



Remuneration Committee Terms of Reference

1. Membership

- 1.1 Members of the Remuneration Committee ("the Committee") shall be appointed from time to time by the Board and shall consist of not less than three independent non-executive directors. In addition, the Company Chairman may be a member provided he or she was considered independent at the time of appointment as Chairman. At least one shall have recent relevant remuneration committee experience.
- 1.2 The chairman of the Committee, who shall be an independent non-executive director, shall be appointed from time to time by the Board.
- 1.3 The quorum shall be any two members.
- 1.4 Members of the Committee shall be identified in the Company's statutory accounts.

2. Secretary

The secretary of the Committee shall be appointed from time to time by the Committee.

3. Authority of the Committee

- 3.1 The Committee, giving full consideration to the principles of good governance, and specifically the code of best practice contained in The UK Corporate Governance Code, and the FCA Remuneration Code, shall be responsible on behalf of the Board for developing and maintaining formal and transparent policies on remuneration for the Company's employees, the framework in which that policy is applied, and its cost.
- 3.2 The Committee will periodically review remuneration policies to ensure that they continue to be compliant with the relevant corporate governance and regulatory requirements, including the FCA Remuneration Code.
- 3.3 In particular, the Committee shall on behalf of the Board:

- (i) review and approve the general principles of the Company's remuneration policies, and:
 - (a) determine the application of the policies to the executive directors;
 - (b) review the application of the policies to senior management, brokers, employees engaged in control functions, and other employees including compliance with the Remuneration Code
- (ii) ensure that the implementation of the Company's remuneration policies is subject to review;
- (iii) consider the relationship between incentives and risk including review of the group's Risk Management Framework to assess risks which may be affected by remuneration policies;
- (iv) determine:
 - (a) the specific remuneration packages for each of the executive directors and the Chairman, including pension rights and all benefits whether in cash or in kind, fixed for a term or performance related, immediate or deferred;
 - (b) any variation of the specific remuneration packages for any of the executive directors;
 - (c) approve the terms and authorise the execution of any relevant documentation;
- (iv) determine and approve the rules of any new employee share scheme or other equity based long term incentive programme or recommend any changes to such rules;
- (v) determine and approve the rules of any new performance-related pay schemes and approve the total annual payments made under such schemes;
- (vi) review and approve the total incentive pools for all non-broking employees but not on an individual basis, save with respect to the senior management population (see (vi));
- (vii) review and approve, after consultation with the Chief Executive, the level and structure of remuneration for senior management. The definition of "senior management" for this purpose includes those members of the Executive Committee (other than the executive

directors), and the first layer of management below that level;

- (viii) as part of the review in 3.3 (v) above, review and approve the level and structure of remuneration for the heads of control functions;
- (ix) on the basis of the principles set out in 3.1, in relation to the Company's incentive schemes including share options and other awards on each occasion on which options or awards are granted:
 - (i) determine the performance criteria to be applied to those options or awards;
 - (ii) determine the allocation of options or awards to executive directors; and
 - (iii) review the allocation of options or awards to senior management

and approve the terms and authorise the execution of any relevant documentation;

- (x) determine, on the basis of the principles set out in 3.1, any compensation payments to be made to any executive director on the termination or variation of his/her employment;
- (xi) advise, and where appropriate, make recommendations to the Board of the Company:
 - (a) as to developments in best practice relating to the remuneration of all employees; and
 - (b) on the basis of those developments to recommend appropriate changes to the authority of the Committee;
- (xii) investigate and report and/or make recommendations regarding, any matter in any way connected with the matters which the Committee is to determine or on which it is to advise, or which is referred to the Committee by the Board of Directors of the Company;
- (xiii) escalate to the Board Risk Committee matters as required by the Enterprise Risk Management Framework, Risk Management Policies and other policies in place;

and

- (ivx) work with, but not be bound by, the Board Risk Committee to ensure that risk and risk appetite are properly considered in setting remuneration policy.

- 3.4 The Committee shall not determine the remuneration of any non-executive director, other than the Chairman of the Company.

4. Consultation and External Advice

- 4.1 The Committee shall consult the Chairman and/or the Chief Executive about its proposals relating to the remuneration of other executive directors.
- 4.2 The Committee is authorised to obtain all necessary information from within the Company and shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. The Committee is authorised to obtain at the Company's expense outside legal or other professional advice on any matters within its terms of reference.

5. Reporting Procedures

- 5.1 A note of the decisions of the Committee signed by the chairman of the Committee shall be a sufficient record and conclusive evidence of the validity of the Committee's decisions. The Chairman of the committee shall attend each AGM and shall be available to answer questions raised by shareholders at the AGM.
- 5.2 The Committee shall review and approve the Report on Directors' Remuneration including all disclosures.

6. Procedural Matters

- 6.1 Meetings of the Committee shall be held as required, but not less than two times a year.
- 6.2 The Committee will arrange for the periodic reviews of its own performance and at least annually, review its terms of reference and recommend any changes it considers necessary to the Board for approval.

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