

Endace Remuneration Committee Terms of Reference

1 Membership

Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairperson of the Remuneration Committee. The Committee shall be made up of at least 2 members, all of whom are independent non-executive directors.

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 for all or part of any meeting as and when appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.

The Board shall appoint the Committee Chairperson who shall be an independent non-executive director. In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairperson of the Board shall not be Chairperson of the Committee.

2 Secretary

Endace Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be 2. 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.

4 Meetings

The Committee shall meet at least twice a year and at such other times as the Chairperson of the Committee shall require.

5 Notice of Meetings

Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

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, no later than 5 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

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

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

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

8 Duties

The Committee shall:

- (a) determine and agree with the Board the framework or broad policy for the remuneration of Endace's Chief Executive, Chairperson, 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 Chairperson 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 attract, retain and motivate directors of the quality required to run the company successfully, but without paying more than is necessary. Compensation commitments in the event of early termination should be structured to avoid rewarding poor performance.
- (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 Endace 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 and other senior executives;
- (g) ensure that contractual terms on termination, and any payments made, are fair to the individual, and Endace, 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 Chairperson and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director 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 UK Combined Code, the applicable Listing Rules and associated guidance;

- (j) review and note annually the remuneration trends across Endace or group;
- (k) oversee any major changes in employee benefits structures throughout Endace or group;
- (l) ensure that all laws and regulations, the provisions of the UK Combined Code and the requirements of applicable Listing Rules regarding disclosure of remuneration including pensions are fulfilled; and
- (m) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to 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.

9 Design of performance-related remuneration

When designing performance-related remuneration, the Remuneration Committee shall have regard to Schedule A of the UK Combined Code.

10 Reporting Responsibilities

The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall produce an annual report of Endace's remuneration policy and practices which will form part of Endace's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

11 Other

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.

12 Authority

The Committee is authorised by the Board to seek any information it requires from any employee of Endace in order to perform its duties.

In connection with its duties the Committee is authorised by the Board to obtain, at Endace's expense, any outside legal or other professional advice.