

# Chamberlin plc

(the "Company")

## Remuneration Committee

### Terms of Reference

Approved by the Board of Directors of the Company (the "Board") on 12<sup>th</sup> July 2012.

#### **1 Introduction**

These terms of reference have been approved by the board to confirm the role and responsibilities of the remuneration committee of the company (the "Remuneration Committee").

#### **2 Membership**

- 2.1 The Remuneration Committee should comprise a minimum of three members each of whom shall be independent non-executive directors.
- 2.2 The members of the Remuneration Committee shall be selected by the Board, on the recommendation of the Nominations Committee in consultation with the chairman of the Remuneration Committee. The Chairman of the Board may also be a member, but not chairman, of the Remuneration Committee if he or she was considered independent on appointment as Chairman of the Board.
- 2.3 The chairman of the Remuneration Committee shall be appointed by the Board. In the absence of the chairman of the Remuneration Committee, the remaining members present shall elect one of their number to chair the meeting.
- 2.4 Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the director in question remains independent, and continues to fulfil the criteria for membership of the Remuneration Committee.
- 2.5 No one other than a Remuneration Committee member is entitled to attend meetings of the Remuneration Committee but others may attend by invitation, including the Chief Executive Officer, the head of Human Resources and representatives of external remuneration consultants.
- 2.6 No committee member shall participate in any discussion or decision on their own remuneration.

#### **3 Secretary**

The company secretary or his or her nominee shall act as the secretary of the Remuneration Committee.

## **4 Quorum**

The quorum necessary for the transaction of business at meetings of the Remuneration Committee is two members. A duly convened member of the Remuneration Committee at which a quorum is present shall be empowered to fulfil all authorities, powers and duties of the Remuneration Committee.

## **5 Frequency of Meetings**

- 5.1 The Remuneration Committee shall meet not less than two times a year. Any member of the Remuneration Committee may request a meeting of the Remuneration Committee if he or she considers it necessary.

## **6 Notice of Meetings**

- 6.1 Meetings of the Remuneration Committee shall be called by the secretary of the Remuneration Committee.
- 6.2 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 any other person invited to attend not less than five working days prior to the date of the meeting, provided that such notice period may be waived or shortened with the consent in writing of all the members of the Remuneration Committee for the time being. Supporting papers shall be sent to members of the Remuneration Committee, and to other attendees as appropriate, at the same time as the notice.

## **7 Minutes of Meetings**

- 7.1 Minutes shall be prepared in relation to each Remuneration Committee meeting.
- 7.2 The minutes shall be circulated promptly to all members of the Remuneration Committee.
- 7.3 Unless a conflict of interest exists, all other members of the Board may request copies of the minutes of meetings of the Remuneration Committee from the secretary of the Remuneration Committee.

## **8 Annual General Meeting**

The chairman of the Remuneration Committee shall attend the Annual General Meeting of the Company and shall be prepared to respond to any questions from shareholders concerning the Remuneration Committee's activities.

## **9 Duties**

### **9.1 Remuneration Policy**

The Remuneration Committee shall make recommendations to the Board on the Company's framework and broad policy for the remuneration of the executive management, the company secretary and other such senior managers and executives and its cost (the remuneration of non-executive directors shall be a matter for the chairman and the executive members of the Board);

## **9.2 Power to determine Remuneration**

The Remuneration Committee shall:

- (a) within the terms of the agreed policy, determine the total individual remuneration package of each executive director and other senior managers including recruitment terms, benefits, employment conditions, pension rights, bonuses, incentive payments and share options or other share awards, compensation payments and severance terms. Particular consideration should be given to setting notice or contract periods at one year or less and the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;
- (b) in determining such packages and arrangements, give due regard to any relevant legal requirements and the provisions and recommendations in the UK Corporate Governance Code and where the Remuneration Committee sees fit, other guidance issued by investment committees of the Association of British Insurers, the National Association of Pension Funds and others, relating to corporate governance and executive remuneration; and
- (c) in determining the basis on which the employment of individual directors and members of senior management is terminated, the Remuneration Committee should, where the initial contract does not explicitly provide for compensation commitments, tailor its approach (within legal constraints) to the particular circumstances surrounding the termination. The aim should be to avoid rewarding poor performance and to take a robust line on reducing compensation to reflect departing executives' obligations to mitigate loss.

## **9.3 Review of Remuneration and Trends**

The Remuneration Committee shall:

- (a) review at least annually, the total individual remuneration packages of each executive director and each senior manager;
- (b) review and note annually the remuneration trends across the Company and its group; and
- (c) obtain reliable, up-to-date information about remuneration in other companies and judge the implications of this information for the Company's remuneration policies carefully.

## **9.4 Incentive Schemes**

The Remuneration Committee shall:

- (a) approve the design of, and determine the targets for, any schemes of performance-related remuneration and, in designing such schemes to follow the provisions of any applicable corporate governance codes or guidance;
- (b) comply with the principles and provisions of any relevant codes and guidance;
- (c) consider whether the directors should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses; and
- (d) consider whether the directors should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long term incentive scheme.

## **9.5 Benefits**

The Remuneration Committee shall oversee any major changes in employee benefits throughout the Company and its group.

## **9.6 Expenses**

The Remuneration Committee shall agree the policy for authorising claims for expenses from the Chief Executive Officer and the Chairman of the Board.

## **9.7 Pensions**

The Remuneration Committee shall determine the policy for, and scope of, pension arrangements for the employees of the Company and shall consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for directors close to retirement.

## **9.8 Remuneration Consultants**

The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee. Where any such consultants are appointed, the Remuneration Committee shall make available either in the Annual Report or on the Company's website a statement of whether the relevant consultant has any other connection with the Company.

## **9.9 Terms of Reference**

The Remuneration Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it by the Board.

## **10 Reporting Responsibilities**

10.1 The chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall consult the Company's chairman and/or Chief Executive Officer about its proposals relating to the remuneration of the executive directors.

10.2 All decisions of the Remuneration Committee in respect of the specific remuneration package of each executive director shall be reported to the Board and the Remuneration Committee should consult the Chairman of the Board and/or the Chief Executive Officer of the Company about their proposals relating to the remuneration of the other executive directors.

10.3 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.

10.4 The Remuneration Committee shall ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

10.5 The Remuneration Committee shall ensure that the shareholders of the Company are aware of the remuneration policies.

10.6 The Remuneration 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 Company's annual general meeting.

## **11 Evaluation**

11.1 The Remuneration Committee shall evaluate the performance of the Chairman by seeking the views of the non-executive directors.

## **12 Other Matters**

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

## **13 Authority**

13.1 The Remuneration Committee is authorised by the Board:

- (a) to investigate remuneration paid to directors of other companies of a similar size in a comparable industry sector;
- (b) to obtain information on the remuneration of any employee of the Company or any of its subsidiary undertakings;
- (c) to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
- (d) to obtain the advice and assistance of any of the Company's executives provided that their role in providing such advice and assistance is clearly separated from their role within the business;
- (e) to secure the attendance of any person with relevant experience and expertise at committee meetings if it considers this appropriate; and
- (f) to appoint remuneration consultants (within any budgeting constraints imposed by the Board), and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.