

**TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE**

The Board has established a Remuneration Committee (“the Committee”) and the terms of reference, including its role and the authority delegated to it by the Board, are detailed below:

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board on recommendation of the Nomination Committee.
- 1.2 The Committee shall comprise of at least three members, all of whom are independent non-executive Directors.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate
- 1.4 Appointment to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the directors remain independent.
- 1.5 The Board shall appoint the Committee Chairman and determine the period for which he/she shall hold office.
- 1.6 The Company Secretary, or their nominee, shall be the Secretary of the Committee, but will not normally attend meetings of the Committee.

2. Meetings

- 2.1 The Committee shall meet as required, but normally in January, March/April and May/June each year.
- 2.2 Notice of each meeting together with an agenda of items to be discussed shall, unless otherwise agreed by all concerned, be forwarded to each member of the Committee one week prior to the meeting.
- 2.3 The quorum for the Committee meetings shall be two.
- 2.4 In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 2.5 The Secretary shall keep appropriate records of all meetings. The minutes of the meetings shall be circulated promptly to all members of the Committee and once agreed, to all members of the Board.

3. Annual General Meeting

- 3.1 The Chairman of the Committee shall attend the Annual General Meeting being prepared to respond to any shareholder questions on the Committees’ activities if necessary.

4. Duties

The Committee shall:

- 4.1 Determine and agree with the Board the framework or broad policy for the remuneration of the Company’s executive Directors. Review the executive directors’ basic salary annually and also determine the level of bonus payable under any incentive scheme agreed by the Board for both the executive Directors and Senior Managers. No Director or Manager shall be involved in any decisions as to their own remuneration;

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- 4.2 In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the levels of remuneration are appropriate to the Directors and sufficient to attract and retain such directors as are needed to run the Company successfully.
- 4.3 Ask the Board (excluding the non-executives) as appropriate to fix the remuneration of the non-executive Directors and to review this annually.
- 4.4 Oversee any major changes in employee benefit structures.
- 4.5 Review the ongoing appropriateness and relevance of the remuneration policy.
- 4.6 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any remuneration consultants who may be asked to advise the committee: 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 to fulfil its obligations.
- 4.7 Take into account the views of the ordinary shareholder in determining the overall policy of remuneration for all the directors.
- 4.8 Ensure that no Committee attendee shall participate in any discussion or decision on their own remuneration.
- 4.9 Review and note annually the remuneration trends across the Company or Group;
- 4.10 Ensure that provisions regarding disclosure of remuneration including pensions as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled.

5. Reporting Responsibilities

- 5.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 5.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that this is approved at the AGM.

6. Other

- 6.1 The Committee shall, once a year, or as appropriate, review its own performance, constitution and terms of reference to ensure it is operating with maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

7. Authority

- 7.1 The Committee is authorised by the Board to seek any relevant information it requires relating to any employee of the company in order to perform its duties. This will include timely access to appraisal information on the executive directors.
- 7.2 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 it may require.