

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE
OF MUTUAL ENERGY LIMITED**

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ENERGY LIMITED**

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Introduction

1. In order to satisfy itself that the Company complies with good practice in corporate governance, the Board has established a Remuneration Committee. The Board should satisfy itself that at least one member of the Remuneration Committee has sufficient recent and relevant remuneration experience.

2. The main roles and responsibilities of the Remuneration Committee are:
 - To determine and agree with the board the remuneration policies of the Company and its subsidiaries (the "Group");
 - To monitor, review and make recommendations to the Board on the Executive structure of the Group;
 - To determine and agree with the board the framework or broad policy for the remuneration of the Chairman, the Executive Directors of the Group and of the Company Secretary;
 - 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 UK Corporate Governance Code and associated guidance. 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;
 - When setting remuneration policy for directors, review and have regard to remuneration trends across the company or group
 - To review and set the Group's remuneration of the Executive Directors and the Company Secretary annually including determining targets for performance related pay;
 - To determine the policy for, and scope of, pension arrangements for each executive director and other senior designated employees;
 - To benchmark the remuneration of the Executive Directors and the Company Secretary against remuneration of similar persons in similarly sized companies;
 - To make recommendations to the Board, for it to put to the AGM for their approval in general meeting, in relation to the remuneration of the Executive Directors; and

- To agree the policy for authorising claims for expenses from the directors.

Membership

3. The membership of the Remuneration Committee shall be as follows:
 - The members of the Remuneration Committee shall be at least 3 of the non executive members of the Board, including the Board Chairman, provided that he or she was considered independent on appointment as chairman.
 - A non-executive Board Member, other than the Board Chairman will chair the Remuneration Committee (the "Remuneration Committee Chairman").
4. The Board will appoint the members of the Remuneration Committee for a term of not more than 3 years which is renewable.
5. The quorum for any meeting of the Remuneration Committee shall be two members of the committee. A duly convened meeting of the committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
6. The company secretary or his or her nominee shall act as secretary of the committee.
7. The committee shall 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;

Proceedings of the Remuneration Committee

8. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.
9. The Remuneration Committee shall meet at least twice in each financial year in such place and at times as the Remuneration Committee Chairman may determine.
10. In the case of an equality of votes at a meeting of the Remuneration Committee, the Remuneration Committee Chairman shall be entitled to an additional or casting vote.
11. The business to be conducted at any meeting of the Remuneration Committee shall be fixed by the Remuneration Committee Chairman.
12. Meetings of the Remuneration Committee may be held in person, by a telephone conference of the members of the Remuneration Committee or otherwise in such manner and by such means as the Remuneration Committee Chairman shall determine.

13. 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 fewer than 4 working days prior to the date of the meeting.
14. The Secretary shall maintain a written record of the proceedings and decisions of the Remuneration Committee in respect of matters relating to the Company.
15. Draft minutes of committee meetings shall be circulated to all other members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.
16. The Remuneration Committee Chairman shall report the work of the Committee regularly to the Board.
17. The Committee should, on a regular basis, but no less than annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.
18. The Remuneration Committee Chairman shall (if required by the Board) attend the annual general meeting of the Company and any meeting of the membership of the Company to answer questions on the Remuneration Policy.
19. The Remuneration Committee may direct the Secretary to employ the services of such external legal or other professional advisors, or otherwise commission such reports or surveys, as is deemed necessary to fulfil the responsibilities of the Remuneration Committee. This shall be funded from within an annual budget approved by the Board for the general administration of the affairs of the Remuneration Committee in relation to the Company and its subsidiaries. The committee is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
20. The reasonable expenses of the members of the Remuneration Committee in connection with discharging their role shall be reimbursed by the Company.