

Terms of reference of the Remuneration Committee

Constitution

1. The board hereby resolves to establish a Committee of the board to be known as the Remuneration Committee (“the Committee”).
2. On 16 December 2010, the board amended the terms of reference of the Committee as set out in this document.

Membership

3. The Committee shall comprise no fewer than three non-executive directors the majority of whom should be independent. A quorum shall be two independent members.
4. 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 Committee.
5. The chairman of the Committee shall be an independent non-executive director and will be nominated by the chairman of the board and then approved by the board.

Attendance at meetings

6. Only members of the Committee have the right to attend meetings. The chairman of the board, the chief executive officer and other board members may attend all or part of a meeting if invited by the Committee. Such invitations will be with reasonable notice.
7. The company secretary shall be secretary of the Committee.
8. The Committee members shall attend the AGM at which the chairman of the Committee shall answer shareholders’ questions on remuneration.

Frequency of meetings

9. Meetings shall be held not less than three times per year.

Authority

10. The Committee is authorised by the board to:
 - a. investigate any activity within its terms of reference
 - b. seek any information that it requires from any employee of the group and all employees are directed to cooperate with any request made by the Committee

- c. obtain outside legal, remuneration or other independent professional advice and such advisors may attend meetings as necessary. Costs to be incurred should comply with the authorisation matrix

Responsibilities

11. The responsibilities of the Committee shall be:

- a. to determine and agree with the board the framework for the remuneration of the chairman, chief executive officer, other executive directors, company secretary and other designated senior executives (including all those whose base compensation exceeds £250,000). 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.
- b. in determining such policy, to take into account 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 group.
- c. when setting remuneration policy for directors, to review and have regard to the remuneration trends across the group and the relationship between executive directors' pay and those of other employees.
- d. within the terms of the agreed policy, determine the total individual remuneration package of the chairman, each executive director, company secretary and other senior executives whose base compensation exceeds £250,000 including, where appropriate, bonuses, incentive payments and share awards and options (giving due regard to the comments and recommendations of the Combined Code, the UK Listing Authority's Listing Rules and associated guidance and the objective determination of performance criteria)
- e. to determine the policy for and scope of pension arrangements for each executive director and other designated senior executives.
- f. for executive directors, to ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the company, that failure is not rewarded and that loss for the company is fully mitigated
- g. to oversee the annual pay review process throughout the group
- h. to oversee any major changes in employee benefit structure throughout the group

- i. to approve the design of, and determine targets for, any performance related pay schemes operated by the group and approve the total annual payments to be made by each division under such schemes.
- j. To approve the annual remuneration package of all those designated as partners or equivalent including where appropriate, salary, bonuses, incentive payments and share awards and options.
- k. To review and approve the design of all share incentive plans. 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 executives and the performance targets to be used.
- l. to determine whether share incentive plan performance criteria have been met
- m. to review annually the appropriateness of the authorisation procedures and guidance for authorising expense claims from directors.
- n. To give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate
- o. to ensure the remuneration policy does not promote unacceptable levels of risk in the group
- p. at least annually, to review total compensation of the Group
- q. to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee
- r. to review these terms of reference at least annually
- s. to make these terms of reference publicly available

Reporting procedures

- 12. The Committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities. The secretary shall circulate draft minutes of meetings of the Committee to all members of the Committee. Once approved, minutes shall be circulated to all other members of the board unless it would be inappropriate to do so.
- 13. The chairman of the Committee or, as a minimum, another member of the Committee, shall attend the board meeting at which the accounts are approved.
- 14. The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the board.
- 15. The Committee shall produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year it is put to the shareholders for approval at the AGM.

16. The chairman shall attend the AGM and shall answer questions, through the chairman of the board, on the Committee's activities and their responsibilities.

Approved by the board

A J Barber, Chairman
16 December 2010