

Terms of Reference of the Remuneration Committee

Membership

Members of the Remuneration Committee shall be appointed by the Board on the recommendation of the Nomination Committee, if a Nomination Committee is appointed, and in consultation with the chairman of the Remuneration Committee.

The Remuneration Committee must comprise of a minimum of two members from amongst the non-executive Directors of the Company each of whom is identified by the Board as independent.

The Board may appoint as a member of the Remuneration Committee, the Chairman of the Company, but he may not chair the Remuneration Committee.

Only members of the Remuneration Committee have the right to attend meetings of the Remuneration Committee. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate in accordance with Paragraph 6.3 of these Terms of Reference.

Membership of the Remuneration Committee can be varied at any time by a majority resolution of the existing members of the Remuneration Committee provided that the provisions of paragraph 1.2 are observed.

Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three-year periods, so long as members continue to be independent.

Chairman

The Board shall appoint the chairman of the Remuneration Committee who shall be an independent non-executive Director. The chairman has the responsibility of liaising with the Board.

The chairman of the Remuneration Committee shall chair the meetings of the Remuneration Committee.

In the absence of the chairman of the Remuneration Committee, the remaining members present at any meeting of the Remuneration Committee shall elect one of themselves to chair the meetings of the Remuneration Committee.

Secretary

Such person as the board may determine from time to time shall be the secretary of the Remuneration Committee.

The secretary of the Remuneration Committee or his/her delegate shall attend meetings of the Remuneration Committee to take minutes and will ensure that the members of the

Remuneration Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.

In the absence of the secretary of the Remuneration Committee, the members present at a meeting of the Remuneration Committee shall elect another person to act as the secretary for the purposes of that meeting.

Quorum

The quorum necessary for the transaction of business of the Remuneration Committee shall be two members of the Committee, both of whom shall be an independent non-executive Director.

The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Remuneration Committee shall not be counted towards the quorum and he/she must abstain from participating in any discussions or voting on any resolution of the Remuneration Committee in which he/she and/or his/her associates have a material interest.

A duly convened meeting of the Remuneration 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 Remuneration Committee.

Frequency of meetings

The Remuneration Committee shall meet at least twice a year and at such other times as the chairman of the Remuneration Committee shall require.

Any member of the Remuneration Committee may request a meeting if he/she considers that one is necessary.

Attendance at meetings

Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through telephonic and/or electronic means of communication.

Should any member of the Remuneration Committee wish to attend a meeting through telephonic and/or electronic communications, prior arrangements shall be made with the secretary of the Remuneration Committee.

Apart from the members of the Remuneration Committee, the Chairman, the Chief Executive Officer, the Head of Human Resources (if any) and external advisers may be invited to attend for all or part of any meeting as and when However, these persons shall not be involved in any decision or present at any discussions of the Remuneration Committee as to his or her own remuneration.

Notice of meetings

Meetings of the Remuneration Committee shall be convened by the secretary of the Remuneration Committee at the request of any of its members or at the request of the chairman of the Remuneration Committee.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Remuneration Committee, and to any other person required to attend within a reasonable time prior to the date of the meeting. Supporting papers shall be sent to Remuneration Committee members and to other attendees as appropriate within a reasonable time prior to the date of the meeting.

Any member of the Remuneration Committee shall be entitled, by notice to the secretary of the Remuneration Committee, to include other matters relevant to the functions of the Remuneration Committee in the agenda of a Remuneration Committee meeting.

Voting

Each member of the Remuneration Committee shall have one vote which may be cast on matters considered at a meeting of the Remuneration Committee. Votes can only be cast by members attending a meeting of the Remuneration Committee.

Save where he has a personal interest, the chairman of the Remuneration Committee will have a casting vote.

Minutes of meetings

The secretary of the Remuneration Committee (or his/her delegate) in attendance at the meetings of the Remuneration Committee shall minute in sufficient detail all proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any member of the Remuneration Committee and/or dissenting views expressed.

Draft and final versions of minutes of the Remuneration Committee meetings shall be sent to all Remuneration Committee members for their comments and records respectively, in both cases within a reasonable time after the meeting. Once they are agreed, the secretary of the Remuneration Committee shall circulate the minutes, and reports of the Remuneration Committee, to all members of the Remuneration Committee and to all members of the Board:

Minutes of the Remuneration Committee meetings shall be kept by the secretary of the Remuneration Committee and shall be available for inspection by any member of the Remuneration Committee or a non-executive Director at any reasonable time on reasonable notice.

Annual General Meeting

The chairman of the Remuneration Committee shall attend the annual general meeting of the Company and be prepared to respond to any Shareholder questions on the Remuneration Committee's activities.

The Remuneration Committee shall produce a report of the Company's remuneration policy and practices (including an explanation as to why they have chosen the remuneration structure adopted) to be included in the Company's annual general meeting.

Duties

For the purposes of these terms of reference « Executive Management » means all executive directors and the Chairman;

The Remuneration Committee shall be responsible for:

- determining and agreeing with the Board the framework or broad policy for the remuneration of Executive Management;
- in determining such policy, taking into account all factors which it deems necessary including the relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance and the Quoted Companies Alliance guidance for smaller quoted companies and associated guidance. The objective of such policy shall be to attract, retain and motivate Executive Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholder and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- reviewing and having regard to pay and employment conditions across the Company or Group when setting remuneration policy for Executive Management and especially when determining salary increases;
- reviewing the on-going appropriateness and relevance of the remuneration policy;
- recommending and monitoring the level and structure of remuneration for Senior Management;
- approving the design of and determining targets for any performance- related pay schemes operated by the Company including:
- the setting and monitoring of any performance conditions subject to which any options may be granted under any executive share option schemes adopted by the Company; and
- approving the total annual payments made under such schemes;
- reviewing the design of and determining targets for all share incentive plans for approval by the Board and (only where relevant) Shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Management and the performance targets to be used;
- determining the policy for and scope of pension arrangements for Executive Management;
- the policy for and scope of any termination payments and the severance terms for Executive Management ensuring that contractual terms on termination and any

payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- within the terms of the agreed policy, recommending the total individual remuneration package of Executive Management including, where appropriate, bonuses, incentive payments and share options or other share awards;
- reviewing annually the remuneration trends across the Company or Group;
- co-ordinating closely with the Nomination Committee in relation to the remuneration to be offered to any new member of Executive Management;
- being aware of and advising on any major changes in employee benefit structures throughout the Group;
- agreeing the policy for authorising reimbursement of claims for expenses from the Executive Management;
- ensuring that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report, are fulfilled;
- establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- considering any other matters relating to the above referred to the Remuneration Committee by the Board; and
- obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Remuneration Committee will have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board.

Reporting responsibilities

The chairman of the Remuneration Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities.

The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. However, the minutes detailing recommendations of the Remuneration Committee must be approved by the Board before they can be implemented.

The Remuneration Committee, through the Chairman of the Board, shall ensure the Company maintains contact as required with its principal shareholders about remuneration.

Other

The Remuneration Committee shall have access to sufficient resources in order to discharge its duties. In the event that the Remuneration Committee determines that it has insufficient resources, it may make a request for additional resources to the Chief Executive Officer. If the request for additional resources is denied, the Remuneration Committee may, if it chooses, make a request to the Board. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.

All members of the Remuneration Committee shall have access to the advice and services of the secretary of the Remuneration Committee with a view to ensuring that procedures of the Remuneration Committee and all applicable rules and regulations are followed.

In the event that the Remuneration Committee or any member of the Remuneration Committee requires access to independent professional advice in connection with its/his/her duties, a request may be made to Chief Executive Officer. All such requests shall be processed in accordance with any pre-defined procedures for seeking independent professional advice at the Company's expense.

Every member of the Remuneration Committee shall give sufficient time and attention to his/her duties as a member of the Remuneration Committee. He/she shall give the Company the benefit of his skills and expertise through regular attendance and active participation.

The Remuneration Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

The Remuneration Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Remuneration Committee shall ensure that its terms of reference are available on the Company's website and include an explanation of its role and the authority delegated to it by the Board.

The Remuneration Committee shall, while carrying out the duties specified in Paragraph 10, have regard to their duties as Directors of the Company, including under all applicable laws and regulations, the UK Corporate Governance Code and the provisions of the QCA Code and associated guidance.

Authority

The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee of the Company in order to perform its duties pursuant to these terms of reference and all employees are directed to co-operate with any reasonable request made by the Remuneration Committee.