

ARTISAN (UK) PLC

Remuneration Committee of the Board

Terms of Reference

1. Remuneration Committee

The Remuneration Committee –

- (a) is a sub-committee of the Board and shall make recommendations to the Board, which retains the right of final decision;
- (b) is composed of non-executive directors, with a quorum of two;
- (c) has a primary responsibility of reviewing remuneration, in its widest sense, and ensuring that it is adequate for current employees as to suitably tie them into the Company, and also of sufficient level to attract high calibre employees;
- (d) will meet sufficiently frequently and for long enough to perform its duties effectively; and
- (e) is entitled to take such external advice as it considers appropriate to the discharge of its duties.

2. Membership

- (a) The Committee shall have a minimum of two members.
- (b) Membership shall be confined to non-executive directors, who should be independent of management and free from any involvement which might significantly interfere with their ability to judge matters independently.
- (c) The Company Secretary shall be the Committee Secretary and proper minutes of its meeting shall be kept.
- (d) The Company Chairman shall be entitled to attend meetings of the Committee and to express his views, but should not be present when his own salary is decided or when decisions are taken on performance targets or incentive arrangements in which he participates. The Chairman should not be a member of the Committee.

3. Chairman

The members of the Remuneration Committee will elect a Chairman from among themselves. The Chairman will be responsible for –

- (a) preparing the agenda
- (b) the timely distribution of the agenda and any supporting papers
- (c) reporting to the Board on issues arising and decisions made
- (d) answering questions about the Remuneration Committee's work at the Company's Annual General Meeting
- (e) briefing any external consultants retained to provide independent advice on market practice, and for which advice a budget should be provided when necessary.

4. **Remuneration**

“Remuneration” is not confined simply to salaries and bonuses. It now has a wider definition and includes pension arrangements, share options, share save schemes, employees share ownership schemes, funded unapproved retirement benefit schemes and anything that is intended as “pay” for any employee. It also includes fringe benefits – for example, Company cars, use of Company premises for living purposes and so on. Many of these matters will be covered in service agreements but the Remuneration Committee should determine not only the Company's overall policy but also appropriate individual cases. Policy will also involve the purpose and objective of remuneration.

5. **Duties of the Committee**

Specific duties

To consider proposals from the Chief Executive of the Company and to make recommendations on –

- (a) the remuneration of the Company's directors
- (b) the salaries and terms of employment of directors of the Company's subsidiary companies (appointments to the board of subsidiary companies requiring Board approval)
- (c) the salary and terms of employment of the Group Financial Controller, and
- (d) the grant of any share options to officers or employees of the Group.

General duties

- (a) Keeping under review the remuneration and all other benefits of all executive directors and senior executives and managers of the Group
- (b) Making recommendations from time to time on the introduction, variation or discontinuance of all forms of reward to the same group of persons, whether in cash or in kind

- (c) Reviewing, investigating, reporting upon and making recommendations as appropriate on all forms of reward that might be applicable to executive directors, senior executives and managers of the Group, including share options, pension schemes and so on
- (d) Reviewing the design of remuneration structures, levels of pay, incentives and fringe benefits
- (e) Reviewing the procedures for the identification, training, remuneration and career development of all executives, senior and junior, who aspire to and may be expected to hold the most senior post, with clear policies for their encouragement.