

13 October 2017

TI FLUID SYSTEMS PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

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1. DEFINITIONS AND INTERPRETATION

1.1 In these terms of reference, unless the context otherwise requires:

“**AGM**” means the annual general meeting of the shareholders of the Company;

“**Board**” means the board of directors of the Company;

“**Chairman**” means the chairman of the Board;

“**Chief Executive Officer**” means the chief executive officer of the Company from time to time;

“**Chief Financial Officer**” means the chief financial officer of the Company from time to time;

“**Committee**” means the remuneration committee of the Company;

“**Committee Chairman**” means the chairman of the Committee;

“**Company**” means TI Fluid Systems plc;

“**Group**” means the Company and its subsidiaries;

“**Nomination Committee**” means the nomination committee of the Company;

“**Secretary**” means the secretary of the Committee; and

“**Senior Management**” includes those employees of the Company and the Company’s subsidiaries that report to the Chief Executive Officer, including the Executive Vice Presidents, the Chief Financial Officer, the Chief Commercial Officer, the Chief Technology Officer and the Chief Human Resources Officer.

2. CONSTITUTION

The Committee was established by a resolution passed by the Board on 13 October 2017 and is to be known as the Remuneration Committee.

3. MEMBERSHIP

3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Committee Chairman. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.

3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Company’s head of human resources and external professional advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.

3.3 All appointments to the Committee shall be made by the Board and shall be for a period of up to three years, which may be extended for a further period of up to three years, provided the members still meets the criteria for membership of the Committee.

3.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman shall not be the Committee Chairman.

3.5 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other non-executive director of the Company to act as his or her alternate.

4. SECRETARY

The Chief Legal Officer or his or her nominee shall act as the Secretary 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.

5. QUORUM

The quorum necessary for the transaction of business by the Committee shall be two. 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.

6. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year and at such other times as required. Decisions may be taken by the Committee without a meeting if all of the members of the Committee provide their approval in writing.

7. NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chairman. Any two members or the Committee Chairman may call a meeting of the Committee upon due notice to each other member at least 48 hours prior to the meeting.

7.2 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 by the Secretary to each member of the Committee, any other person required to attend and all other non-executive directors no later than five 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.

8. MINUTES OF MEETINGS

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

8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once agreed, minutes should be circulated to all other members of the Board, unless a conflict of interest exists or in the opinion of the Committee Chairman it would be inappropriate to do so.

8.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

9. ANNUAL GENERAL MEETING

The Committee Chairman shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES

10.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

10.2 The Committee shall:

- (a) determine and agree with the Board the framework or broad policy for the remuneration (including pension rights and any compensation payments) of the Chief Executive Officer, the Chairman, any executive directors, and the Senior Management. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board or, where required by the Company's articles of association, the shareholders. No director or senior manager shall be involved in any decisions as to their own remuneration;
- (b) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the Senior Management, evaluate the performance of such executive officers in light of those goals and objectives;
- (c) 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 attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment 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 designed to promote the long-term success of the Company;
- (d) recommend and monitor the level and structure of remuneration for the Chief Executive Officer and the Senior Management;
- (e) review the on-going appropriateness and relevance of the remuneration policy;
- (f) 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 (in accordance with the provisions in Schedule A of the UK Corporate Governance Code);
- (g) review the design of all equity 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 and the performance targets to be used;
- (h) determine the policy for, and scope of, pension arrangements for each executive director, the Chief Executive Officer and the Senior Management;

- (i) 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;
- (j) within the terms of the agreed policy and in consultation with the Chairman and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Chairman, each executive director, the Chief Executive Officer and the Senior Management, including bonuses, incentive payments and share options or other share awards;
- (k) in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the UK Financial Conduct Authority's Listing Rules and associated guidance;
- (l) when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company or the Group especially when determining salary increases;
- (m) oversee any major changes in employee benefits structures throughout the Company or the Group;
- (n) agree the policy for authorising claims for expenses from the directors;
- (o) be exclusively responsible for establishing the selection criteria, and for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (p) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board; and
- (q) work and liaise as necessary with all other Board committees.

11. REPORTING RESPONSIBILITIES

- 11.1 The Committee Chairman shall report formally to the Board on the Committee's proceedings after 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 ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. 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.

11.4 Through the Chairman, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

11.5 The Committee shall have the authority to delegate to any subcommittees of the Committee any responsibilities of the full Committee and to officers of the Company such responsibilities of the full Committee, in each case to the extent permitted by applicable laws, rules or regulations.

12. OTHER MATTERS

12.1 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) 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;
- (c) annually review or participate in a review of its own performance, the results of which shall be presented to the Board and, at least annually, review its constitution and terms of reference periodically to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- (d) 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 including but not limited to the provisions of the UK Corporate Governance Code and the requirements of the UK Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.

13. AUTHORITY

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, including to approve such persons' fees (which will be paid by the Company) and retention terms, to oversee such persons' work and to terminate any such persons, provided that prior to any such appointment, retention and obtaining advice, the Committee must consider all factors relevant to the independence from management of such compensation consultants, legal counsel and other advisors, other than in-house legal counsel, including under any applicable laws, rules and regulations.