

## **Terms of Reference**

### **Executive Directors' Remuneration Committee**

*References to "the Committee" shall mean the Executive Directors' Remuneration Committee.*

*References to "the Board" shall mean the Board of Directors.*

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#### **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 Non-Executive Directors' Remuneration Committee. The Committee shall be made up of at least 3 members, (unless the Company was below the FTSE 350 throughout the year immediately prior to the reporting year, in which case this number shall be 2) all of whom are independent non-executive directors.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Company 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 of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

#### **2. Secretary**

- 2.1. The Company Secretary shall act as the Secretary of the Committee.

#### **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be 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 in or exercisable by the Committee. A member of the Committee may participate by telephone or video conferencing facility.

#### **4. 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.

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- 5.2. 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 later than 2 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

**6. Minutes of Meetings**

- 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, shall be made available to all members of the Board on request.

**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. Duties**

The Committee shall:

- 8.1. determine and agree with the Board the framework or broad policy for the remuneration of the company's Chief Executive, the executive directors, and such other members of the executive management as it may be designated to consider. The remuneration of non-executive directors shall be a matter for the Non-Executive Directors' Remuneration Committee. No director or manager shall be involved in any decisions as to their own remuneration;
- 8.2. 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;
- 8.3. review the ongoing appropriateness and relevance of the remuneration policy;
- 8.4. approve the design of, and determine targets for, any performance related pay schemes operated by the company for Executive Directors of the Company [or Group Divisional Directors], and approve the total annual payments made under such schemes;
- 8.5. 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 Group Divisional Directors] and the performance targets to be used;
- 8.6. determine and agree with the Board the policy for, and scope of, pension arrangements for each executive director;

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- 8.7. approve any contract of employment or related contract with any executive director;
- 8.8. 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;
- 8.9. 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 and the Group Divisional Directors including bonuses, incentive payments and share options or other share awards;
- 8.10. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 8.11 the Chairman of the Committee shall approve the expenses of the Chairman of the Company;
- 8.12 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled; and
- 8.11. 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 to obtain reliable, up-to-date information about remuneration in other companies if it considers it necessary. 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 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 AGM.

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**10. Authority**

- 10.1. 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.
- 10.2. 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, the appointment of any such advisers to be reported to the Board before commencement of their work.