

## **Pace plc**

### **Remuneration Committee – Terms of Reference**

**(Adopted by the Board on 19 April 2005)**

#### **1. Membership**

- 1.1. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of least 3 members, all of whom are independent non-executive directors.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, the Director of Personnel and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3. 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 that the director remains independent.
- 1.4. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

#### **2. Secretary**

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

#### **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be 2. 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. Frequency of Meetings**

- 4.1. The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

#### **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 members or the Chairman of the Board or the Chief Executive.
- 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 and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6. Minutes of Meetings**

- 6.1. The Secretary shall minute the proceedings and resolutions of all formal 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 the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## **7. Annual General Meeting**

- 7.1. The Chairman of the Committee shall (save where excused by the Chairman of the Board) attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

The Committee shall:

- 8.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the executive directors and the other members of the Executive Committee. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- 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 are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company;
- 8.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 8.4 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;
- 8.5 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, recommend each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other members of the Executive Committee and the performance targets to be used;
- 8.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.7 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company;
- 8.8 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration

package of each executive director and other members of the Executive Committee including bonuses, incentive payments and share options or other share awards;

- 8.9 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;
- 8.10 oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.11 review all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code; and
- 8.12 be primarily responsible, in consultation with the Director of Personnel, for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, and to obtain up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

## **9. Reporting Responsibilities**

- 9.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 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 adopted by the Board in order to put to shareholders for approval at the AGM.

## **10. Authority**

- 10.1 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.
- 10.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside or other professional advice.