

FENNER PLC

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

JUNE 2009

1. MEMBERSHIP & ATTENDANCE

- 1.1. The Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chairman of the Committee and shall comprise the independent non-executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chairman.
- 1.2. The Board shall appoint the Committee Chairman who shall be an independent non-executive Director. If the Chairman of the Committee shall not be present at any meeting of that Committee, the members of the Committee present shall appoint one of their number to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.
- 1.3. Only members of the Committee have the right to attend Committee meetings, however, other individuals may be invited to attend all or part of any meeting as and when appropriate.

2. SECRETARY

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

3. QUORUM

- 3.1. The quorum for the transaction of business shall be two (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 member of the Committee.
- 5.2. Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, to arrive no later than 5 working days before the date of the meeting.

6. MINUTES OF MEETINGS

- 6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee including the names of those present and in attendance.
- 6.2. Minutes of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless a conflict of interest exists.

7. ANNUAL GENERAL MEETING

- 7.1. The Chairman of the Committee shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities and on the Remuneration Report in the Company's Annual Report & Accounts.

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 Chairman, Executive Directors and Company Secretary and ratify the recommendation of the Chief Executive on remuneration for senior executive management. The remuneration of the non-executive Directors will be determined by the Chairman of the Board and the Executive Directors. 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 the remuneration 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;
- 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 for senior management operated by the Company and approve the total annual payments made under such schemes;
- 8.5. review the design of 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 senior executive management and the performance targets to be used;
- 8.6. review any shadow share incentive plans which are not subject to shareholder approval;
- 8.7. determine the policy for, and the scope of pension arrangements for each Executive Director and have an overview on which elements of senior executive pay will be pensionable;
- 8.8. ensure that contractual terms on termination and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- 8.9. 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 for each Executive Director and where the Board deems it appropriate senior executive management, including bonuses, incentive payments and share options or other share awards;
- 8.10. 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;
- 8.11. review and note annually the remuneration trends across the Company or Group;
- 8.12. oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.13. agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- 8.14. ensure that all provisions regarding disclosure of remuneration including pensions are fulfilled;
- 8.15. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and
- 8.16. to obtain reliable, up to date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deemed necessary to help it fulfil its obligations.

9. REPORTING RESPONSIBILITIES

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. 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 put to shareholders for approval at the AGM.

10. OTHER MATTERS

- 10.1. The Committee should, 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.
- 10.2. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

11. **AUTHORITY**

The Committee is authorised:

- 9.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 9.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference.