

**Terms of reference for the Remuneration Committee
(Adopted by the Board on 22 January 2009)**

1 Constitution

- 1.1 The board hereby resolves to establish a committee of the board, to be known as the Remuneration Committee ('the committee').

2 Membership

- 2.1 The committee shall be appointed by the board taking account of any recommendations made by the nomination committee. All members of the committee shall be independent non-executive directors of the company. The committee shall consist of not less than three members. Two members shall comprise a quorum at any meeting of the committee.
- 2.2 The chairman of the committee shall be appointed by the board from amongst the independent non-executive directors.

3 Attendance at meetings

- 3.1 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chairman of the Company, the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3.2 The company secretary (or his nominee) shall act as the secretary of the committee.

4 Frequency of meetings

- 4.1 Meetings shall be held not less than twice each year and, where appropriate, shall coincide with key dates in the company's financial reporting cycle.
- 4.2 Additional meetings shall be held as required, and any member of the committee or the company secretary may request a meeting if they consider that one is necessary.
- 4.3 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 no later than two 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.

5 Minutes of Meetings

- 5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 5.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and to all members of the board, unless a conflict of interest exists.

6 Authority

- 6.1 The committee is authorised by the board to:
 - Seek any information through the Chief Executive, the Group Finance Director or the head of human resources which it requires from any employee (and all employees are directed to co-operate with any request made by the committee);
 - Employ the services of any external remuneration consultant or other professional adviser as it thinks fit, and may invite any of such persons to attend such meetings of the committee, as it considers appropriate. The budget for fees payable by the committee to external advisers is to be agreed with the board at the beginning of each financial year; and
 - Obtain external legal or other independent professional advice and request advisers to attend meetings as necessary.

7 Responsibilities

- 7.1 The responsibilities of the committee are as follows:
 - Determine and agree with the board the framework or board policy for remuneration of the Chairman of the Company, Chief Executive, executive directors and such other members of the senior executive management as it is designated by the board to consider. No director or manager shall be involved in any decisions as to his or her own remuneration;
 - In determining such policy, take into account all factors which it deems necessary; the objective of such policy shall be to ensure that the remuneration packages for the executive directors and senior executives of the Group are at a level required to attract, retain and motivate them and to ensure that they are of the appropriate quality but without paying more than is necessary for this purpose; equally, the committee should ensure that the executive directors and senior executives 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 Company;
 - Review the ongoing appropriateness and relevance of the remuneration policy;

- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company in relation to executive directors and such other members of the senior executive management as it is designated by the board to consider and determine the total annual payments made under such schemes;
- Determine the policy for and scope of pension arrangements for each executive director and such other members of the senior executive management as it is designated by the board to consider;
- Ensure that contractual terms (including pension contributions and all other elements) 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;
- Within the terms of agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options;
- In determining such packages and arrangements, give due regard to the contents of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance and associated guidance and any other authoritative best practice guidelines for remuneration committees of UK listed companies published from time to time;
- Be aware of and advise on any major changes in employee benefit structures throughout the company or group;
- Ensure the provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Code are fulfilled;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- Report the frequency of, and attendance by members at, committee meetings in the annual reports;
- Make available the committee's terms of reference. These should set out the committee's delegated responsibilities and be reviewed and, where necessary, updated annually; and
- To consider other topics and issues as defined by the board.

8 Reporting Procedures

- 8.1. The committee reports to the board;

- 8.2 The chairman of the committee, or as in their absence another member of the committee shall attend the board meeting at which the annual accounts and reports are approved;
- 8.3 The committee's responsibilities and activities during the year shall be disclosed in the annual report and accounts;
- 8.4 The chairman of the committee shall attend the AGM prepared to respond to any shareholder questions on the committee's responsibilities and activities.

9 Self-assessment and appraisal

- 9.1 The committee shall conduct an annual review of its work and terms of reference, and an annual assessment of its own effectiveness and make recommendations to the board.

In these Terms of Reference:

Code or **Combined Code** shall mean the Code of Best Practice (relating to corporate governance) appended to the Listing Rules of the UK Listing Authority;

the expression **senior executives of the Group** shall be deemed to include such executives in the Group who report directly to the Group Chief Executive and the senior members of the head office or central establishment of the Company; and

Group shall mean the Company and its subsidiaries and subsidiary undertakings from time to time.