

Alfa Financial Software Group Plc
Terms of Reference of the Remuneration Committee of the Board of Directors of
the Company (the “Committee”)

adopted by the board on 29 August 2017

1. Background

- 1.1 The board has resolved to establish a remuneration committee. These terms of reference replace any previous terms of reference for any remuneration committee.

2. The Committee’s Duties

2.1 The Committee shall:

- (a) determine and agree with the Board the framework or broad policy for the remuneration of the Company’s chairman, chief executive officer, chief financial officer, any other executive directors of the Company, the company secretary and any other senior employees of the Company as the board may determine from time to time (the “Executive Group”);
- (b) Submit for approval by the Board and shareholders a Directors’ Remuneration Policy (to be included in the Directors’ Remuneration Report as appropriate):
 - (A) every three years; or
 - (B) in any year in which there is change relative to the prior year; or
 - (C) if shareholder approval was not achieved when last submitted; or
 - (D) if majority shareholder approval was not achieved on the last submitted Annual Remuneration Report;
- (c) in determining a remuneration 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 the remuneration policy shall be to attract, retain and motivate members of the Executive Group of the quality required to run the Company successfully by ensuring that members of the Executive Group are provided with appropriate incentives to encourage performance and are, in a fair and reasonable manner and having regard to the views or likely views of shareholders and other stakeholders (including employees, suppliers, customers and the wider community) rewarded for their contribution to the long-term success of the company, without being paid more than necessary. 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. Performance-related elements of remuneration should be transparent, stretching and rigorously applied;
- (d) recommend and monitor the level and structure of remuneration for senior management;
- (e) review and have regard to the remuneration trends across the Company or group when determining the Directors’ Remuneration Policy;
- (f) review the ongoing appropriateness and relevance of the remuneration policy;

- (g) ensure that any payment approved to be made to the Company's chairman, executive directors, or any other person covered by the Directors' Remuneration Policy is in line with the last Directors' Remuneration Policy approved by shareholders and if not, that the payment, or a revised Directors' Remuneration Policy, is put to shareholders for approval;
- (h) within the terms of the agreed policy and in consultation with the Company's chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the Company's chairman and other designated senior executives including base salary, bonuses and performance related payments, incentive payments, immediate and deferred remuneration, any other discretionary payments, pension contributions, benefits in kind, and share-related awards;
- (i) approve appropriate remuneration packages for any new executive director or senior executive appointments, and termination packages, including contractual terms and pension benefit entitlements, ensuring where relevant that any packages and components thereof are permitted under the latest shareholder approved Directors' Remuneration Policy and if not that either a revised Directors' Remuneration Policy or the proposed payment are submitted for shareholder approval;
- (j) In respect of any element of remuneration of the Executive Group which is performance-related, formulate suitable performance-related criteria and monitor their operation and approve the total annual payments made under such schemes including the terms of any malus or claw-back arrangement;
- (k) For share-based remuneration of executive directors, consider requiring such directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the Company, subject to the need to finance any costs of acquisition and associated tax liabilities;
- (l) review the policy for and scope of any termination payments and the severance terms for executive directors and management ensuring that contractual terms on termination, and including, without limitation, 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;
- (m) agree the policy for authorising claims for expenses from the directors;
- (n) 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 (in accordance with the provisions of paragraph D.1.1 and Schedule A of the UK Corporate Governance Code);
- (o) review design of all share incentive plans for approval by the board and shareholders. For any such plans, the Committee shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Executive Group and the performance measures and performance targets to be used, including ensuring that any such awards to Executive Directors are consistent with the most recent directors' remuneration policy that has been approved by shareholders or are otherwise approved by the shareholders as required by the Rules and all other relevant laws and regulations; and
- (p) be aware of and advise the board on any major changes in employee benefit structures throughout the Company or group.

- 2.2 The Committee shall obtain reliable, up-to-date information about remuneration in other companies to help it fulfil its obligations. The Committee shall have full authority to appoint remuneration consultants and to commission any reports, surveys or information which it deems necessary within any budgetary restraints imposed by the board.
- 2.3 The Company's chairman and the executive directors should determine the remuneration of the non-executive directors within the limits set out in the articles of association of the Company. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 2.4 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

3. Composition

- 3.1 The Committee shall be made up of at least three members appointed by the board on the recommendation of the nomination committee and in consultation with the chairman of the Committee from time to time. The Committee shall consist of independent non-executive directors. Any member who is determined by the board no longer to be independent shall cease to be a member of the Committee. The chairman of the board may be a member of, but not chair, the Committee provided they were considered independent on appointment.
- 3.2 The board shall appoint one member of the Committee to act as its chairman who shall be an independent non-executive director. The absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend all or part of any meeting. Any director of the Company who is not a member of the Committee may, nevertheless, attend Committee meetings unless the Committee considers his or her attendance to be inappropriate in respect of any particular item(s) of business being discussed, in which case her or she should be excluded from such discussion(s).
- 3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended by up to three-year periods, provided the director still meets the criteria for membership of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business is two members.
- 4.2 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meeting administration

- 5.1 The Committee shall meet at least twice a year and otherwise as determined by the Committee chairman. The Committee may hold meetings by telephone or using any other method of

electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Committee chairman.

- 5.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or by the board.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of the 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 or such other reasonable time considered adequate by the Committee chairman for the appropriate preparation for the business of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Secretary

- 6.1 The company secretary or such person as the company secretary nominates shall 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. Minutes

- 7.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the board, unless in the opinion of the Committee chairman it would be inappropriate to do so.
- 7.3 Any conflicts of interest of members of the Committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes. No member of the Committee shall be involved in any discussion or decision as to their own remuneration.

8. Reporting responsibilities

- 8.1 The Committee chairman shall report formally to the board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities unless it would be inappropriate to do so.
- 8.2 The Committee shall make such recommendations to the board as it deems appropriate on any area within its remit where action or improvement is necessary or desirable.
- 8.3 The Committee shall submit for approval by the Board and shareholders an Annual Report on Remuneration to be included in the Directors' Remuneration Report, which should include the information on directors' remuneration required to be disclosed by the Companies Act 2006

(including regulations made thereunder), the UK Corporate Governance Code, the UK Listing Authority's Listing Rules and any other relevant statutory, regulatory or governance codes.

- 8.4 The Committee shall ensure that the Company maintains contact as required with its principal shareholder(s) about remuneration.
- 8.5 The Committee chairman shall attend the annual general meeting to respond to any shareholder questions on the Committee's activities.

9. Other matters

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 on all Committee matters;
- (b) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws, regulations, guidelines and recommendations regarding the remuneration of directors and the formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, the guidelines published by the Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate;
- (d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes as necessary to the Board for approval; and
- (e) oversee any investigation of activities which are within its terms of reference.

10. Authority

The board authorises the Committee to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information from any group employee, contractor, consultant or other provider of services to the Company (including legal and tax advisers) to enable it to perform its duties;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend Committee meetings;
- (d) call any group employee, contractor, consultant or other provider of services to be questioned at a Committee meeting, as and when required; and
- (e) publish in the Company's annual report details of any issues that have not been resolved between the Committee and the board.