

## **Duties and Responsibilities of the Board in respect of the Remuneration Committee function**

The Board agreed at a Meeting on 1 April 2004 that the Board as a whole should continue to perform the function of the Remuneration Committee. The formal duties and responsibilities of the Board in respect of this function are set out below.

### **1. Duties**

- 1.1 The Board shall constitute itself as a Remuneration Committee twice a year (see 3 below) and shall:
  - 1.1.1 determine and agree the framework or broad policy for the remuneration of the Company's Chairman, Audit Committee Chairman and Directors;
  - 1.1.2 in determining policy, take into account all factors which it deems necessary. The objective shall be to ensure that Directors are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
  - 1.1.3 review the ongoing appropriateness and relevance of the remuneration policy;
  - 1.1.4 review, if applicable, the design of any share incentive plans for approval by shareholders;
  - 1.1.5 ensure, if applicable, 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;
  - 1.1.6 within the terms of the agreed policy, determine the total individual remuneration package of each Director, including, if applicable, bonuses and incentive payments;
  - 1.1.7 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
  - 1.1.8 review and note annually remuneration trends in the industry;
  - 1.1.9 agree the policy for authorising claims for expenses from Directors;
  - 1.1.10 ensure that all provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled; and
  - 1.1.11 be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and to procure up-to-date information about remuneration in other comparable companies. The Committee may commission any reports, surveys, legal or other professional advice, which it deems necessary to help it to fulfil its obligations.

### **2. Responsibilities**

- 2.1 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.
- 2.2 The Chairman of the Committee should be prepared to respond to any questions, which may be raised by shareholders at the AGM on matters within the Remuneration Committee's ambit.

### **3. Frequency of Meetings**

- 3.1 The Committee shall meet twice a year, normally in November or January to review the Company's remuneration policy, and, in March or April, to review the Remuneration Report, which is required to be prepared under the Directors' Remuneration Report Regulations 2002 and be submitted to shareholders with or as part of the Company's Annual Report for their approval at the AGM.

### **4. Other**

- 4.1 At least once a year the Committee shall review its performance, duties and responsibilities to ensure that it is operating at maximum effectiveness in respect of its function as the Remuneration Committee and make any changes it considers necessary.