

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

Membership and attendance

The Remuneration Committee is appointed by the Board from amongst the Non-Executive Directors. The Remuneration Committee comprises:

- Isabel Napper (Chair);
- Richard Amos; and
- Sally Tilleray.

Generally, only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, Executive Directors and other individuals and external advisors, shall attend meetings by invitation of the Remuneration Committee.

No-one is present during the discussion of, or vote on, matters regarding his or her own position. The Chairperson of the Board does not chair the Remuneration Committee meeting when it is dealing with the appointment of his or her successor.

Members of the Remuneration Committee are named in the annual report and accounts of the Company.

Only members of the Remuneration Committee are entitled to vote at meetings of the Remuneration Committee.

Quorum

The quorum necessary for the transaction of business 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.

Frequency of meetings

The Remuneration Committee meets at least twice annually and otherwise as required. One meeting will be close to the end of each financial year. The Remuneration Committee may hold further meetings and at such other times as the Remuneration Committee requires.

Notice of meetings

Meetings of the Remuneration Committee shall be summoned by the Company Secretary at the request of any member of the Committee.

Unless otherwise agreed, notice of each meeting 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, no fewer than three working days prior to the date of the meeting. Supporting papers shall be sent to Remuneration Committee members and to other attendees, at the same time.

Minutes of meetings

The Company Secretary minutes the proceedings and resolutions of all meetings of the Remuneration Committee, including recording the name of those present and in attendance.

The Company Secretary ascertains, at the beginning of each meeting, the existence of any conflicts of interest and minutes them accordingly.

Minutes of Remuneration Committee meetings shall be circulated promptly to:

- all members of the Remuneration Committee; and
- all members of the Board (if these are different).

Annual general meeting

The Remuneration Committee Chairperson attends each annual general meeting of the Company and is prepared to respond to any Shareholder questions on the Remuneration Committee's activities.

Duties

Regular reviews

To review regularly and at least annually:

- the time required from a Non-Executive Director and (possibly using performance evaluation), whether each Non-Executive Director is spending enough time to fulfil his or her duties;
- review and design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstance;
- ensure that no director or senior manager shall be involved or participate in any decisions which in any part relate to their own remuneration or make any recommendation of decision concerning the outcome of his or her remuneration. The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association;
- within the terms of the agreed policy and in consultation with the chair and/or chief executive determine and agree the framework or broad policy for the total individual remuneration package of each executive director, the company chair, senior managers, and such other members of the executive management as it is designated to consider, including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances;
- at a minimum, the committee should have delegated responsibility for setting remuneration for all executive directors, the chairman and, to maintain and assure their independence, the company secretary: the committee should also recommend and monitor the level and structure of remuneration for senior management;
- review the design of all share incentive plans for approval by the board and, where required, 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 for executive directors and senior managers, and the performance targets to be used;
- agree the policy for authorising claims for expenses from the chief executive and chairman;

- review comparable company data to ensure that Directors are being adequately remunerated, and to a level which will allow the company to attract new Directors;
- its own performance, constitution, and terms of reference; and
- make recommendations to the Board about any matters arising.

Recommendations to the Board

To make recommendations to the Board about the annual review of fees paid to Directors and any changes to the current levels of remuneration

Other matters

The Remuneration Committee:

- makes a statement in the annual report about its composition and activities, including the number of meetings, its members' attendance and the process used for the appointments (explaining if external advice or open advertising has not been used);
- the committee shall comply with the requirements of the QCA Code and will report on a 'Comply or Explain' basis as to compliance with the QCA Code
- keeps up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- ensures that an annual review is undertaken of the Board and its operations;
- ensure that a periodic evaluation of the committee's own performance is carried out; and
- considers such other matters as the Board may from time-to-time refer to it.

Authority

The Remuneration Committee is authorised to:

- seek any information it requires from any officer or employee of the Group to perform its duties;
- call any officer or employee of the Group to be questioned at a meeting of the Remuneration Committee as and when required; and
- sanction the following, subject to prior Board approval, at the Company's expense:
 - the obtaining of outside legal or other professional advice on any matters within its terms of reference and, where necessary, the attendance at its meetings of outsiders with relevant experience and expertise; and
 - the obtaining of independent legal or other professional advice by any Director who indicates to the Committee that he requires, or has obtained, independent legal or other professional advice in relation to his duties.

In seeking the approval of the Board under the paragraph above, the Remuneration Committee provides to the Board full details of any expense which is to be incurred in the making of such appointments.

Procedures

Subject to the articles of incorporation of the Company, the Remuneration Committee determines its own procedures.

Terms of reference

The above Terms of Reference of the Remuneration Committee may only be changed with the approval of the Board.