

C REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. The Board has resolved to establish a Committee of the Board to be known as the Remuneration Committee and reserves the authority to appoint or remove the Committee Chairman or any of its members.
2. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors whom the Board has determined to be independent of and free from any relationship which could interfere with the exercise of their independent judgement. The Chairman of the Board may not serve as Chairman of the Committee even though they may satisfy the test of independence.
3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year period provided the director still meets the criteria for membership of the Committee. A quorum for meetings of the Committee shall be two members.
4. The Company Secretary or the Committee's nominee shall act as secretary to the Committee.
5. The Committee shall meet on at least three occasions in the year; where necessary circulating a written resolution may approve interim matters of limited content. A meeting of the Committee may be called by any member of the Committee or by the secretary. In the absence of the Chairman of the Committee, the remaining members present shall select one of their number to chair the meeting.
6. The Chief Executive Officer and Chief People Officer will normally be invited to attend and speak at the meetings of the Committee. Other executives or advisors may attend and speak with the Committee's consent. No attendee shall participate in discussion or decision relating to their own remuneration.
7. The duties of the Committee are:
 - (a) to determine and agree with the Board the framework or broad policy for the remuneration of the Company's senior management defined as:
 - the Chief Executive Officer;
 - the executive Board directors and any other executive reporting to the Chief Executive Officer or Executive Committee member, whose basic salary exceeds £225k (or the foreign currency equivalent);
 - the Company Secretary and Head of Internal Audit;
 - other individuals where the effect may be to limit the discretion of the Committee in determining terms for the prior category.

- (b) to approve the individual remuneration packages including pension rights, long-term incentives, share options and any compensation payments and conditions of employment for the senior management.

Changes of remuneration or conditions of employment shall include any termination provisions in any contract of employment.

The Chief Executive Officer shall be consulted about any proposals to be considered by the Committee, except matters relating to his own remuneration. In addition, he may be invited to attend meetings to discuss the performance of other senior management.

- (c) to oversee the policy, design and management of the company's share plans.
- (d) to approve awards under option or long term incentive plans within the overall limits and policies previously determined by the Committee.
- (e) to examine and approve such matters in the field of remuneration, contract terms and employment matters as the Board may delegate to it from time to time.
- (f) to produce an annual report of the Company remuneration policy 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.

In carrying out its duties the Committee shall give due regard to any relevant legal requirements, and the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance, any requirements imposed by any stock exchange on which the Company's securities are listed and all applicable laws and regulations.

8. The Committee is authorised by the Board to obtain outside independent professional advice and to secure that attendance of outsiders with relevant experience and expertise in order for it to discharge its responsibilities.
9. The Committee may delegate any portion of its duties and responsibilities to a subcommittee of members of the Committee.
10. Remuneration of Chairman and Non-Executive Directors:
- Matters relating to the remuneration of the Chairman of the Board shall be recommended to the Board by members of the Committee (excluding the Chairman if he is a member of the Committee) and the Chief Executive Officer.
 - Matters relating to the remuneration of the non-executive directors, excluding the Chairman, shall be determined by the Board (non-executives not participating), and shall be based upon recommendations made by the Chairman and the Chief Executive Officer.



- The Board shall, in setting the remuneration of the non-executives have due regard for the aggregate fees permitted by the Company's Articles of Association.
11. The Secretary shall, at the request of the Chairman of the Board, circulate the minutes of meetings of the Committee to all members of the Board.
 12. The Committee's Chairman, or other member of the Committee, shall attend the company's annual general meeting to answer shareholders questions on the Committees activities. The Chief Executive Officer shall address any questions arising on the remuneration of the non-executive directors.