

### **Definitions**

References to 'the Committee' shall mean the Remuneration Committee.

References to 'the Board' shall mean the full Board of Directors.

References to 'the Company' shall mean RM plc.

### **Membership**

1. The Committee shall comprise at least three members, each of who shall be appointed by the board.
2. All members of the Committee shall be non-executive directors, who are independent of management.
3. The Board should appoint the Committee Chairman, who shall be an independent non-executive director, and determine the period for which he shall hold office. Notwithstanding that the Chairman of the Company might qualify as a member of the Committee, he shall not be appointed as Chairman of the Committee.
4. Appointments to the Committee are made by the Board and shall be for a period of three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the Committee.
5. The Company Secretary or his nominee shall act as the Secretary of the Committee.

### **Meetings**

6. The Committee shall meet formally at least twice a year at such times as the Chairman of the Committee shall determine.
7. A meeting of the Committee may be called by any member of the Committee or by the Secretary.
8. The quorum necessary for the transaction of business by the Committee shall be two.
9. Notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed shall, unless otherwise agreed by all concerned, be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors not less than 1 working day prior to the date of the meeting.
10. The Chief Executive, Chairman and the Human Resources Director of RM plc may be invited to attend and speak at meetings of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

11. In the absence of the Committee Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
12. The Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made. Minutes of Committee meetings will be circulated to all members of the Committee and to the Chairman of the Board. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.
13. No Committee attender shall participate in any discussion or decision on their own remuneration.

### **Duties**

The Committee shall:

14. Determine and agree with the Board the framework or board policy for the Remuneration of the Company's or group's Chief Executive, the Chairman of the Company and such members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Board excluding non-executive directors;
15. In determining such policy, take into account factors that it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. 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 responsible manner, rewarded for their individual contributions to the success of the Company. Incentive plans should not incentivise participants to take inappropriate risk;
16. Annually review the ongoing appropriateness and relevance of the remuneration policy;
17. 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;
18. Within the terms of the agreed policy, determine the total individual remuneration packages of each senior executive including, where appropriate, bonuses, incentive payments and share awards;
19. 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 members of the executive management as it is designated to consider and the performance targets to be used;

20. Determine the policy for and scope of pension arrangements, service agreements for the executive management team, termination payments and compensation commitments, ensuring any payments made are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
21. In determining such packages and arrangements, give due regard to the comments and recommendations of the UK Corporate Governance Code, the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and ABI remuneration guidelines;
22. Oversee any major changes in employee benefit structures throughout the Company or Group and be familiar with policies throughout the Company as necessary;
23. Ensure that the provisions regarding disclosure of remuneration including pensions as set out in the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code are fulfilled;

#### **Reporting Procedures**

24. Produce, for the approval of the Board, an annual report of the Company's remuneration policy, which will form part of Directors' Report in the Company's Annual Report and Accounts and ensure each year that it is put to shareholders for approval at the AGM;
25. Ensure that the Chairman of the Committee or, in his absence, an appointed deputy attends the Company's AGM to answer shareholders' questions about directors' remuneration;
26. The Committee Chairman shall verbally report significant matters arising to the Board after each meeting ;
27. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

#### **Authority**

28. 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.
29. The Committee is authorised by the Board, when the fulfilment of its duties requires, to obtain any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings, if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies, at the Company's' expense. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

**Form of Meetings**

30. Meetings of the Committee may take place either by physical attendance of the members of the Committee or by a conference call, e-mail or any other method reasonably determined by the Chairman.

**Other Matters**

The Committee shall:

31. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
32. Arrange for regular reviews of its own performance and periodically review its 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.