



Adopted by the Board on 4 June 2007

Terms of Reference - Remuneration Committee

Membership

1. The Committee shall comprise a Chairman and the other non- executive directors, each of whom shall be appointed by the Board to hold office for such period as the Board may determine.
2. All members of the Committee shall be independent of the management as defined in the Combined Code.
3. The Board shall appoint the Committee Chairman.
4. The Company Secretary or his nominee shall act as the Secretary of the Committee.

Meetings

1. The Committee shall meet formally at least three times a year.
2. A meeting of the Committee may be called by any member of the Committee or by the Secretary.
3. The quorum necessary for the transaction of business by the Committee shall be two.
4. Notice of each meeting confirming the venue, time and date, together with agenda of items to be discussed shall, unless otherwise agreed by all members, be forwarded to each member of the Committee, the Chief Executive, any other person required to attend not fewer than three working days prior to the date of the meeting. With the agreement of all members of the Committee, meetings may be conducted by telephonic or electronic communication.
5. The Chief Executive will usually be invited to attend and speak at meetings of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.
6. No Committee attendee shall be present at any discussion or decision on his own remuneration or terms and conditions.
7. In the absence of the Committee Chairman or any appointed Deputy, the remaining members present shall elect one of their number to chair the meeting.
8. The Secretary shall keep appropriate records of all meetings of the Committee together with minutes of the proceedings and resolutions.
9. Copies of the minutes of the meetings shall be circulated to all members of the Board unless the Chairman otherwise decides.
10. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

Duties

The Committee shall:

1. determine and agree with the Board the framework or broad policy for the remuneration of the executive directors and members of the Executive Committee (collectively "the Executive Management Team"). The remuneration of non-executive directors shall be a matter for the executive members of the Board;
2. in determining such policy, take into account factors which it deems necessary. The objective of such policy shall be to ensure that members of the Executive Management Team 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;
3. review the ongoing appropriateness and relevance of the remuneration policy;
4. 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 and other senior executives and the performance targets to be used;
5. within the terms of the agreed policy, determine the total individual remuneration packages of each member of the Executive Management Team including, where appropriate, bonuses, incentive payments and share options;
6. to consider and approve general policies of management remuneration, including bonus and incentive schemes, at the level below the Executive Management Team;
7. determine the policy for and approve pension arrangements, service agreements, termination payments and compensation commitments for the Executive Management Team;
8. in determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UKLA Listing rules and associated guidance;
9. 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;
10. oversee any major changes in employee benefit structures throughout the Company;
11. review and note annually the remuneration trends across the Company;
12. ensure that provisions regarding disclosure of remuneration, including pensions as listed in the Directors' Remuneration Report Regulations 2002 and Combined Code are fulfilled;
13. produce an annual Report on Directors' Remuneration which will form part of the Company's Annual Report and Accounts;

Authority

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.
2. The Committee is authorised by the Board, when the fulfilment of its duties requires, to obtain any outside legal or other professional advice including the advice of independent remuneration consultants, to 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, at the Company's expense. The Committee shall be responsible for establishing the section criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. The Committee shall have full authority to commission any reports or surveys which it seems necessary to help it fulfil its obligations.