

**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**1. Constitution**

The board has resolved to establish a Committee of the Board to be known as the Remuneration Committee.

**2. Membership**

- Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Remuneration Committee. The Committee shall comprise of three members all of whom will be non-executive Directors of the Company. The Chairman of the Board may also serve on the Committee.
- The Chairman of the Committee shall be appointed by the Board from the members of the Committee. The Chairman of the Board shall not be Chairman of the Committee. In the absence of the Chairman of the Committee, the remaining members can elect one of themselves to chair the meeting.
- Only the members of the Committee have the right to attend Committee meetings however other individuals may be invited to attend for the whole of or part of any meeting by the Chairman of the Committee, as and when this is required.

**3. Secretary**

- The Secretary of the Committee shall be the company secretary or their nominee.

**4. Quorum**

- The quorum necessary for the transaction of business shall be two members, including the Chairman of the Committee.

**5. Frequency of Meetings**

- Meetings of the Committee shall be held at least twice a year (prior to finalising the salary review and prior to implementing bonus arrangements) and otherwise as required.

**6. Notice of Meetings**

- Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- Unless otherwise agreed, notice of every meeting will be communicated to every member of the Committee and any other person required to attend, including the date, time and venue of the meeting, at least three working days before the meeting date. Additional supporting materials and an agenda will also be sent to members and attendees at the same time.

## **7. Minutes of Meetings**

- The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so.

## **8. Annual General Meeting**

- The Committee Chairman should attend the Annual General Meeting and answer any shareholder questions on the Committee's activities.

## **9. Duties**

The Committee is responsible for carrying out the following duties for the group:

- Review and determine the remuneration policies and packages for the Executive Directors of the Group, Company Secretary and Managing Directors of subsidiary companies (the Executive Management Team). The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board.
- When determining the remuneration policies and packages, the Committee will consider all factors it deems to be relevant such as applicable legal and regulatory requirements and recommendations of the UK Corporate Governance Code. The objective of such policies will 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.
- Have regard for remuneration trends across the group of companies whilst deciding upon the remuneration policy for executive directors.
- Review the ongoing appropriateness and relevance of the remuneration policy.
- Ensure that any payments to be made on termination of any member of the Executive Management Team's contract are fair and that failure is not being rewarded.
- Obtain reliable, up-to-date information about remuneration in other companies.
- 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.
- Determine the policy for, and scope of, pension arrangements for the Executive Management Team.
- Oversee any major changes in employee benefits structures throughout the group.
- The Committee is further authorised to satisfy itself that good practices apply to all group employees through the relevant management structures.
- The Committee is responsible for recommending main and subsidiary Board appointments.
- The Committee is authorised by the Board to seek any information it requires from internal and external sources, including the commissioning of studies.

- The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other professional advice on any matters within its terms of reference.

#### **10. Reporting Responsibilities**

- The Committee shall report its findings and recommendations to the Board on any area within its terms of reference but shall have no executive powers with respect to those findings and recommendations.

#### **11. Other Matters**

The Committee shall

- Have access to sufficient resources in order to carry out its duties.
- Be provided with appropriate and timely training.
- Give due consideration to laws and regulations, and to the extent it considers appropriate provisions of the UK Corporate Governance Code; and
- At least once a year review its own performance and terms of reference and recommend any changes it considers necessary to the Board for approval.

**As approved by the Board on 26<sup>th</sup> May 2011**