

# BROOKS MACDONALD GROUP PLC

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 1 **Composition and Procedure**

- 1.1 The Remuneration Committee shall consist of a minimum of two members, comprising a Chairman and at least one other member. The Remuneration Committee shall be appointed by the Board and membership shall be confined to 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 members of the Remuneration Committee for the time being shall be:-

Simon Wombwell (Chairman)

Christopher Knight

- 1.2 In the absence of the Remuneration Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the Meeting. It is expected that the Chief Executive and Finance Director will be invited to attend meetings, but shall not be entitled to vote.

- 1.3 The Remuneration Committee shall appoint a secretary to act as the Secretary of the Remuneration Committee.

- 1.4 The quorum for the transaction of business shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

- 1.5 The Remuneration Committee shall meet not less than once a year and at such other times as the Remuneration Committee Chairman shall require. Meetings of the Remuneration Committee may be held by telephone.

- 1.6 Any member of the Remuneration Committee may request that a meeting be convened by the Secretary of the Remuneration Committee.
- 1.7 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Remuneration Committee, any other person required to attend and all other non-executive Directors, no fewer than five business days prior to the date of the meeting.
- 1.8 The Secretary shall minute the proceedings and resolutions of all meetings of the Remuneration Committee.
- 1.9 Minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Board.
- 1.10 Other Directors may be requested to attend or shall be able to speak at meetings by prior arrangement with the Remuneration Committee Chairman.
- 1.11 The remuneration of non-executive Directors shall be a matter for the executive Directors of the Board. No Director or manager shall be involved in any decision as to his/her remuneration.

## 2 **Annual General Meeting**

The Remuneration Committee Chairman shall attend each annual general meeting of the Company prepared to respond to any shareholder questions on the Remuneration Committee's activities.

## 3 **Duties**

- 3.1 The Remuneration Committee shall:-

- 3.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and such other members of the executive management as it is requested to consider;
- 3.1.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy should be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 3.1.3 determine targets for any performance related pay schemes operated by the Company;
- 3.1.4 within the terms of the agreed policy, determine the total individual remuneration package of each executive manager including, where appropriate, bonuses, incentive payments and share options;
- 3.1.5 determine the policy for scope of pension arrangements, service agreements for the executive management team, termination payments and compensation commitments;
- 3.1.6 in determining such packages and arrangements, give due regard to the provisions of the Combined Code and associated guidance;
- 3.1.7 oversee any major changes in employee benefit structures throughout the Company or Group;
- 3.1.8 vet the reimbursement of any claims for expenses from the Executive Directors of the Company;
- 3.1.9 prepare an annual report to the Company's shareholders of the Remuneration Committee's remuneration policy in accordance with the provisions of the Companies Act 1985 section 234B;

- 3.1.10 consult with the Chairman of the Board about proposals relating to the remuneration of other executive Directors;
  - 3.1.11 determine the application of, and invitations and grants of options under the Company's share incentive scheme(s) and whether any performance conditions attaching to such options have been satisfied and in accordance with the rules of the option schemes, amending, waiving and relaxing such conditions; and
  - 3.1.12 consider the continuation of the employment of executive Directors beyond normal retirement age.
- 3.2 All decisions and recommendations of the Remuneration Committee in respect of Directors' remuneration shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve or reject the decisions of the Remuneration Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.

#### 4 **Authority**

The Remuneration Committee is authorised by the Board:-

- 4.1 to seek any information it requires from any employee, consultant and other provider of services to the Company (for example, solicitors, tax advisers, management consultants) in order to perform its duties;
- 4.2 to obtain, at the cost of the Company, such outside legal or other independent professional advice as the Remuneration Committee shall consider, in its discretion, to be appropriate to the exercise of its powers and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Remuneration Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Private and Confidential

**MEMORANDUM FOR THE DIRECTORS OF  
BROOKS MACDONALD GROUP PLC REGARDING THE LEGAL  
AND REGULATORY IMPLICATIONS  
OF ADMISSION TO TRADING ON THE ALTERNATIVE INVESTMENT MARKET OF  
THE LONDON STOCK EXCHANGE PLC**