

Remuneration Committee Terms of Reference

1. Objectives

The Remuneration Committee is the Committee of the Board responsible for ensuring that the Company's overall reward philosophy is consistent with achievement of the Company's strategic objectives and with the Company's values.

It is responsible for considering and making recommendations to the Board in respect of the remuneration policy for the Chairman, Chief Executive Officer ("CEO"), Executive Directors and Executive Committee. The Committee also has oversight of the remuneration arrangements for the direct reports to the Executive Committee, the remuneration policy for which is set by the CEO.

2. Membership

- 2.1 The Committee will comprise a minimum of two independent non-Executive Directors appointed for this purpose by the Board (with the Chairman of the Company being eligible for this purpose). Membership and chairmanship of the Committee will be reviewed by the Board each year in consultation with the Chairman of the Remuneration Committee.
- 2.2 Each year the membership of the Committee will be displayed in the Annual Report and Accounts. When a Director, who is a member of the Committee, stands for re-election at the Annual General Meeting ("AGM"), his/her membership of the Committee will be noted on the proxy forms issued to shareholders.
- 2.3 The CEO shall not be a member of the Committee but shall be in attendance as required.

3. Support

- 3.1 The Company Secretary, or his nominee if approved by the Chairman of the Committee, shall act as secretary of the Committee.
- 3.2 The Committee will be supported as needed by the Finance Director, who shall have independent access to the Chairman of the Committee.
- 3.3 As and when required the Committee may access professional advice and may commission both informal and formal remuneration studies to assist in its formulation of the remuneration policy.
- 3.4 The Committee¹ is authorised to seek any information it requires from any employee of the Company and to invite any other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objectives.

4. Meetings

- 4.1 The Committee shall meet at least twice a year, and additionally as the Chairman considers necessary or appropriate for the discharge of its responsibilities.
- 4.2 The quorum for meetings shall be two members.

¹ For the purposes of these guidelines, 'oversight' is defined as 'having an awareness of' and 'be able to challenge'; the provisional decision-making responsibility for such matters having been delegated to management.

5. Duties

Without limiting the generality of the Committee's objectives and given that neither the members of the Board nor the Committee participate in discussions or decisions relating to their own remuneration, the Committee shall:

- 5.1 Determine and develop the remuneration policy for the CEO, Executive Directors and Executive Committee in line with the Company's strategy.
- 5.2 Determine the total remuneration packages for the CEO, Executive Directors and Executive Committee, including salary, bonus payments, awards under the Company's share plans, service contracts and pension rights. In their deliberations, the Committee will have regard to the ongoing appropriateness and relevance of the remuneration policy, relevant market comparisons and practice together with any other relevant guidance.
- 5.3 Determine the performance-related pay schemes for the CEO, Executive Directors and Executive Committee; considering both potential quantum and performance targets; reviewing individuals' performance against these targets and agreeing appropriate incentive payments.
- 5.4 Consider the implications of the compensation policy/commitments for the CEO, Executive Directors and Executive Committee in the event of early termination, in order to ensure that any such payments are fair to all parties, that failure is not rewarded, and the duty to mitigate loss is fully recognised.
- 5.5 Agree the policy for authorising claims for expenses for the Chairman and CEO.
- 5.6 Recommend to the Board the remuneration package of the Chairman on appointment, and annually thereafter, review that remuneration package and make any recommendations considered appropriate. The remuneration of Non-Executive Directors shall be a matter for the Chairman in consultation with the CEO (such fees to be determined by the Board itself (non-Executives not participating in the decision)).
- 5.7 Have oversight of the operation of all long term share-based incentive arrangements and employee share schemes operated by the Company. Whilst the specific operations of the plans will be delegated to the Finance Director to oversee, authorisation will be sought from the Committee as to the type of plans operated, the aggregate share usage, performance conditions, overall cost to the income statement and any other aspects of the operation of the plan that require Remuneration Committee discretion.
- 5.8 In addition, the Committee will also have oversight of the aggregate salary budget, aggregate bonus pool for the workforce generally.
- 5.9 Perform any other duties or responsibilities relating to remuneration issues delegated to the Committee by the Board from time to time.
- 5.10 In carrying out its duties under these terms of reference, the Committee will have due regard to any legal requirements, provisions and recommendations in the Combined Code on Corporate Governance and the Listing Rules of the London Stock Exchange ("LSE"), in so far as they apply (or may be deemed by the Committee for this purpose to apply) to companies whose shares are traded on the LSE's AIM market.

6. Reporting & Disclosure

- 6.1 The Committee shall consider and recommend to the Board the policy on shareholder disclosure and related matters for all remuneration issues including the contents of the Directors' Remuneration Report contained in the Annual Report and Accounts and ensure that such disclosure is clear, transparent and compliant with all relevant statutory legislation.
- 6.2 The Committee will account directly to Company shareholders for decisions of the Remuneration Committee through the attendance of the Chairman of the Remuneration Committee at the meeting of the Annual General Meeting to answer shareholders' questions on Directors' remuneration.

7. Authority

- 7.1 The Committee will operate under delegated authority from the Board and the Chairman will report to the Board on the Committee's proceedings after each meeting. Committee minutes will also be circulated to the members of the Board.

8. Performance Evaluation

- 8.1 The Committee shall, at least once a year, review its own performance and terms of reference and shall report its conclusions and recommend any changes it considers necessary to the Board for its approval.
- 8.2 The terms of reference of the Committee will be made available to shareholders via the Company website/Company Secretary.