

**Summit Germany Limited**  
**(the Company)**

**Terms of Reference for the Remuneration and Nomination Committee**

In these Terms of Reference the following terms shall have the following meanings:

**Board** shall mean the Board of Directors of the Company;

**Committee** shall mean the Remuneration and Nomination Committee; and

**QCA Corporate Governance Code** shall mean the 'Corporate Governance Code for Smaller and Mid-Size Quoted Companies' published by the Quoted Companies Alliance in May 2013, as amended from time to time.

## **1 Introduction**

These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the QCA Corporate Governance Code and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the **Group**).

## **2 Membership and Attendance**

- 2.1 The Committee shall be appointed by the Board in consultation with the chairman of the Committee (other than in respect of the initial members of the Committee as set out in paragraph 2.2 below) from amongst the directors of the Company and shall be made up of at least two members and the chairman of the Board may be appointed by the Board as an *additional member of the Committee if he or she was considered independent on appointment as chairman*. The Committee shall have a majority of independent non-executive directors.
- 2.2 The initial members of the Committee shall be Harry Abraham Hyman, Quentin Spicer and Zohar Levy.
- 2.3 The Board shall appoint the Committee chairman who shall be an independent non-executive director. The first chairman of the Committee shall be Quentin Spicer. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of them who would qualify under these Terms of Reference to be appointed to that position by the Board to chair any meeting of the Committee.
- 2.4 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer of the Company, the Company's head of human resources and external advisers of the Company may be invited to attend for all or part of any meeting as and when appropriate and necessary.

- 2.5 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 2.6 No member of the Board (or of the Committee) shall attend meetings of the Committee where his or her own remuneration arrangements are determined.
- 2.7 Notwithstanding any provisions to contrary in the Company's articles of incorporation, if a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 2.8 Members of the Committee shall be appointed by the Board for a period of up to three years. Such appointment may then be extended for no more than two additional three-year periods provided the members continue to be independent.

### **3 Secretary**

- 3.1 The Company secretary or his/her nominee shall act as the secretary of the Committee (**Secretary**) and will ensure that the Committee receives information and papers in a timely manner to enable proper consideration to be given to issues.
- 3.2 The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.

### **4 Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two. 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.

### **5 Frequency of Meetings**

The Committee shall meet at least once a year and at such other times as the chairman of the Committee shall require. Meetings should be organised so that attendance is maximised. The Committee shall meet at least once close to the year end for the purposes of reviewing the directors' remuneration report prior to the Company's Annual General Meeting.

### **6 Notice of Meetings and Proceedings at Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of the chairman of the Committee.
- 6.2 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 of the Company, no

fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

- 6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.
- 6.4 The Committee shall meet only outside the United Kingdom and any decision reached or resolution passed by the members of a committee meeting held within the United Kingdom shall be invalid and of no effect.

## **7 Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised.
- 7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 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 in the opinion of the chairman of the Committee.

## **8 Annual General Meeting**

The chairman of the Committee shall attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities.

## **9 Duties**

- 9.1 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Committee must have regard (among other matters) to:
  - (a) the likely consequences of any decision in the long term;
  - (b) the interests of the Company's employees;
  - (c) the need to foster the Company's business relationships with suppliers, customers and others;
  - (d) the impact of the Company's operations on the community and the environment;

- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the members of the Company.

9.2 The Committee shall not decide upon the remuneration of the non-executive directors, which shall be decided upon by the Board in accordance with the limits set out in the constitutional documents of the Company.

9.3 The Committee shall, in relation to remuneration:

- (a) determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, the executive directors, the company secretary, and such other members of the senior management of the Group to whom the Board has extended the remit of the Committee. No director or manager shall be involved in any decisions as to his or her own remuneration;
- (b) in determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Group 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 Group;
- (c) when setting the remuneration policy for directors, review and have regard to the remuneration trends across the Group;
- (d) review the ongoing appropriateness and relevance of the remuneration policy;
- (e) within the terms of the agreed policy and in consultation with the chairman of the Board and/or the Chief Executive Officer as appropriate, determine the total individual remuneration package of the chairman, each executive director, the Company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- (f) 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 or purchase any reports, or surveys or information which it deems necessary, within any budgetary restraints posed by the Board;

- (g) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference that any remuneration consultants who advise the Committee;
- (h) approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;
- (i) 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, the Company secretary and other designated senior executives and their performance targets to be used;
- (j) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (k) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (l) oversee any major changes in employee benefits structures throughout the Group; and
- (m) agree the policy for authorising claims for expenses from the directors.
- (n) give guidance to the executive management in setting the levels of remuneration for the Group;
- (o) obtain shareholder approval before departing from the stated remuneration policy;
- (p) address any appropriate structural changes that need to be made to the remuneration policy in light of changes to the relevant taxation legislation i.e., pensions taxation;
- (q) ensure that performance related elements of remuneration form a proportion of the total remuneration package;
- (r) work with the Company's Audit Committee in evaluating performance criteria;
- (s) use a consistent approach to performance measurement and explain in the remuneration report how this is achieved;
- (t) ensure that variable and share-based remuneration is not payable unless the performance measurement governing is robust. The Committee shall also satisfy itself as

to the accuracy of recorded performance measures that govern vesting of such remuneration;

- (u) determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- (v) review and consider all executive and management compensation agreements to ensure that they are reasonable and in the best interests of the Group, taking into consideration the financial circumstances of the Group and to the extent required by stock exchange/market policies, ensure that the Board submits executive and management compensation arrangements for review and prior acceptance;
- (w) be aware of and oversee any major changes in employee benefit structures throughout the Group;

9.4 The Committee shall, in relation to nomination:

- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regards to any changes;
- (b) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (d) before appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
  - (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (e) for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant

commitments should be disclosed before the board appointment and any changes to the chairman's commitments should be reported to the Board as they arise;

- (f) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (g) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (i) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (j) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (k) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings; and
- (l) work and liaise as necessary with other Board committees

9.5 The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Managing Director;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of any other board committees as appropriate, in consultation with the Chairmen of those committees;
- (d) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

- (e) the re-election by shareholders of any director under the annual re-election provisions of the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board and the requirements in the QCA Corporate Governance Code;
- (f) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and
- (g) the appointment of any director to executive or other office.

## **10 Reporting Responsibilities**

- 10.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce an annual report of the Committee'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 Annual General Meeting.
- 10.4 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website. If the Company appoints remuneration consultants to advise it, the Committee shall make available a statement of whether or not such remuneration consultants have any other connection with the Company.

## **11 Other Matters**

- 11.1 The Committee shall arrange for periodic reviews of its own performance and shall, at least once a year, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required.
- 11.3 The Committee should 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.
- 11.4 The Committee shall give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code and the applicable requirements of the Disclosure and



---

Transparency Rules, London Stock Exchange's AIM Rules for Companies and any other applicable rules, as appropriate.

**12 Authority**

- 12.1 The Committee is authorised by the Board to examine any activity within its Terms of Reference and obtain, at the Company's expense, outside legal or professional advice on any matters within its terms of reference.

.....  .....

Dated 14 ..... February 2014

Signed by: QUENTIN SPICER