1. **CONSTITUTION AND PURPOSE**

1.1 The Remuneration Committee (the "Committee") is established as a committee of the board of directors of the Company (the "Board").

1.2 The Remuneration Committee shall be responsible for the remuneration of the Group as described in Section 7 below.

**2. MEMBERSHIP AND APPOINTMENT**

2.1 The Committee shall comprise not less than three independent, non executive directors of the Company, as determined by the Board (inaccordance with the principles of the UK Corporate Governance Code (the "Governance Code")).

2.2 The Chairman of the Board may also serve on the Committee.

2.3 The members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee, and in consultation with the chairman of the Committee (the "Committee Chairman").

2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided that the director still meets the criteria for membership of the Committee.

2.5 The Board shall appoint the Committee Chairman from among the members of the Committee (excluding the Chairman of the Board) from time to time. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their

number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

2.6 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals such as the Chief Executive, other directors, Human Resources, the Head of Reward and external advisers may be invited by the Committee to attend for all or part of the meeting.

2.7 The Board shall regularly review the membership of the Committee to ensure an appropriate balance of skills, experience and knowledge is maintained and to ensure that undue reliance is not placed on particularindividuals.

2.8 The Company Secretary or his/her nominee shall be the Secretary to the Committee (the "Secretary").

**3. QUORUM**

3.1 A quorum of the Committee shall be three members, including theCommittee Chairman or his/her nominee.

**4. FREQUENCY OF MEETINGS**

4.1 The Committee shall meet not less than four times a year at such times as the Committee deems appropriate and more frequently if required.

**5. PROCEEDINGS AT MEETINGS**

5.1 Committee meetings shall be called by the Secretary at the request of the Committee Chairman or any other member thereof.

5.2 Only members of the Committee shall have the right to vote at Committee meetings.

5.3 No director or senior executive shall be involved in any decisions as to his or her own remuneration and shall absent themselves from any such discussion.

5.4 Unless otherwise agreed, notice of each meeting, together with an agenda of items to be discussed and any supporting papers, shall be forwarded in advance and in a timely manner (as circumstances permit) to each member of the Committee, and any other person required to attend.

5.5 Non-Executive Directors who are not members of the Committee are entitled to receive supporting papers on request and may also attend meetings.

5.6 The Secretary shall record the proceedings and decisions of the Committee meetings, including the names of those present and in attendance.

5.7 Minutes, once approved by the Committee members, shall be circulated to all members of the Board, unless it would be inappropriate to do so.

**6. ANNUAL GENERAL MEETINGS AND SHAREHOLDERS**

6.1 The Committee Chairman shall be available at 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 Remuneration Committee.

6.2 The Committee Chairman should ensure that the Company maintains an appropriate dialogue with shareholders on matters for which the Committee has responsibility.

6.3 The Committee should also ensure that the annual report of the Company's remuneration policy and practice (which forms part of the Company's annual report) is put to the shareholders at the Annual General Meeting.

**7. RESPONSIBILITIES**

The responsibilities of the Committee shall be:

**Remuneration Policy and Remuneration arrangements**

7.1 setting, reviewing and recommending to the Board for approval the Group's overall remuneration policy and strategy;

7.2 setting, reviewing and approving the remuneration arrangements (including any bonuses, incentive payments, share awards (including share options) pension and benefit arrangements and termination payments) of the Chief Executive and the Executive Directors;

7.3 reviewing and approving the remuneration arrangements (including any bonuses, incentive payments, pension and benefit arrangements and termination payments) of members

of the Group Executive Team, who are not Executive Directors, and

the Company Secretary;

7.4 in carrying out its responsibilities under 7.1 to 7.3 above, to take into account all factors which it deems appropriate (including relevant legal and regulatory requirements, the provisions of the Governance Code and associated guidance) to ensure that the Executive Directors, members of

the Group Executive Team who are not Executive Directors and the Company Secretary are provided with performance-related incentive arrangements designed to align their interests with those of shareholders and establish a clear link between sustained individual and corporate

performance;

7.5 to determine, and agree with the Board, the Company's policy on the duration of contracts the Executive Directors, and notice periods and termination payments under such contracts, with a view to ensuring that any termination payments are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;

7.6 to review annually, and have regard to, the remuneration trends across the Group and amongst the Group's peer group of companies;

7.7 to be aware of and oversee any major changes in remuneration policy or employee reward framework throughout the Group;

**Performance related reward**

7.8 in relation to performance-related reward plans in which the Executive Directors are eligible to participate, the setting, reviewing and approval of the levels of any award and any applicable performance criteria (having appropriate regard to the Company's strategic objectives, the Governance Code and best practice guidelines) to each Executive Director's award;

7.9 in relation to performance-related reward plans in which members of the Group Executive Team who are not Executive Directors, and the Company Secretary are eligible to participate, the reviewing and approval of the levels of any award and any applicable performance criteria (having

appropriate regard to the Company's strategic objectives, the Governance Code and best practice guidelines) to their awards;

7.10 the review and approval of the rules (and any significant amendment) of any long term incentive plan deferred bonus plan, cash based incentive plan, or share scheme, subject to final

approval by the Board and/or shareholders where necessary;

**Other**

7.11 in carrying out its responsibilities in this section 7, have appropriate regard to any applicable

any published best practice codes, guidelines or recommendations regarding governance and

remuneration of executives.

7.12 establishing the selection criteria, select, appoint and set the terms of reference for any remuneration consultants that the Remuneration Committee deems it necessary to receive advice from;

7.13 in conjunction with the Board, to approving the annual directors' remuneration report,

and ensure that all provisions regarding disclosure of remuneration are fulfilled;

7.14 to ensure that the items that should be published in the Company's Annual Report relating to the activities of the Remuneration Committee in accordance with the Governance Code, are approved by the Remuneration Committee and are included in that report;

7.15 to agree the policy for authorising claims for expenses of all Executive Directors appointed to the Board;

7.16 at least once a year to review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval, in accordance with the Governance Code;

7.17 to ensure that these terms of reference are made available on the Company's website in accordance with the Governance Code; and

7.18 to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

**8. EXCLUSIONS**

8.1 The terms of reference of the Remuneration Committee do not encompass decisions to appoint, employ or dismiss executives or directors.

8.2 The remuneration of non-executive directors shall not be a matter for the Remuneration Committee.

**9. AUTHORITY**

9.1 Subject to any guidelines set from time to time by the Board, the Committee may delegate any or all of its powers and authority as it thinks fit to the Remuneration Committee.

9.2 The Committee is authorised by the Board to obtain, at the Company's expense, any external legal or other professional advice, including the advice of independent remuneration consultants, as it considers necessary in connection with its duties and secure the attendance of third

parties with relevant experience and expertise at its meetings if it considers it necessary.

9.3 The Committee is authorised by the Board, at the expense of the Company, to investigate all matters that fall within these terms of reference.

9.4 In discharging its responsibilities, the Committee shall be entitled to receive such information as it requires from any employee. All employees shall be directed to co-operate with any request made by the Committee.

9.5 These terms of reference may be amended from time to time by the Board.