

IG DESIGN GROUP PLC (THE "COMPANY")

REMUNERATION COMMITTEE - TERMS OF REFERENCE

1. BACKGROUND

- 1.1 The Board of Directors of the Company (the "Board") has established a Remuneration Committee (the "Committee"). These terms of reference replace any previous terms of reference for any remuneration committee of the Board.

2. DUTIES OF THE COMMITTEE

- 2.1 The duties of the Committee shall be:

- (i) To determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, Chief Executive Officer, the Chief Financial Officer, the other Executive Directors of the Company, the Company Secretary and any other members of the executive management as the Board may determine from time to time (the "Executive Group" who report directly to the Chief Executive) (the remuneration of Non-Executive Directors being a matter for the Chairman of the Board and the executive members of the Board). No Director or manager shall be involved in any decision relating to their own remuneration;
- (ii) Introduction of share incentive plans or major changes to existing plans, to be put to the Board and, if necessary, shareholders for approval.
- (iii) Determination of the remuneration of the Chairman and Executive Directors of the Company (and any senior management whose base salary requires Committee approval under the Group Delegation of Authority Policy) on the recommendation of the Executive Directors, subject to the articles of association of the Company and, if necessary, the approval of the shareholders.
- (iv) To take into account all factors deemed necessary, including relevant legal and regulatory requirements and the provisions and recommendations of the QCA Corporate Governance Code and associated guidance when determining the remuneration policy, the objective of which shall be to ensure that members of the Executive Group 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;
- (v) When setting remuneration policy for Directors, to review and have regard to the remuneration trends across the Company and its subsidiaries (collectively, the "Group") and the requirements of the articles of association of the Company;
- (vi) To review the ongoing appropriateness and relevance of the remuneration policy;

- (vii) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, to consider and determine all elements of the remuneration of the Executive Group, namely:
 - (a) Base salary (the Committee shall also consider the pension consequences of basic salary increases);
 - (b) Bonuses and performance-related payments (including profit-sharing schemes);
 - (c) Discretionary payments;
 - (d) Pension contributions;
 - (e) Benefits in kind; and
 - (f) Share options and their equivalents;
- (viii) In respect of any element of remuneration of the Executive Group which is performance-related, to formulate suitable performance-related criteria and agree the overall bonus scheme for all senior and professional staff and monitor their operation;
- (ix) To consider and determine other provisions of the service agreements of the Executive Group (in particular the term, any notice period and compensation commitment on early termination) and to 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;
- (x) To approve any payment to, and/or any non-cash benefit to be provided to, or for the benefit of an Executive Director or other member of the Executive Group and any other terms and conditions to apply on termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the Board);
- (xi) To agree the policy for authorising claims for expenses from the Directors;
- (xii) To review and administer all aspects of any executive share scheme operated by or to be established by the Company including but not limited to (subject always to the rules of that scheme and any applicable legal and stock exchange requirements):
 - (a) The selection of those eligible executives of the Company and its subsidiary companies to whom options or awards should be granted;
 - (b) The timing of any grant;
 - (c) The numbers of shares over which options or awards are to be granted;

- (d) The exercise price at which options or awards are to be granted; and
 - (e) The imposition of any objective condition which must be complied with before any option or award may be exercised;
- (xiii) To have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration of Directors of listed/non-listed companies and formation and operation of share schemes (in particular the principles and provisions of the QCA Corporate Governance Code) which the Committee considers relevant or appropriate;
 - (xiv) To ensure that provisions regarding disclosure of information, including pensions, as required under all applicable laws and regulations relating to the Company, as well as any associated guidance, are appropriately fulfilled and to produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report;
 - (xv) To consider and make recommendations to the Board concerning disclosure of details of remuneration packages and structures in addition to those required by law or by the AIM Rules for Companies;
 - (xvi) To oversee any major changes in employee benefit structures throughout the Group;
 - (xvii) To obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
 - (xviii) To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary restraints imposed by the Board and considering any other connection that they may have with the Group. 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;
 - (xix) To determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives; and
 - (xx) To consider any other matters as may be requested by the Board and work and liaise as necessary with all other Board committees.
- 2.2 In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company.
- 2.3 The duties of the Committee do not include decisions to employ or dismiss members of the Executive Group. The Committee does not have responsibility for nominations to the Board.
- 3. COMPOSITION**
- 3.1 The Committee shall be made up of at least three members appointed by the

Board on the recommendation of the Nomination Committee and in consultation with the Chairman of the Committee from time to time. The Committee shall consist of independent Non-Executive Directors. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee. The Chairman of the Board may be a member of, but not chair, the Committee provided he or she was considered independent on appointment.

- 3.2 Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.3 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. Appointments and extensions in this regard are made by the main Board not the Remuneration Committee.
- 3.4 The Board shall appoint one member of the Committee to act as its 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 themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position. The Chairman of the board shall not be Chairman of the Committee.

4. QUORUM

- 4.1 The quorum necessary for the transaction of business shall be two members.
- 4.2 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.

5. MEETING ADMINISTRATION

- 5.1 The Committee shall meet at least twice a year at the times as may be agreed by the members and at such other times as determined by the Committee Chairman.
- 5.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chairman.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required), together with an agenda of the 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 three 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.
- 5.4 All proceedings of the Committee shall be conducted in accordance with the Company's articles of association.

6. SECRETARY

- 6.1 The Company Secretary or such person as the Company Secretary nominates shall act as 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.

- 6.2 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.3 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.4 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, minutes should be circulated to all members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

7. SELF EVALUATION

The Committee shall, at least once a year, review its own performance, its 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.

8. REPORTING RESPONSIBILITIES

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report.
- 8.4 The Committee Chairman shall attend the AGM prepared to respond to any Shareholder questions on the Committee's activities.

9. OTHER MATTERS

- 9.1 The Committee shall:
 - (i) Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
 - (ii) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
 - (iii) Give due consideration to all applicable laws, regulations and any published guidelines or recommendations regarding the remuneration of directors and operation of share schemes including the provisions of the QCA Corporate Governance Code and the requirements of the AIM Rules for Companies and any other rules, as appropriate.

10. AUTHORITY

10.1 The Committee is authorised by the Board to:

- (i) Undertake any activity within its terms of reference;
- (ii) Seek any information that it requires from any Group employee in order to perform its duties;
- (iii) Delegate any of its powers to one or more of its members or the secretary;
- (iv) Obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.