



REMUNERATION COMMITTEE – TERMS OF REFERENCE

CONSTITUTION, AUTHORITY AND MEMBERSHIP

1. The Remuneration Committee (the 'Committee') is a committee of the Board and, as such, is appointed by and reports to the Board.
2. The Committee shall comprise at least three members. The Chairman and members of the Committee shall be appointed from the independent Non-executive Directors of the Board on the recommendation of the Nomination Committee and in consultation with the Committee Chairman. 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.
3. Specific authority is delegated to the Committee to decide on all elements of remuneration for the Executive Directors and the Chairman of the Company.
4. In addition, the Committee should also recommend and monitor the level and structure of remuneration for senior management. Members should have no personal financial interest other than as shareholders in the matters to be decided.
5. The Secretary of the Committee shall be the Company Secretary.
6. All Non-executive Directors have a right to attend meetings of the Remuneration Committee.

MEETINGS

7. The Committee shall meet at the request of its Chairman and a quorum shall be two members; meetings may be held in person or by telephone.

8. In addition to the members of the Committee it will be normal for the following to attend meetings save that they shall not be present when their own remuneration is under discussion:-

- the Chief Executive Officer of the Company

The Chairman of the Remuneration Committee may also invite others to attend.

DUTIES

9. The Committee shall:-

- regarding the Executive Directors, consider and approve the terms of service, salary reviews, eligibility for awards under the Long Term Incentive Plan, annual, special discretionary and any other bonus awards, profit sharing and any other benefits, whether in cash or in kind, together with pension contributions determined on basic salary. The Chairman of the Company should be consulted on the Committee's remuneration proposals for the Executive Directors. In considering performance related elements, ensure that performance conditions are relevant, stretching and are designed to enhance shareholder value. Performance related elements of remuneration should form a significant proportion of the total remuneration package for Executive Directors.
- authorise the grant of share options to Executive Directors and other senior executives under the Company's executive share option schemes in accordance with the Rules of the Schemes and agreed guidelines, ensuring that performance conditions are challenging. Grants under the Company's executive share option schemes should be phased and not awarded in one large block.
- ensure compensation commitments for early termination included in the Chairman's or an Executive Director's letter of appointment are carefully considered to avoid rewarding poor performance and also reflects a departing Director's obligation to mitigate loss.
- regularly review the Company's remuneration policies and practices to facilitate the employment and motivation of personnel, with a view to providing the packages needed to attract, retain and motivate Directors of the quality required, but avoiding paying more than is necessary for this purpose.

10. The Committee should be responsible for appointing any Consultants in providing advice at the Company's expense.

11. The remuneration of the Non-executive Directors should be determined by the Board, reflecting the time commitment and responsibilities of the role.

REPORTING

12. The Committee Chairman shall report to the Board on the deliberations and activities of the Committee at each Board meeting following a Committee meeting.

13. The Committee shall propose to the Board a Remuneration Report which is to be put to shareholders for approval.

14. The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.