

SOMERO ENTERPRISES, INC.

REMUNERATION COMMITTEE - TERMS OF REFERENCE

1. CONSTITUTION

The remuneration committee (the "**Committee**") was constituted at a full meeting of the board of directors of the Company ("**Board**") held on 21 December 2016 under these terms of reference in accordance with the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (the "Organizational Documents").

2. MEMBERSHIP

2.1 The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chairperson of this Committee. The Committee shall have at least three members, all of whom shall be independent non-executive directors. All of the members of the Committee should be independent non-executive directors. 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 their number to chair the meeting.

2.2 Except as otherwise determined by the Board, appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional three-year periods provided the relevant member continues to be independent.

2.3 A quorum shall be any two members of the Committee.

3. DUTIES AND TERMS OF REFERENCE

3.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairperson and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the Board or, if relevant, the shareholders. No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.

3.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the Company without paying more than necessary. The remuneration policy shall bear in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. A significant proportion of remuneration

should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company.

- 3.3 When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the Company or group, especially when determining salary increases.
- 3.4 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 3.5 The Committee shall 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.
- 3.6 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 3.7 The Committee shall 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, Company Secretary and other senior executives and the performance targets to be used.
- 3.8 Within the terms of the agreed policy and in consultation with the chairperson and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the chairperson, each executive director, the Company Secretary and other senior executives including bonuses, incentive payments and share options or other share awards.
- 3.9 The Committee shall:
 - (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;
 - (b) oversee any major changes in employee benefits structures throughout the Company or group; and
 - (c) agree the policy for authorising claims for expenses from the directors.
- 3.10 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

3.11 The Committee shall have authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board.

3.12 The Committee shall consider such other matters as may be requested by the Board and work and liaise as necessary with all other Board committees in particular the Nomination Committee.

4. VOTING ARRANGEMENTS

4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

4.3 Save where he has a personal interest, the chairperson will have a casting vote.

5. ATTENDANCE AT MEETINGS

5.1 The Committee will meet at least once a year. The Committee may meet at other times during the year as required by the chairperson of the Committee.

5.2 Only members of the Committee have the right to attend Committee meetings but other directors, officers and senior management (for example, the head of HR) as well as external advisers may be invited to attend all or part of any meeting as and when appropriate.

5.3 The Company Secretary or his or her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

6. NOTICE OF MEETINGS

6.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of the chairperson.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

7. COMMITTEE AUTHORITY

- 7.1 The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain or (at the Company's expense) outside legal or other professional advice on any matter in relation thereto.
- 7.2 The Committee is authorised to seek and request disclosure of any information it requires from any director, officer or employee of the Company and such persons shall be directed to co-operate with any request made by the Committee.

8. REPORTING

- 8.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the Company Secretary.
- 8.2 Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless, in the opinion of the chairperson, it would be inappropriate to do so. The Committee chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9. GENERAL MATTERS

- 9.1 The chairperson of the Committee (or other Committee member or Board member nominated by the chairperson) should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 9.2 The Committee shall undertake periodic review of its own performance and recommend any changes it considers necessary to the Board for approval.
- 9.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members
- 9.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.
- 9.5 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.6 The Committee shall produce a report of the Company's remuneration policy and practices to be included, to the extent required by AIM Rules or by legislation: (a) within the Company's Annual Report and Accounts; and (b) for approval at an Annual General Meeting of the Company. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company
- 9.7 Through the chairperson of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration

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