

## **PROVEN VCT PLC (the “Company”)**

### **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE (the “Committee”)**

#### **Membership**

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 Remuneration Committee. The Committee shall be made up of at least 2 members, all of whom are independent non-executive Directors.
2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as external advisers may be invited to attend for all or part of any meeting as and when appropriate.
3. Appointments to the Committee shall be for a period of up to three years, which may be extended provided the Director remains independent.
4. The Board shall appoint the Committee Chairman who shall be an independent 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. The chair of the board can only be a member if they were independent on appointment and should not chair the committee.
5. Before appointment as chair of the remuneration committee, the board should satisfy itself that the appointee has relevant experience and understanding of the company.

#### **Secretary**

The Company Secretary or their nominee shall act as the Secretary of the Committee.

#### **Quorum**

The quorum necessary for the transaction of business shall be 2. 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.

#### **Meetings**

The Committee shall meet at such other times as the Chairman of the Committee shall require.

#### **Notice of Meetings**

1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
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 5 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.

#### **Minutes of Meetings**

1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

#### **Annual General Meeting and engagement with Shareholders**

1. The committee chair should attend the annual general meeting to answer any shareholder

questions on the committee's activities. In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

### **Duties**

The Committee shall:

1. determine and agree with the Board the framework or broad policy for the remuneration of the Company's non-executive Directors. No Director shall be involved in any decisions as to their own remuneration;
2. review the ongoing appropriateness and relevance of the remuneration policy, taking into account the following:
  - a) levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role;
  - b) remuneration for all non-executive directors should not include share options or other performance-related elements;
  - c) provision should be made for additional directors' fees where directors are involved in duties beyond those normally expected as part of the director's appointment. In such instances the board should provide details of the events, duties and responsibilities that gave rise to any additional directors' fees in the annual report;
  - d) ensure that all provisions regarding disclosure of remuneration, as set out in the Directors' Remuneration Report Regulations 2002 and the AIC Code of Governance are fulfilled; and
3. Determine the policy and set the remuneration for the chair of the board.
4. Regularly review the need to appoint external remuneration consultants and be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. Where a remuneration consultant is appointed, the Committee shall ensure the consultant is identified in the annual report alongside a statement about any other connection they have with the Company or individual Directors. The Committee shall exercise independent judgement when evaluating the advice of any external remuneration consultants or other third parties."

### **Reporting Responsibilities**

1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
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.
3. The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

### **Authority**

1. The Committee is authorised by the Board to seek any information it requires from any employee of the Investment Manager or the Administration Manager of the Company in order to perform its duties.
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 professional advice.