

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

### **1. Constitution**

1.1. The membership, duties and authorities of the Remuneration Committee are set out in these Terms of Reference which shall be reviewed annually and which can be amended from time to time by the Board. These Terms of Reference shall be publicly available.

### **2. Membership**

2.1. The Committee shall comprise at least three members, each of whom shall be appointed by the Board.

2.2. All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment.

2.3. The Board shall appoint the Chairman of the Committee albeit not the Chairman of the Board and determine the period for which they shall hold office.

2.4. In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

2.5. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies.

### **3. Secretary**

3.1. The Company Secretary, or their nominee, shall act as the Secretary of the Committee.

### **4. Attendance at meetings**

4.1. The quorum necessary for the transaction of business by the Committee shall be two members present in person or by telephone conference call throughout the meeting.

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 or exercisable by the Committee.

4.3. The Chairman of the Company (where not a member of the Committee), the Chief Executive and the Finance Director shall have the right to attend and speak at meetings of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

4.4. No Committee attendee shall participate in any discussion or decision on their own remuneration.

### **5. Frequency of meetings**

5.1. The Committee shall meet at such time as the Chairman of the Committee shall require and at least once a year.

5.2. Notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed shall be forwarded to each member of the Committee, any other person required to attend and

any other non-executive directors, not fewer than three working days prior to the date of the meeting.

## **6. Duties**

6.1. The Committee shall:

- 6.1.1. determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, Chief Executive, the Executive directors and other members of the executive management. The remuneration of non-executive directors shall be a matter for the Board excluding non-executive directors;
- 6.1.2. in determining such policy the Committee shall ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced Group and individual performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- 6.1.3. within the terms of the agreed policy, determine the total individual remuneration packages of the persons referred to in 6.1.1 including, where appropriate, bonuses, incentive schemes and share options, taking into account information from comparable companies where relevant;
- 6.1.4. determine eligibility criteria and targets for any performance related pay schemes, long term incentive plans, share option or similar plans operated by the Company;
- 6.1.5. ensure that contractual terms on termination and any payments made are fair as between the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fairly applied;
- 6.1.6. in determining the packages and arrangements mentioned above, give due regard to the principles and recommendations of the Combined Code, the Listing Rules and associated guidance, and institutions' statements of best practice;
- 6.1.7. keep under review the development of codes of practice in relation to executive remuneration and to advise the Board on issues arising from them;
- 6.1.8. ensure that provisions regarding disclosure of remuneration including pensions required by law and the Combined Code are fulfilled;
- 6.1.9. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration or similar consultants who advise the Committee.

## **7. Authority**

7.1. The Committee is:-

- 7.1.1. authorised by the Board to seek any information it requires from any employee of the Group in order to perform its duties;

- 7.1.2. authorised, when fulfilment of its duties requires, to obtain any legal or other professional advice outside of the Group, including the advice of independent remuneration consultants;
  - 7.1.3. authorised to secure the attendance of external advisers at Committee meetings, if it considers this necessary;
  - 7.1.4. authorised to obtain reliable and up to date information about remuneration in other companies, at the Company's expense.
- 7.2. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **8. Reporting and accountability**

- 8.1. The Committee shall produce an annual remuneration report, as required by law or best practice, which will form part of the Company's Annual Report and Accounts.
- 8.2. Shareholders shall be invited to approve the remuneration report at the Annual General Meeting.
- 8.3. The Chairman of the Committee or, in their absence, an appointed deputy shall attend the Company's Annual General Meeting to answer shareholders' questions about the remuneration report and the Committee's activities.

## **9. Minutes**

- 9.1. The Secretary shall prepare minutes of the meetings of the Committee which shall be circulated to all members, those in attendance and to all members of the Board.

**October 2009**