

## **REMUNERATION COMMITTEE**

### **Terms of Reference**

#### **Membership**

The Committee shall be appointed by the Board, and shall consist of not less than three members all of whom shall be Non-Executive Directors of the Company (unless the Company only has two Non-Executive Directors from time to time when the Committee shall consist of the two Non-Executive Directors in office).

The members of the Committee should have no personal financial interest (other than as shareholders in the Company) in the Committee's decisions. In addition, the members of the Committee should have a good knowledge of the company and its Executive Directors, a keen interest in the Company's progress and a full understanding of shareholders' concerns. Each member of the Committee should have a good understanding of the remit of the Committee's terms of reference.

If the Non-Executive Chairman of the Company is involved in the day-to-day running of the Company, or his own remuneration arrangements would involve any conflict of interest, he should not act as Chairman of the Committee.

#### **Meetings**

The Committee shall meet at least once each year and at such other times as it sees fit;

The quorum shall be two members;

The Company Secretary shall be the Secretary of the Committee;

No person shall be present when his/her own remuneration is being considered.

#### **Authority**

The Committee is authorised by the Board to carry out any investigation relevant to its terms of reference and to consult the Chairman and/or Chief Executive about its proposals; and

It is authorised to seek any information it requires from any employee and to obtain expert advice from the Company's external auditors, professional advisers or otherwise, and to take independent professional advice and to request the attendance of such employees or advisers as it sees fit.

## Duties

The Committee shall at all times comply with the Code of Best Practice set out in the Combined Code and in particular the duties of the Committee shall be:-

1. to determine on behalf of the members of the Company and the Board the Company's broad policy for executive remuneration and the entire individual remuneration packages for each Executive Director and, as appropriate, other senior executives;
2. to consider and determine, subject to such consents of the Company in general meeting as may be necessary, the terms and conditions of service of the Executive Directors of the Company, including all salaries, emoluments, pension rights and other long term incentive schemes including share option, profit-sharing, performance linked and any other incentive or bonus schemes or arrangements, termination and compensation settlements and any other arrangement under which an Executive Director will or may benefit;
3. to advise on and monitor suitable performance related formula;
4. the committee should make a report each year to the members of the Company on behalf of the Board. The report should form part of, or be annexed to, the Company's Annual Report and Accounts and should be the main vehicle through which the Company accounts to members of the Company in relation to Directors' remuneration. In addition the Committee should consider each year whether the members of the Company should be invited to approve the policy set out in the above report at the Company's Annual General Meeting;
5. the Chairman of the Committee shall attend the Company's Annual General Meeting and shall answer questions from members of the Company about Directors' remuneration;
6. the Committee shall ensure that the Company maintains the necessary level of contact with its principal shareholders about remuneration;
7. at the request of the Board, to consider and make recommendations concerning the conditions of service of senior employees of the Company and of the directors of subsidiaries of the Company;
8. to approve all Executive Directors' service contracts and service contracts of senior employees of the Company and directors and senior employees of the Company's subsidiaries;
9. to have regard to conditions of service and remuneration provided:-
  - (a) in other organisations for comparable duties;
  - (b) within the company and its subsidiaries so that appropriate relations are maintained and that the Committee's decisions may, as far as possible, be consistent and fair, and be seen as such;
  - (c) for persons who perform service overseas and the necessity for any local adjustments or allowances;
  - (d) worldwide for skills for which there is deemed to be an international market;

10. to administer long term incentive schemes including the granting of options under the Executive Share Option Scheme 2000 (and any additional or replacement share option schemes);
11. to consider what compensation commitments contained in Directors' service contracts (if any) would entail in the event of early termination, particularly for unsatisfactory performance and to have regard to such issues in approving the service contracts of Executive Directors and other senior employees.

#### Reporting Procedures

The Secretary shall circulate minutes of meetings of the Committee to all members of the Board.

The Committee shall report each year to the members of the Company in the manner described at (4) above. The report should provide the members of the Company with all the information they reasonably require to enable them to assess the Company's general policy on executive remuneration and the entire remuneration packages of individual Executive Directors.