

**Parkwood Holdings Plc**  
(the “Company”)

**Remuneration Committee – Terms of Reference**

Adopted 8 December 2004 and superseding those currently in place.

**Constitution**

The Board of Parkwood Holdings Plc has reviewed and confirmed the establishment of a Committee of the Board to be known as the Remuneration Committee.

**Membership**

The members of the Committee shall comprise at least two non-executive directors who are independent of management and free of any business or other relationship (including, without limitation, cross-directorships or day to day involvement in the management of the business) which could interfere with the exercise of their independent judgement.

The Executive Chairman will attend all meetings and will receive all Committee papers but will not be a member of the Committee. This is for practical reasons, that for a company of Parkwood’s current size, the guidance of the Executive Chairman is considered essential to the assessment of the performance of the Executive Directors. The Executive Chairman will also report to the committee on significant group-wide changes in salary structure and terms and conditions affecting other employees at senior executive level.

The Chairman of the Committee shall be appointed by the board.

The quorum of the Committee shall be at least two members.

**Secretary**

The secretary of the Committee shall be appointed by the Committee.

**Frequency of Meetings**

Meetings shall be held not less than twice a year.

**Authority**

The Committee is authorised by the Board to seek appropriate professional advice from both inside and outside the Company as and when it considers this necessary.

## **Duties**

The Committee should:

- Determine and agree with the Board the framework for the remuneration of the Executive Directors, the Company Secretary and Group Management; giving due regard to the requirements of the UK Listing Authority Rules, the Combined Code and other associated guidance;
- Within the terms of agreed framework, determine the total individual remuneration package of each Executive Director and the Company Secretary including bonus payments, share plans and pension arrangements;
- Approve share options and long term incentive arrangements for Executive Directors;
- Agree the policy for authorising claims for expenses for all Executive Directors;
- Be responsible for establishing the selection criteria, selecting, appointing and setting terms of reference for any consultants who advise the Committee;
- Be aware of and advise on any major changes in employee benefit structures throughout the Group;
- Ensure the remuneration statement in the annual report fulfils the relevant disclosure requirements, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code;
- Make a statement in the annual report about membership of the Committee, number of Committee meetings held and attendance by members over the course of the year;
- Make available its terms of reference explaining clearly its role and the authority delegated to it by the Board;
- Regularly review its terms of reference and update where required;
- Consider any other remuneration matters as requested by the Board from time to time.

## **Minutes**

The Chairman of the Committee shall report on the business of that Committee at the next Board Meeting.

Approved by the Board  
8<sup>th</sup> December 2004