

## **APPENDIX 3**

### **REMUNERATION COMMITTEE TERMS OF REFERENCE**

#### **1. CONSTITUTION**

The Board has resolved to establish a Committee of the Board to be known as the Remuneration Committee.

#### **2. ATTENDANCE AND PROCEEDINGS AT MEETINGS**

- 2.1 No one other than the Committee Chairman and members is entitled to attend or vote at a meeting of the Committee.
- 2.2 The Chief Executive Officer and any other executive or member of senior management may be invited to attend for all or part of any meeting as and when appropriate.
- 2.3 In the course of performing its functions, the Committee may choose to invite to attend Remuneration Committee meetings such persons, or issue standing invitations to such persons, as it deems appropriate.
- 2.4 Meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of Directors.
- 2.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Remuneration Committee and any other person required or invited, to attend not later than 48 hours prior to the date of the meeting, or if later as soon as is practicable. Failure to provide documents relating to any issue for discussion at the meeting will not preclude discussion about the same, nor any decision relating thereto, at a meeting of the Committee.
- 2.6 In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 2.7 In the event that a matter is required to be resolved by a vote of the Committee, any such matter shall be decided by a majority of votes. The Chairman shall not have a casting vote.

#### **3. COMPANY SECRETARY**

- 3.1 The Company Secretary shall act as the Secretary of the Committee and shall keep a record of:
  - 3.1.1 the membership of and the dates of any changes to the membership of the Committee; and
  - 3.1.2 any person or firm who provides advice or services to the Committee or materially assists the Committee on matters relating to Directors' remuneration. The Company Secretary shall keep a record of the nature of any other services provided by that person to the Company during the year.
- 3.2 The Secretary of the Committee shall circulate the minutes of such meetings to the Chairman of the Committee and, once agreed, to all members of the Board.

4. **FREQUENCY OF MEETINGS**

- 4.1 Meetings shall be held not less than twice a year and at such other times as the Chairman of the Committee or the Chairman of the Board shall require.
- 4.2 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee or the Chairman of the Board.

5. **QUORUM**

A quorum necessary for the transaction of business shall be two members. A duly convened Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. **AUTHORITY**

- 6.1 The Committee is authorised by the Board at the expense of the Company to investigate any matter within duties as set out in these terms of reference. It is authorised to seek any information it requires from any Director or employee in order to perform its duties and all directors and employees are required to co-operate with any requests made by the Committee.
- 6.2 The Committee is authorised by the Board to obtain external professional advice at the expense of the Company and to secure the attendance of third parties with relevant experience and expertise at meetings of the Committee if it considers this necessary. The Committee will notify the Head of Legal and Business Affairs of the Company, prior to obtaining expert legal advice and the Chief Financial Officer prior to obtaining expert financial advice. To the extent that, it is inappropriate to notify such persons, such advice may be sought by a Director following consultation with the Chairman of the Board.

7. **ANNUAL GENERAL MEETING**

The Chairman of the Committee shall be requested to attend the Annual General Meeting to answer questions arising from the Directors' remuneration report and generally on remuneration principles and practice and the activities of the Committee throughout the year.

8. **DUTIES**

The duties of the Committee are:

- 8.1 To approve the key terms of employment (including without limitation the remuneration package (in all its forms)), and any changes thereto and any termination, settlement or compromise package or similar, of any Executive Director or any senior executive employed by the Group who reports directly to the Chief Executive Officer. Such key terms shall be the subject of recommendation to the Remuneration Committee by the Chief Executive Officer (other than in respect of his own employment)
- 8.2 To approve any payments or benefits offered to employees in excess of £250,000, which are of an unusual nature and do not form part of that employees expected remuneration benefits.”

- 8.3 To recommend to the Board for approval by the Board the key terms of employment (including without limitation the remuneration package (in all its forms)), and any changes thereto and any termination, settlement or compromise package or similar of the Chief Executive Officer;
- 8.4 To set notice periods for executive Directors' contracts at one year or less. If it is necessary to offer longer notice or contract periods to new Directors, such periods should reduce after the initial period;
- 8.5 To determine the policy for, and scope of, pension arrangements for each executive Director and senior executive;
- 8.6 At the request of the Board, to review the design and structure of the Company's package of employee incentives, including without limitation, the structure and terms of, and eligibility for, all share incentive plans (for example, the Company's Long Term Incentive Plan, Equity Bonus Plan, Executive Share Option Scheme, discretionary bonus scheme and other package benefits), including, without limitation, the determination of appropriate targets, for approval of the design and structure of such package and its constituent elements by the Board and, where relevant, Shareholders;
- 8.7 To ensure that the objective of such package referred to in 8.6 above shall provide employees with appropriate incentives, reflective of their position and role within the Company, to perform and that employees are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 8.8 To approve any annual grant of awards made to employees under any share incentive schemes, on the recommendation of the Chief Executive, and to determine whether targets have been met as required to trigger the vesting of any award granted to employees;
- 8.9 To agree the policy for authorising claims for expenses from the Chief Executive Officer; and
- 8.10 To be responsible for establishing the selection criteria, selecting, engaging and setting the terms of engagement of any remuneration consultants who advise the Committee and to obtain reliable, up-to-date information about remuneration at other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **9. REPORTING PROCEDURES**

- 9.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 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 will ensure that it is put to shareholders for an advisory vote at the Annual General Meeting.
- 9.3 The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

## **10. EXCLUSIONS**

- 10.1 For the avoidance of doubt, any decision to employ or dismiss the Chief Executive Officer, the Chief Financial Officer or any other Executive Director, will be a decision for the Board to make.
- 10.2 The remuneration of non-executive Directors shall be a matter for the Board, in accordance with any policy laid down by the Board but should reflect the time commitment and responsibilities of the role. Remuneration for non-executive Directors should not include share options. The Board may delegate this responsibility to a smaller sub-committee of Directors, which may include the Chief Executive Officer.

## **11. GENERAL**

Nothing in these Terms of Reference, nor anything in the attached Annex is intended to, amend, detract from or conflict with the Articles of Association of the Company, and in such event the Articles of Association shall prevail.

Attached as Annex I are policies agreed by the Remuneration Committee from time to time.