



VELTI PLC
(the "Company")

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. **INTRODUCTION**

1.1 On 14 September 2009, the Board resolved, in accordance with the articles of association of the Company, to establish a remuneration committee of the Board. These revised terms of reference were adopted by the Board on 23 March 2010.

1.2 The purpose of this document is to set out:

- (a) the duties and responsibilities of the Committee; and
- (b) the constitution of the Committee and the regulations governing proceedings of the Committee.

1.3 In this document, references to:

- (a) the **"Board"** are to the board of directors of the Company from time to time; and
- (b) the **"Committee"** are to the remuneration committee of the Board established pursuant to the resolution referred to in paragraph 1.1.

2. **MEMBERSHIP**

2.1 The members of the Committee shall be appointed by the Board. All members of the Committee shall at all times be independent non-executive directors of the Company and shall at all times be independent non-executive directors of the Company as defined under NASDAQ Marketplace Rule 5605(a)(2), and (ii) otherwise be free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as Committee members.

2.2 The Committee shall consist of at least three members. The initial members are:

(a) David Mann (Chairman of the Committee);

(b) David Hobley; and

(c) Nicholas Negroponete.

3. **CHAIRMAN**

3.1 The Board shall appoint the chairman of the Committee who shall be an independent non-executive director.

3.2 In the absence of the chairman of the Committee at any meeting of the Committee, the members of the Committee present shall elect one of their number to chair the meeting.

4. **SECRETARY**

The Company shall, at the request of the Committee, provide the services of a secretary to the Committee.

5. **MEETINGS**

5.1 Meetings of the Committee shall be held at such times as the chairman of the Committee shall require but not less than twice a year.

5.2 Only members of the Committee are entitled as of right to attend meetings of the Committee but others may be invited by the Committee to attend all or part of any meeting as and when the Committee considers appropriate.

6. **NOTICE**

6.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member 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 proposed attendee and all other non-executive directors, not later than five working days before the date of the

meeting. Supporting papers shall be sent to members of the Committee and (as appropriate) any other proposed attendee at the same time.

7. **QUORUM**

The quorum necessary for the transaction of business at meetings of the Committee 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.

8. **VOTING**

8.1 Matters arising at any meeting of the Committee shall be decided by a majority of votes.

8.2 Each member of the Committee present at a meeting of the Committee shall have one vote on matters arising at the meeting. The chairman of the Committee shall not have a casting vote on any matter in respect of which there is an equality of votes.

8.3 A member of the Committee shall not vote in respect of any matter being considered by the Committee in which he has, directly or indirectly, a personal interest and shall not be counted in the quorum at a meeting in relation to any matter on which he is debarred from voting.

9. **DUTIES AND RESPONSIBILITIES**

The Committee shall:

(a) determine and agree with the Board the remuneration of the Company's chief executive, chairman, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;

(b) in determining 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;

- (c) review the ongoing appropriateness and relevance of the remuneration policy;
- (d) 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;
- (e) 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;
- (f) determine the policy for, and scope of, pension arrangements for each executive director, the chief executive officer and other senior executives;
- (g) 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;
- (h) within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of each executive director, the chief executive officer and other senior executives including bonuses, incentive payments and share options or other share awards;
- (i) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code, the NAPF Corporate Governance Policy and Voting Guidelines for AIM Companies, the QCA Corporate Governance Guidelines for AIM Companies and the London Stock Exchange's AIM Rules for Companies and associated guidance, as well as the general pay environment within the Company and the environment within which the Company and its operating companies operate;
- (j) review and note annually the remuneration trends across the Company or group;

- (k) oversee any major changes in employee benefits structures throughout the Company or group;
- (l) agree the policy for authorising claims for expenses from the chief executive and chairman;
- (m) ensure that all relevant requirements regarding disclosure of remuneration including pensions, are fulfilled;
- (n) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (o) obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- (p) monitor prohibitions on personal loans to directors and executive officers.

10. **MINUTES OF MEETINGS**

- 10.1 The secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 10.2 Minutes of meetings of the Committee shall be circulated promptly to all members of the Committee and, when finalised and agreed, to all other members of the Board, unless a conflict of interest exists.

11. **REPORTING RESPONSIBILITIES**

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

11.3 The Committee shall assist the Board in producing an annual report of the Company's remuneration policy and practices.

11.4 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.

12. **AUTHORITY**

The Committee is authorised by the Board:

- (a) to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference; and
- (b) to seek any information it requires from any director or employee of the Company in order to perform its duties.

13. **GENERAL**

13.1 The chairman of the Committee shall attend each Annual General Meeting of the Company prepared to respond to any shareholder questions concerning the Committee's activities.

13.2 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 for approval.