



RUSPETRO PLC

(the “Company”)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(the “Committee”)

The UK Corporate Governance Code (the “Code”) states that “*there should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors*”. It also provides that “*the board should establish a remuneration committee*”.

These terms of reference have been produced to identify and formalise the roles and responsibilities of the Committee in order to comply with the requirements of the Code.

1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee (the “**Committee Chairman**”). The Committee shall comprise of at least three members, and of at least two independent Non-executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.3 Appointments to the Committee shall be for a period of up to three years, so long as those independent Non-executive members (other than the Chairman of the Board if he or she is a member of the Committee) continue to be independent.
- 1.4 The Committee Chairman shall be appointed by the Board. 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.
- 1.5 With the agreement of the Committee Chairman, members may appoint an alternate to attend Committee meetings and to act on their behalf. The alternate will be counted as a Committee member for the purposes of determining whether a quorum is present in accordance with 3 below.

2. SECRETARY

- 2.1 The Company Secretary or his or her nominee shall act as the secretary of the Committee 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.

3. QUORUM

- 3.1 The quorum necessary for the transaction of business shall be two members. 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. A member of the

Committee shall not be counted in the quorum where decisions are to be made or discussions are to take place concerning such member's remuneration.

4. FREQUENCY OF MEETINGS

- 4.1 The Committee shall meet at least twice a year and otherwise as. Any member of the Committee may request a meeting if he/she considers it necessary or expedient.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of the Committee Chairman.

- 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 and any other person required to attend no later than five 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.

6. MINUTES OF MEETINGS

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

- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all other members of the Board, unless it would be inappropriate to do so.

7. ANNUAL GENERAL MEETING

- 7.1 The Committee Chairman should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

8. DUTIES

The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the group as a whole, as appropriate

The Committee shall:

- 8.1 Have responsibility for setting the remuneration policy for all Executive Directors and the Company's Chairman, including pension rights and any compensation payments. The remuneration of Non-executive Directors shall be a matter for the Chairman of the Board and the Executive Directors (or where required by the Company's Articles of Association, the shareholders). No Director or senior manager shall be involved in any decisions as to their own remuneration.
- 8.2 Recommend and monitor the level and structure of remuneration for senior management.
- 8.3 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 Code and associated guidance. The objective of such policy shall be to ensure that levels of remuneration are sufficient to attract, retain and motivate executive management of the quality required to run the Company successfully, having regard to the views of shareholders and other stakeholders. 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.
- 8.4 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.
- 8.5 Keep under review the appropriateness and relevance of the remuneration policy.
- 8.6 Within the terms of the agreed policy and in consultation with the Chairman of the Board and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive Director, the Chairman of the Board and other designated senior executives including bonuses, incentive payments, share options or other share awards. In particular:

- (a) consider and (if appropriate) approve any contract of employment within the group which has an initial term of two years or more, taking into account any period of notice required to terminate such a contract;
 - (b) consider and (if appropriate) approve any contract of employment which requires more than 12 months' notice; and
 - (c) consider and (if appropriate) approve any new contract of employment within the group where the total basic salary and any guaranteed benefit payable to an employee would exceed USD \$200,000 (or its equivalent) per annum, or the gross amount of compensation (ignoring mitigation or any other factors reducing the amount payable) on termination of any such contract would exceed USD \$200,000 (or its equivalent).
- 8.7 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the 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 but within any budgetary restraints imposed by the Board.
- 8.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 8.9 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 in Schedule A of the Code).
- 8.10 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 designated senior executives and the performance targets to be used.
- 8.11 Determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives.
- 8.12 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.
- 8.13 Oversee any major changes in employee benefit structures throughout the Company or group.
- 8.14 Agree the policy for authorising claims for expenses from the Board.
- 8.15 Work and liaise as necessary with all other Board Committees.
- 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.
- 9.3 The 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 Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.4 Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

- 9.5 The Committee 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.

10. OTHER MATTERS

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes including, but not limited to, the general duties of directors set out in the Companies Act 2006, the provision of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.

11. AUTHORITY

- 11.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its duties. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Committee including requests to attend meetings of the Committee to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other independent professional advice and within any budgetary restraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

Approved by the Remuneration Committee: 2 April 2014
Approved by the Board: 3 April 2014