December 2013 and were reviewed and updated on [5] February 2015.

These Terms of Reference were reviewed and updated on 14 September 2018.