

# **The Scottish Oriental Smaller Companies Trust plc**

## **Remuneration Committee – Terms of Reference**

### **1. Membership**

The Committee shall be appointed by the board and shall consist of not less than three members, all of whom should be independent non-executive directors.

The board will also appoint the Committee Chairman and in the absence of the Chairman the remaining members present shall elect one of their numbers to chair the meeting.

The quorum shall be two members.

### **2. Attendance**

Other directors of the Company shall not normally attend the meetings, nor shall they have the automatic right to attend. The Chairman of the meeting, at his discretion, may call upon any other person to attend as and when appropriate.

Attendance at any Committee meeting may be by conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other.

### **3. Secretary**

A representative of the Company Secretary shall act as secretary to the Committee.

### **3. Frequency of meetings**

Meetings shall be held as required to enable the Committee to fulfil its obligations to the Company.

### **4. Authority**

The Committee is authorised to investigate any matter within its terms of reference and may obtain, at the Company's expense outside legal or other professional advice on any matters within its terms of reference.

### **5. Duties**

The Committee shall:

5.1 determine the specific remuneration packages for the Chairman and the other non-executive directors;

4.2 review the ongoing appropriateness and relevance of the remuneration policy;

4.3 be responsible for setting terms of reference and for appointing any remuneration consultants which may be appointed who advise the Committee;

4.4 ensure that no member is permitted to be involved in any discussion or vote relating to their remuneration package;

4.5 consider termination payments in excess of £25,000; and

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4.6 review and consider salaries and packages provided in competitor companies.

### **6. Reporting to the board**

Minutes of the Committee meetings shall be circulated to all members of the Committee and made available on request to all other members of the Board.

The Chairman of the Committee shall report formally to the Board on the Committee's conclusions after each meeting.

### **7. Reporting to the shareholders**

The Committee shall make a statement in the annual report detailing the Company's remuneration policy and practices.

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

### **8. Performance**

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating effectively and, if relevant, to recommend any changes necessary to the Board.