

**POCHIN'S PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**Adopted by the Committee on 23 October 2009**

*References to "the Committee" shall mean the Remuneration Committee.  
References to "the Board" shall mean the full Board of Directors.*

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**1. Membership**

- 1.1 The Committee shall comprise of at least three members, each of whom shall be appointed by the Board, on the recommendation of the Nominations Committee.
- 1.2 All members of the Committee shall be non-executive directors. The majority of the members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. The chairman of the company may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman
- 1.3 The Board shall appoint the Committee Chairman from time to time and determine the period for which they shall hold office. The chairman of the company shall not be eligible to be appointed as Chairman of the Committee.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director still meets the criteria for membership of the Committee

The present members of the Committee are:

N.R.L. Fry (Chairman of the Committee)  
M. Chadwick  
R. Fildes (Chairman of the Company)

**2. Secretary**

- 2.1 The Secretary to the Committee shall be the company secretary, its nominee or otherwise as nominated by the Committee.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the 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 Committee.

**4. Meetings**

- 4.1 The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require. The frequency and timing of meetings will differ according to the needs of the company. Meetings will be organised so that attendance is maximised by time-tabling them to coincide with Board meetings.

**5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its member.
- 5.2 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

Committee, any other person required to attend and all other non-executive directors prior to the date of the meeting.

- 5.3 No one other than the Chairman of the Committee and members shall have the automatic right to address any meeting of the Committee. However, others, and in particular the Chief Executive and company chairman, may be invited to attend and may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.
- 5.4 No executive will be present when his own remuneration is considered.

## **6. Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **7. Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

The Committee shall:

- 8.1 determine remuneration for all executive directors and other key executives and shall agree with the Board the framework or broad policy for the remuneration of such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for chairman of the company and the executive members of the Board;
- 8.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and the creation of shareholders value and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company. It shall also liaise with the Nominations Committee to ensure that the remuneration of newly appointed executives is within the company's overall policy;
- 8.3 approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes
- 8.4 review the design of all share incentive plans for approval by the board and 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 directors and other senior executives and the performance targets to be used within the terms of the agreed policy and in consultation with the chairman of the company and/or the chief executive as appropriate , determine the total individual remuneration package of each executive director and other senior executives including, bonuses, incentive payments and share options or other share awards;
- 8.5 determine the policy for, and scope of, pension arrangements, service agreements for the executive director and other senior executives;
- 8.6 ensure that contractual terms on termination are fair to the individual and the company, , that failure is not rewarded and that the duty to mitigate loss is fully recognised when considering termination payments;
- 8.7 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;
- 8.8 review and note annually the remuneration trends across the company or group oversee any major changes in employee benefit structures throughout the company or group;
- 8.9 agree the policy for authorising claims for expenses from the chief executive and chairman of the company;
- 8.10 ensure that provisions regarding disclosure of remuneration, including pensions, are fulfilled;

- 8.11 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 8.12 obtain reliable, up to date information about the remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 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 the shareholders for approval at the AGM.

## **10. Other**

- 10.1 The 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.

## **11. Authority**

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.
- 11.2 In connection with its duties the Committee is authorised by The Board, at the company's expense:
  - 11.2.1 to obtain any outside legal or professional advice; and,
  - 11.2.2 within any budgetary constraints by the board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys of information which it deems necessary to fulfil its duties.