

## **THORNTONS PLC**

### **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

Approved By the Board on 15 June 2005

#### **1 MEMBERSHIP**

Members and the Chairman of the Committee shall be appointed by the Board. The Committee shall consist of not less than two independent Non-Executive Directors. A quorum necessary for the transaction of business by the Committee shall be two members.

#### **2. ATTENDANCE**

The Chairman of the Board, Chief Executive and any other person may be invited to attend the Committee as it considers appropriate, but shall have no right of attendance.

No person shall be in attendance at the meeting when his or her remuneration (which shall include salary, bonuses, commissions, share of profits, share options or pensions) or conditions of employment are discussed.

#### **3. SECRETARY**

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

#### **4. FREQUENCY AND NOTICE OF MEETINGS**

- a) Meetings shall be held as required by the Chairman of the Committee.
- b) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee or any two members of the Committee upon giving reasonable notice to the members of the committee.

#### **5. ANNUAL GENERAL MEETING**

The Chairman of the Committee shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

#### **6. AUTHORITY**

The Committee shall be empowered to interview any director or other employee it believes can help it with enquiries within its terms of reference, and all employees are directed to co-operate with any request made by the Committee.

The Committee may obtain outside legal or other independent professional advice if it considers this necessary.

## 7. DUTIES

Within the broad policy on remuneration established by the Board, whose objective is to ensure Executive Directors are provided with total remuneration packages which are designed to:

- ensure that individual rewards and incentives are aligned with the performance of the Company and the interests of shareholders
- ensure that performance-related elements of remuneration constitute a significant proportion of an Executive's remuneration package
- maintain a competitive remuneration package which enables the Company to attract, retain and motivate high calibre executives

The Committee's duties are:

a) To review and approve the remuneration packages of all Executive Directors, the Chairman of the Company and the Company Secretary and monitor the level and structure of remuneration of members of the senior management, including but not limited to:

- i. service contracts including notice periods.
- ii. salary scales and individual remuneration
- iii. bonus arrangements
- iv. directors' pension schemes
- v. other emoluments.
- vi. share incentive plans
- vii. terms on termination and ensure that any payments made are fair to the individual and the company, ensuring that failure is not rewarded and that the duty to mitigate loss has been fully recognised

Assessment against external data and use of external consultants for advice and information will be taken where deemed appropriate.

b) To produce an annual report on Directors' Remuneration, in accordance with Schedule 7A to the Companies Act 1985 and the Combined Code which will form part of the Company's Annual Report & Accounts, for approval by shareholders at the AGM.

## 8. PERFORMANCE REVIEW

The Committee shall, at least once a year, review its own performance, 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.

## 9. REPORTING

Minutes of the Remuneration Committee meetings shall only be circulated to the members of the Board if the Committee so decides.