

Remuneration Committee - Terms of Reference

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of a minimum of three members all of whom shall be independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 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.
- 1.4 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 or themselves to chair the meeting. The Chairman of the board shall not be Chairman of the Committee.

2. Secretary

- 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. 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. Frequency of Meetings

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

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meetings 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. Supporting papers shall be sent to the Company Chairman, Committee members and to other attendees as appropriate, at the same time and in a timely manner.

6. **Minutes of Meeting**

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 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**

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

8. **Responsibilities**

- 8.1 The Committee shall:

- 8.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Chairman and Executive Directors and review the framework or broad policy for the remuneration of all other employees and note annually the remuneration trends across the Group. The remuneration of non-executive directors, other than the Chairman, shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration. In order to assure independence, the Committee will also review and recommend to the Board the remuneration of the Company Secretary;
- 8.1.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company 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. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
- 8.1.3 review the continuing relevance of the remuneration policy.
- 8.1.4 review the design of all share incentive plans for approval by the board;
- 8.1.5 determine targets for any performance related pay schemes operated by the Company and asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements;
- 8.1.6 within the terms of the agreed policy, and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share awards;

- 8.1.7 determine the policy for and scope of pension arrangements, service agreements for the executive directors, termination payments and compensation commitments;
- 8.1.8 in determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance;
- 8.1.9 approve salary levels proposed by the Executive Committee for employees earning over £150,000 per annum;
- 8.1.10 review competitor companies to ensure appropriate remuneration;
- 8.1.11 be aware of and oversee any major changes in employee benefit structures throughout the Company or Group;
- 8.1.12 agree the policy for authorising claims for expenses for the Chief Executive and Chairman;
- 8.1.13 ensure that provisions regarding disclosure of remuneration including pensions are fulfilled;
- 8.1.14 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
- 8.1.15 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. **Reporting responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 9.3 The Chairman will ensure that Minutes are taken of all meetings and copies of all Minutes are circulated to the full Board.
- 9.4 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 and ensure each year that it is put to shareholders for approval at the Annual General Meeting.

10. **Other**

- 10.1 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.

11. **Authority**

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.