

**MATRIX INCOME & GROWTH 2 VCT PLC**  
**("the Company")**

**Terms of Reference**

**Remuneration Committee**

(As approved by the Board on 21 June 2004)

**1. Constitution**

The Board of Directors of the Company ("the Board") hereby confirms the establishment of a committee of the Board to be known as the Remuneration Committee ("the Committee").

**2. Membership**

2.1 The Committee shall be appointed by the Board and the Committee shall comprise of two non-executive directors who are both independent from the Investment Committee.

2.2 The Committee shall have the power to co-opt such other non-executive directors of the Board as it may from time to time determine.

2.3 The secretary of the Committee shall be the Company Secretary.

**3. Quorum**

Any two members of the Committee shall form a quorum.

**4. Frequency of Meetings**

Meetings shall be held at least once a year.

**5. Authority**

5.1 The Committee is hereby authorised by the Board to fulfil its duties as set out in clause 6.

5.2 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek such information from such persons as it deems necessary to fulfil its duties.

5.3 The Committee may delegate responsibility for implementing the Committee's decisions to one or more of its members or to the secretary of the Committee.

5.4 The Committee is authorised by the Board to obtain outside legal or any other independent professional advice as it considers necessary and to procure the attendance of outsiders at meetings as it deems necessary.

6. **Duties**

- 6.1 The duties of the Committee to the Board shall be to make recommendations to the Board concerning:
- 6.2 The Committee shall make the terms of reference available for inspection at the request of any individual.
- 6.3 The Committee shall recommend to the Board the remuneration packages for all non-executive directors and the Chairman. This shall include the setting of all entitlements and compensation packages.
- 6.4 The Committee shall monitor the level and structure of remuneration for the non-executive directors.
- 6.5 The remuneration for non-executive directors should reflect the time and commitment given to the role. It should not include share options unless shareholder approval is first given.
- 6.6 If the Committee appoints a remuneration consultant the Committee should issue a statement detailing the remuneration consultant's connection to the Company.
- 6.7 The Committee shall consider compensation commitments, which will include all elements of the compensation, that the non-executive director would be entitled to should their appointment terminate early. The Committee should not reward poor performance and non-executive directors may be obliged to mitigate their losses.
- 6.8 Shareholders should be invited specifically to approve all new long-term incentive schemes.
- 6.9 The Committee shall consider whether additional payments should be made to directors in respect of material time spent in addition to their normal duties as a director of the Company.

**Availability of terms of reference and reporting to members**

- 7.1 The Committee shall make the terms of reference available for inspection at the request of an individual.
- 7.2 The Committee shall be responsible for drafting the Directors' Remuneration Report for approval by the Board.