



Terms of Reference for the Remuneration Committee

1. Constitution

The Board resolved to establish a Committee of the Board to be known as The Remuneration Committee on 4th April 1997. The Terms of Reference were revised on 5th May 2011.

2. Membership

- 2.1. The membership of the Remuneration Committee shall be appointed by the Board and shall consist of at least three independent non-executive Directors. The chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee.
- 2.2. 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 who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not be chairman of the Committee.
- 2.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.4. The Company Secretary or his or her nominee shall act as the secretary of the Committee.

3. Quorum

A quorum shall be two members of the Committee. 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.

4. Attendance

- 4.1. No one other than the Remuneration Committee chairman and members is entitled to attend or vote at a meeting of the Remuneration Committee.
- 4.2. The chairman of the Remuneration Committee may invite any other director and any other executive or member of senior management to advise, join meetings and/or to speak at any meeting of the Remuneration

Committee by prior arrangement notwithstanding that they are not members of the Remuneration Committee.

- 4.3. No director or senior manager shall be involved in any decisions as to his or own remuneration.

5. Frequency of Meetings

Meetings shall normally be held at such times as the Remuneration Committee deems appropriate and in any event shall be held at least twice per year, held to coincide with key dates within the financial reporting and audit cycle. The chairman of the Company may request a meeting if he/she reasonably considers that one is necessary.

6. Authority

- 6.1. The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference as set out below. It is authorised to seek any information it requires from any employee or director of the Company and all employees are directed to co-operate with any request made by the Remuneration Committee.
- 6.2. The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

7. Purposes

The purposes of the Remuneration Committee are:

- 7.1. to ensure that the Board Executive Directors and the Company Secretary (together “the Executives”) and other senior managers in the company are fairly but responsibly rewarded for their individual contribution to the overall performance of the Company,
- 7.2. to demonstrate to the shareholders of the Company that the remuneration of the Executives is set by a committee of the Board whose members have no personal interest in the outcome of its decisions and who will have due regard to the interests of shareholders and who will monitor the level and structure of remuneration for other senior managers in the Company, and
- 7.3. to make recommendations to the Board on the Company’s framework of remuneration for Executives.

8. Duties

The Remuneration Committee shall:

- 8.1. determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairman, chief executive, the Executive directors, the Company Secretary and such other members of senior management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the chairman and the executive members of the Board. 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 including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. 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. when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company;
- 8.4. review the ongoing appropriateness and relevance of the remuneration policy;
- 8.5. 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 the chairman, each executive director, Company Secretary and other designated senior management including bonuses, incentive payments and share options or other share awards;
- 8.6. obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 8.7. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.8. approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 8.9. 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, Company Secretary and other designated senior management and the performance targets to be used;
- 8.10. exercise any discretions on behalf of the Board allowed under the rules of any share incentive plans, and any material amendments to the rules of the plans not requiring the approval of shareholders;
 - 8.11. exercise all the powers of the Board in relation to the operation of any SAYE Share Option Schemes, other similar schemes under which options or interests in shares are granted over the Company's shares, including the making of invitations and the terms of such, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders;
 - 8.12. exercise all the powers of the Board in relation to the operation of any Employee Share Ownership Plan including whether any free shares shall be granted, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders;
 - 8.13. determine the policy for, and scope of, pension arrangements for each executive director and other designated senior management;
 - 8.14. 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;
 - 8.15. oversee any major changes in employee benefits structures throughout the Company;
 - 8.16. agree the policy for authorising claims for expenses from the directors.

9. Reporting Procedures

- 9.1. The minutes of the Remuneration Committee's meetings shall be made available to all members of the Board. A summary of the Remuneration Committee's work shall be included each year in the company's annual report and the Committee will ensure each year that it is put to shareholders for approval at the AGM.
- 9.2. The chairman of the Remuneration Committee shall be available at the Annual General Meeting to answer questions on the Remuneration Committee's activities.

10. Other matters

The Committee shall

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3. give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
- 10.4. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.