

## REMUNERATION COMMITTEE

### Membership

The Board shall appoint a Remuneration Committee comprising all the non-Executive Directors, one of whom will be appointed as Chairman of the Committee. The Chairman of the Company shall not be a member of the Committee although he may attend meetings of the Committee. The Company Secretary shall be the Secretary of the Committee.

### Terms of Reference

The Board has delegated its powers, authorities and discretions to the Remuneration Committee in accordance with the following terms of reference, plus any other relevant matters referred to it by the Board. The Committee will have due regard to the principles of governance, to matters assigned to a remuneration committee under the Listing Rules and to the code of best practice published in the "Combined Code". The Chairman of the Committee or, in his absence, another member of the Committee shall attend the Annual General Meeting to answer questions concerning matters falling within the Terms of Reference.

The Committee shall:

- (i) Determine and agree with the Board, the framework or broad policy for the remuneration of the Group Chief Executive and any other Executive Director, the Chairman of the Company, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of non-Executive Directors shall be a matter for the Chairman and the Executive Directors. No director or manager shall be involved in any decisions as to their own remuneration;
- (ii) Determine targets for any performance-related pay schemes operated by the Company;
- (iii) Determine the policy for and scope of pension arrangements for each Executive Director;
- (iv) Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company;
- (v) Within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments and share options;
- (vi) In determining such packages and arrangements, give due regard to the comments and recommendations of the Code as well as the UK Listing Authority's Listing Rules and associated guidance;
- (vii) Invite, make and accept offers from eligible employees to join the executive share option scheme(s), long term incentives scheme(s) and any other employee share option or bonus schemes of the Company or delegate any such matters as the Committee thinks fit;

- (viii) Be aware of and advise on any major changes in employee benefit structures throughout the Company or Group;
- (ix) Agree the policy for authorising claims for expenses from the Group Chief Executive and the Chairman of the Company;
- (x) Ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Code, are fulfilled;
- (xi) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (xii) Report the frequency of, and attendance by members at, Remuneration Committee meetings in the annual report; and
- (xiii) Make the Committee's terms of reference publicly available.

### **Procedure**

- (i) The meetings and proceedings of the Committee will be governed by the Company's Articles of Association.
- (ii) The Committee will normally meet not less than three times each year. Further meetings may be called by the Board, or any member thereof.
- (iii) The quorum for decisions of the Committee shall be any two members present throughout the meeting.
- (iv) The Committee may invite members of the Board or other executives to attend its meetings. The Chairman of the Company and the Group Chief Executive will attend unless requested not to do so by the Chairman of the Committee or for parts of meetings where their own remuneration is being considered.
- (v) Minutes of meetings shall be taken by the Committee Secretary and shall be reviewed and approved by the Committee and signed by the Chairman of the Committee. The agenda for the subsequent Board Meeting shall provide the Chairman of the Committee the opportunity to give an oral report to the Board when appropriate.
- (vi) The Committee may, at the cost of the Company, obtain such legal or other independent professional advice as is reasonably considered necessary to perform its duties.

Adopted by the Board on 28 May 2003.