

MICROSAIC SYSTEMS PLC
REMUNERATION COMMITTEE
(the "Committee")

TERMS OF REFERENCE

*Adopted by a resolution of the board of directors of the Company (the "**Board**")
passed in accordance with the Company's articles of association on 28 September 2018.*

1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the Board, in consultation with the chairman of the Committee. The Committee shall be made up of at least three members, of which at least two shall be independent non-executive directors (to the extent practicable).
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, FD and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 1.4 The Board shall appoint a chairman of the Committee who shall be an independent non-executive director (the "**Committee Chairman**"). 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.

2. SECRETARY

The members of the Committee shall decide from time to time who shall act as the secretary of the Committee (the "**Committee Secretary**").

3. QUORUM

The quorum necessary for the transaction of business shall be two (unless paragraph 6.2 is applicable, in which event the quorum shall be one member). 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.

4. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year and at such other times as required.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be summoned by the Committee Secretary at the request of any of its members.
- 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 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. Any supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. VOTING AT MEETINGS

- 6.1 Each member of the Committee shall have one vote which may be cast on matters considered at meetings or by way of written correspondence.
- 6.2 If a matter considered by the Committee is one in which a member of the Committee has a personal interest, that member shall not be permitted to vote and will not count as part of the quorum for that meeting.
- 6.3 Save where he has personal interest, the Committee Chairman shall have the casting vote.

7. MINUTES OF MEETINGS

- 7.1 The Committee Secretary, or such person as the Committee Secretary shall direct, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The Committee Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 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.

8. DUTIES

The Committee shall:

- 8.1 consider and advise the Board on the framework or broad policy for the remuneration of the Company's CEO, the executive directors, and such other members of the executive management as it is designated to consider. The remuneration of the Company's non-executive directors shall be a matter for the executive members of the Board together with the Company's Chairman. No director or manager shall be involved in any decisions as to their own remuneration;
- 8.2 in considering such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, bearing in mind that a significant proportion of senior managers' remuneration should be structured so as to link rewards to corporate and individual performance.
- 8.3 consider and advise the Board on remuneration for all executive members of the Board and, to maintain and assure independence, the Company secretary; the Committee should also recommend and monitor the level and structure of remuneration for senior management;
- 8.4 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5 recommend 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;
- 8.6 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, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to

be used; subsequently operate the share incentive plans by fairly deciding how discretion under the plans are to be determined;

- 8.7 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.8 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;
- 8.9 within the terms of the agreed policy and in consultation with the chairman and/or managing director as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 8.10 to the extent the Company has established a Nomination Committee, co-ordinate closely with the Nomination Committee in relation to the remuneration to be offered to any new executive director;
- 8.11 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code (so far as practicable given the size, stage of development and resources of the Company), the AIM Rules for Companies and the QCA's Corporate Governance Guidelines for Smaller Quoted Companies or any other guidelines or recommendations which the Committee considers relevant and appropriate relating to corporate governance and executive remuneration;
- 8.12 review and note annually the remuneration trends across the Company or group;
- 8.13 oversee any major changes in employee benefits structures throughout the Company or group; and
- 8.14 agree the policy for authorising claims for expenses from directors;
- 8.15 ensure that all provisions regarding disclosure of remuneration, including pensions are fulfilled;
- 8.16 approve all service contracts and letters of appointment, as applicable, between the Company and the directors;
- 8.17 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
- 8.18 obtain reliable, up-to-date information about remuneration in other companies.

9. REPORTING RESPONSIBILITIES

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10. OTHER

The Committee shall make its terms of reference setting out its delegated responsibilities publicly available and shall, at least once a year, review its own performance, 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.

11. ANNUAL GENERAL MEETING

The Committee Chairman shall attend the annual general meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

12. AUTHORITY

- 12.1 The Committee is authorised by the Board to seek any information it requires from any employee or director of the Company in order to perform its duties.
- 12.2 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, including the advice of independent remuneration consultants. The Committee shall have full authority to commission (at the Company's expense) any reports or surveys which it deems necessary to help it fulfil its obligations.
- 12.3 The Committee is authorised by the Board to invite other directors and external advisers to attend all or part of any meeting of the Committee as and when appropriate.