

Remuneration Committee – Terms of Reference

The Board of the Company ("the Board") has for many years had a Remuneration Committee ("the Committee"). The Committee shall consist exclusively of independent non-executive directors. The Chairman and members of the Committee shall be appointed by the Board and the Chairman, or in his absence, an appointed deputy, should be available to answer questions at the Company's Annual General Meeting. The Chairman of the Committee, who, before appointment as such, should normally have served on a remuneration committee for at least 12 months, shall seek engagement with shareholders on significant matters relating to the Committee's areas of responsibility.

The Committee shall normally consist of not less than three members and the quorum for meetings of the Committee shall be two members. The Director of Group Human Resources shall be Secretary to the Committee. The Committee shall meet at such times as may be necessary but will normally meet not less than three times a year. The Chairman of the Board, the Chief Executive Officer and any other person shall attend meetings if invited to do so by the Committee.

The purpose of the Committee is to ensure that the Company's executive directors and senior executives are properly incentivised and fairly rewarded for their individual contributions to the Company's overall performance having due regard to the interests of the shareholders and to the financial and commercial health of the Company.

The primary role of the Committee shall be to determine the framework or broad policy for executive director remuneration and set all elements of the remuneration and benefits of the Chairman, executive directors and senior management¹, in line with the Company's purpose, values, strategy and in furtherance of the long-term sustainable success of the Company. The Committee shall also ensure that a formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration is established. The Committee shall review workforce remuneration and related policies and the alignment of incentives and rewards with the Company's culture and shall take account of all of these matters when setting the policy for executive director remuneration.

The Committee shall ensure that all remuneration paid to the directors is in accordance with the Company's previously approved remuneration policy from time to time and that, subject thereto, all contractual terms on termination, and any payments made, are fair to the individual and the Company. The Committee shall also be responsible for overseeing the Company's long term incentive plans for all employees.

No director should be present when his or her own remuneration is being discussed. The Committee shall procure such information as it may consider necessary to make comparisons between the remuneration of the Company's executive directors and that of directors of other companies that it deems to be comparable. The Committee shall also be responsible for appointing any remuneration consultants.

The Committee shall ensure that provisions regarding disclosure of remuneration and the activities of the Committee as set out in the relevant legislation, the UK Listing Rules and the UK Corporate Governance Code are fulfilled and shall make available the Committee's terms of reference.

¹For the purpose of these Terms of Reference "senior management" means the first layer of management below Board level, including the Company Secretary.