
REMUNERATION COMMITTEE

TERMS OF REFERENCE

1 **Composition and Procedure**

1.1 The Remuneration Committee shall consist of a minimum of three members, comprising a Chairman and at least two other members. The Remuneration Committee shall be appointed by the Board following the recommendation of the Nominations Committee. The members of the Remuneration Committee for the time being shall be:

Paul Williams, Committee Chairman
John Coombe
Anthony Isaacs

1.2 The Remuneration Committee may invite other directors, Group employees and external advisers to attend meetings as and when deemed appropriate.

1.3 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. The Chairman of the Company shall not be eligible to be appointed as the Remuneration Committee Chairman. In the absence of the Remuneration Committee Chairman or an appointed deputy, the remaining members present shall elect one other member present to chair the meeting.

1.4 Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director concerned remains independent.

1.5 The Company Secretary or his nominee shall act as the Secretary of the Remuneration Committee.

1.6 The quorum for decisions of the Remuneration Committee shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

1.7 The Remuneration Committee shall meet at least twice a year and at such other times as the Remuneration Committee Chairman shall require.

1.8 Meetings of the Remuneration Committee may be held by telephone.

1.9 Any member of the Remuneration Committee may request that a meeting be convened by the Secretary of the Remuneration Committee.

1.10 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Remuneration Committee and any other person required to attend no fewer than five business days prior to the date of the meeting.

1.11 The Secretary shall minute the proceedings and resolutions of all meetings of the Remuneration Committee.

1.12 Minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Board.

2 **Annual General Meeting**

2.1 The Remuneration Committee Chairman shall attend each annual general meeting of the Company prepared to respond to any shareholder questions on the Remuneration Committee's activities.

3 **Duties**

3.1 The Remuneration Committee shall:

3.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, the Chairman of the Company, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board, subject to the constraints contained in the Company's Articles of Association. No director or manager shall be involved in any decisions as to his or her own remuneration;

3.1.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy should be to ensure that members of the executive management of the 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 Group;

3.1.3 review the ongoing appropriateness and relevance of the remuneration policy;

3.1.4 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;

3.1.5 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 and other senior management and the performance targets to be used;

3.1.6 determine the policy for and scope of pension arrangements for each executive director and other senior executives;

3.1.7 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;

3.1.8 within the terms of the agreed policy determine the total individual remuneration package of each executive director and other senior executives including (where appropriate) bonuses, incentive payments and share options or other share awards;

3.1.9 in determining such packages and arrangements, give due regard to the provisions of the Combined Code and the Listing Rules of the Financial Services Authority and associated guidance;

3.1.10 be aware of and advise on any major changes in employee benefit structures throughout the Group;

3.1.11 agree the policy for authorising claims for expenses from the Group Chief Executive and the Chairman of the Company;

- 3.1.12 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Listing Rules and the Companies Act 1985 section 234B, are fulfilled; and
- 3.1.13 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, as well as obtaining 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 assist in fulfilling its obligations.

Reporting Responsibilities

- 3.2 The Committee Chairman shall report formally to the Board on its proceedings after each Remuneration Committee meeting.
- 3.3 In the light of its other duties, the Remuneration Committee shall make whatever recommendations to the Board it deems appropriate.
- 3.4 The Remuneration Committee shall produce an annual report of the Company's remuneration policy, reporting in the annual report the frequency of, and attendance by members at, Committee meetings.
- 3.5 The Remuneration Committee shall, on an annual basis, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness, and make any appropriate recommendations to the Board.

4 Authority

The Remuneration Committee is authorised by the Board:

- 4.1 to seek any information it requires from any employee, consultant and other provider of services to the Company (for example, solicitors, tax advisers, management consultants) in order to perform its duties;
- 4.2 to obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference.