

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.

Membership

2. The Committee shall be appointed by the Board, all members of the Committee shall be independent Non Executive Directors of the Company. The Committee shall consist of not less than three members. A quorum shall be two members.
3. The Chairman of the Committee shall be appointed by the Board from amongst the independent Non Executive Directors. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting.

Attendance at Meetings

4. A representative of the external advisers shall attend meetings at the invitation of the Committee.
5. The Chairman, Chief Executive, other Board members or other senior managers shall attend by invitation of the members of the Committee.
6. The Company Secretary, or his or her nominee, shall be Secretary of the Committee.

Frequency of Meetings

7. Meetings shall be held not less than three times a year, and more often as required, to coincide with key dates in the Company's bonus and remuneration cycle.

Authority

8. The Committee is authorised by the Board to
 - (i) investigate any activity within its terms of reference
 - (ii) seek any information that it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee
 - (iii) obtain outside legal or independent professional advice at the Company's expense and such advisors may attend meetings as necessary

Duties

9. The duties of the committee shall be:
- (i) to determine and agree with the Board the framework or broad policy for the remuneration of the Chairman of the Company, the Chief Executive, and the members of the Executive Operations Group (“the Executives”). The remuneration of Non Executive directors should be a matter for the Chairman and Executive members of the Board. No Director or Executive should be involved in any decisions as to their own remuneration;
 - (ii) in determining such a policy, the Committee will take account of all factors which it deems necessary. The objective of such policy shall be to ensure that the Executives are encouraged to enhance the Company’s performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Company;
 - (iii) to review the ongoing appropriateness and relevance of the remuneration policy;
 - (iv) in determining such packages and arrangements to give due regard to the comments and recommendations of the Code as well as the UK Listing Authority’s Listing Rules and associated guidance;
 - (v) to approve the design of, and determine the measures and targets for, any annual performance-related pay schemes operated by the Company for the Executives and the individual payments to Executives;
 - (vi) to approve the design of all share incentive plans and for any such plan, the Committee will determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executives and any performance measures and targets;
 - (vii) to determine the policy for and scope of pension arrangements for each Executive;
 - (viii) to review the terms of service agreements for each of the Executives from time to time and to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company and that the duty to mitigate loss is fully recognised;
 - (ix) to review and note annually the remuneration trends across the Company;
 - (x) to be responsible for obtaining reliable, up-to-date information about remuneration in other companies with a view to determining where to position the Company relative to other companies.
 - (xi) within the terms of the agreed policy to determine the total individual remuneration package of each Executive including, where appropriate, bonuses and long term incentives;
 - (xii) to ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors’ Remuneration Report Regulations 2002 and the Code, are fulfilled;
 - (xiii) to be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
 - (xiv) to report the frequency of, and attendance by members at, remuneration committee meetings in the annual report; and
 - (xv) to review the Committee’s terms of reference annually and where necessary, to update them.

Reporting Procedures

10. The Committee Chairman shall report formally to the Board on all matters within its duties and responsibilities.
11. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.
12. The Committee members shall conduct an annual review of their performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.
13. 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 it is put to shareholders for approval at the AGM. The duties and results of the Committee's activities during the year shall also be disclosed in the annual report.
14. The Committee Chairman, or in his/her absence an appointed deputy, shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Remuneration Committee's report and their responsibilities.

Updated December 2006