

## **Amended terms of reference and constitution of the remuneration committee**

### **1. Membership**

- 1.1 The committee shall comprise at least three members, each of whom shall be appointed by the board on the recommendation of the nomination committee in consultation with the Company's articles of association.
- 1.2 All members of the committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.
- 1.3 The chairman of the committee shall be appointed by the board. The chairman of the board shall not be eligible to be appointed as the chairman of the committee, but may serve on the committee if he was considered independent on appointment as chairman. In the absence of the chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 Each member shall hold office as a committee member for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the directors still meet the criteria for membership of the committee.
- 1.5 Each member of the committee shall disclose to the committee:
  - 1.5.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the committee; or
  - 1.5.2 any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the committee.

### **2. Secretary**

The company secretary or her nominee shall act as the secretary to the committee.

### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members present throughout the meeting in person or by telephone. 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.
- 3.2 In the event of equality of votes, the chairman of the committee shall have a casting vote.

#### **4. Frequency and Notice of Meetings**

- 4.1 The committee shall meet not less than three times a year and at such other time as the chairman of the committee shall require.
- 4.2 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members.
- 4.3 Notice of meetings shall be given to all committee members, to the chairman of the board, the chief executive, all other non-executive directors and any other person required to attend. Notice shall be given no later than three days before the date of the meeting. A full set of supporting papers, where appropriate, together with an agenda of items to be discussed shall be sent with the notice of the meeting.

#### **5. Minutes of Meetings**

- 5.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 5.2 Minutes of committee meetings shall be circulated with the notice of the next meeting referred to in paragraph 4.3.

#### **6. Attendance at Meetings of the Committee**

- 6.1 The committee may invite other individuals, such as the chairman of the board, chief executive, chief financial officer, group director of human resources and external advisers, to attend meetings.
- 6.2 Members of the committee should meet at least annually without the chairman present to discuss his performance and on such other occasions as are deemed appropriate.
- 6.3 The chairman of the board (if not already a member of the committee) and the chief executive shall be invited by the committee to attend meetings to discuss the performance of the other executive directors and to make proposals as necessary. The committee may consult the other non-executive directors in its evaluation of the chief executive officer's performance.
- 6.4 No director shall be present at any part of the meeting when his own remuneration is being discussed.

#### **7. Annual General Meeting**

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 make recommendations to the board as to the Company's framework of executive remuneration and its cost and as to the Company's policy on directors' remuneration. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 8.2 within the terms of the agreed policy, determine the salaries, fees, performance related payments, bonuses, share scheme awards, benefits in kind and pension rights (the "Remuneration") from time to time of executive directors of the Company and the company secretary with a view to ensuring that they are encouraged to enhance the Company's performance and that they are fairly, but reasonably, rewarded for their individual contributions;
- 8.3 within the terms of the agreed policy determine the Remuneration of the chairman of the board;
- 8.4 review the design of all share incentive and long-term 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 other senior executives and the performance targets to be used;
- 8.5 approve the design of, and determine appropriate performance targets for, cash incentive plans applicable to executive directors and determine each year whether such performance targets have been satisfied;
- 8.6 exercise any discretion specified in the share incentive plans and generally oversee the administration of the plans offered to executive directors;
- 8.7 consider and review the terms of any new share plans;
- 8.8 advise on any major changes in employee benefit structures throughout the Company and Group
- 8.9 review and approve the Remuneration of senior executives the quantum of whose salaries, as may be laid down from time to time, qualify them for consideration by the committee;
- 8.10 liaise with the nomination committee to ensure that the remuneration packages of newly appointed executive directors are within the Company's overall policy;
- 8.11 determine in relation to the executive directors of the Company the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments;
- 8.12 approve the terms of service contracts for executive directors (including any chairman employed under a service contract) of the Company;
- 8.13 deal with and approve termination arrangements relating to executive directors (including any chairman employed under a service contract) of the Company where employment is terminated at the instance of the Company or

at the instance of the director concerned as a result of the actions of the Company and/or where an ex gratia payment is contemplated;

- 8.14 observe so far as is relevant to the carrying out by the committee of its duties the principles relating to directors' remuneration set out in the Combined Code (as defined in the UK Listing Authority's listing rules and in the Directors' Remuneration Report Regulations 2002 ("the Regulations");
- 8.15 review the ongoing appropriateness and relevance of the policy on directors' remuneration;
- 8.16 review and note annually the remuneration trends across the Group;
- 8.17 appoint consultants to advise on executive director remuneration and make the terms of reference of such consultants together with a statement of whether they have any other connection with the Company, available inspection;
- 8.18 make available (for example on the Company's website) these terms of reference, explaining its role and the authority delegated to it by the board;
- 8.19 review, at least annually, expense claim information in respect of the chairman, chief executive and the other executive directors of the Company;
- 8.20 undertake such other tasks as may be referred to the committee by the board;
- 8.21 at least once a year, review its own performance, 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; and
- 8.22 the committee has the following reporting responsibilities:
  - 8.22.1 the committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities;
  - 8.22.2 the committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed; and
  - 8.22.3 the committee shall, in accordance with the Regulations, produce an annual report of the Company's policy on directors' remuneration 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 annual general meeting.

## **9. Authority**

- 9.1 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.

- 9.2 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 including the advice of independent remuneration consultants. The committee may secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- 9.3 The committee is authorised by the board to investigate any activity within the scope of its duties.
- 9.4 The committee is authorised to seek any information it requires from any employee of the Company or the Group in order to perform its duties. All employees are directed to co-operate with any request made by the remuneration committee.