

## Scott Wilson Group plc

### Remuneration Committee Constitution and Terms of Reference adopted by the Main Board on 24<sup>th</sup> November 2005 (Minute 256(i) refers)

<b>1. Constitution</b>	
1.1	The Board hereby resolves to establish a Committee to be known as the Remuneration Committee.
1.2	The Remuneration Committee is a Committee of the Board of Directors of Scott Wilson Group plc established under Article xxx of the Articles of Association.
<b>2. Membership and attendance</b>	
2.1	The Committee shall be composed of at least two non-executive directors of the Board, one of whom shall be appointed by the Board as the Chairman. In accordance with the Combined Code all members of the Committee shall be independent non-executive directors.
2.2	The Committee shall have the discretion to decide whom, other than its members shall attend its meetings. The Group HR Director shall normally attend meetings of the Committee. In addition the Committee shall invite Executive Directors to attend meetings as considered appropriate to discuss the performance of directors and others and make proposals as necessary. The Company Secretary shall be in attendance to act as the Committee Secretary.
2.3	No director or any other person shall in any circumstances be present for or entitled to vote in any matter relating to his or her own performance, remuneration or other matter where there is a conflict of interest.
2.4	In accordance with the Combined Code no other Board member may attend meetings of the Committee unless invited so to do.
<b>3. Purpose and Responsibilities</b>	
3.1	The Remuneration Committee shall: (a) Review and consider on behalf of the Board the Group policies on total pay and other benefits (in all its or their forms) and terms of employment and shall make or authorise changes where appropriate to ensure such policies are in the best interest of the Group having regard to those adopted from time to time in those industries in which the Group is engaged and are designed to encourage and reward individual performance in the interest of the Group; (b) Review and agree the salary and other elements of the remuneration package of senior management. The definition of “senior management” for this purpose shall be determined by the Board but normally shall include the Executive Directors, direct reports to the Executive Directors and other selected senior executives;

- (c) Review the appropriateness, levels and structure of salary and other elements of the remuneration package of those executives immediately below senior management and advise the Executive Directors accordingly;
- (d) Operate and implement the Long Term Incentive Plan and Save As You Earn Scheme and all other schemes established either previously which are still in operation or subsequently to replace or add to such schemes;
- (e) Review and consider on behalf of the Board the establishment of further such schemes or renewal of existing schemes and the terms of such schemes and to make recommendations where appropriate;

3.2 The Remuneration Committee shall:

- (a) Not discuss, or pass any resolution in respect of, the remuneration of, or the terms of any consultancy agreement with, any non-executive director, which shall be a matter for the Board itself, subject to the provisions of the Articles of Association;
- (b) Ensure that provisions regarding disclosure of remuneration including pensions as listed in Section 12.43A (c) of the Listing Rules of the UK Listing Authority and The Directors' Remuneration Report Regulations 2002 are fulfilled;
- (c) Produce the Directors' Remuneration Report which will form part of the Company's Annual Report and Accounts;
- (d) Ensure that the shareholders at the Annual General Meeting are invited to receive, adopt and approve the Directors' Remuneration Report set out in the Company's Annual Report and Accounts.

**4. Quorum**

- 4.1 The quorum shall be two members one of whom shall be the Chair of the Committee.

**5. Frequency of Meetings**

- 5.1 The Committee shall meet at the request of any member or the Secretary with reasonable notice at least twice in each financial year.

- 5.2 Subject to 5.1 above the Committee shall as a guide meet on the following occasions:

March – to review the bonus schemes for the current year and consider the issues for the July salary review.

June – to review the Remuneration Report to be included in the Annual Report, approve the bonuses payable for the previous year and finalise the salary and bonus terms as required under section 3 above.

October – to determine and recommend targets for the following year's bonus plan and review the fees payable to the non-executive directors\*

## **6. Authority**

- 6.1 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions vested in or exercisable by the Committee.
- 6.2 The Committee is authorised by the Board to:
- i) seek any information that it requires from any employee of the Scott Wilson Group; and
  - ii) obtain outside legal or independent professional advice, provided that the Committee will not incur unbudgeted professional fees in excess of £10,000 without the approval of either the Group Finance Director or the Board.

## **7. Reporting procedures**

- 7.1 Minutes of Committee meetings shall be taken by the Secretary and circulated to members of the Committee and to the Board.
- 7.2 The Chairman of the Committee shall report to the Board after each Committee meeting and shall, once a year, report to the Board on the issues arising from its work in the preceding financial year.
- 7.3 The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board if appropriate.
- 7.4 The Committee's duties and activities during the year shall be disclosed in the annual financial statements.
- 7.5 The Chairman of the Committee, or in his absence an alternative member of the Remuneration Committee, shall attend the AGM and shall answer questions concerning Executive Directors' remuneration, the Directors' Remuneration Report and the Committee's activities and responsibilities.

## **G. FRENCH CHAIRMAN**

\* The Executive Chairman, in consultation with the Joint CEOs and Finance Director, shall determine and recommend to the Board the fees payable to non-executive directors. The fees of the non-executive directors shall be subject to:

- An annual review by making a comparison between the fees paid to the non-executive directors of the Company and the fees payable to the non-executive directors of companies in the same sector of the FTSE or such other sector or group of companies as the Chairman shall decide is appropriate in consultation with the Remuneration Committee decide; and
- A benchmarking review by an independent remuneration consultant on the second anniversary upon which fees were last varied or benchmarked, whichever is the sooner, subject to the authority levels stated in 6.2 ii).