



RM plc

Remuneration Committee

Terms of Reference – November 2004

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.

A. 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 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 necessarily be appointed as Chairman of the Committee.
4. The Company Secretary or his nominee shall act as the Secretary of the Committee.

B. Meetings

1. The Committee shall meet formally at least twice a year at such times as the Chairman of the Committee shall determine.
2. A meeting of the Committee may be called by any member of the Committee or by the Secretary.
3. The quorum necessary for the transaction of business by the Committee shall be two.
4. 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 fewer than 1 working day prior to the date of the meeting.

5. The Chief Executive and the Human Resources Director of RM plc shall have the right 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.
6. 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.
7. 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.
8. No Committee attender shall participate in any discussion or decision on their own remuneration.

C. Duties

The Committee shall:

1. 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;
2. In determining such policy, take into account factors that it deems necessary. 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;
3. Determine targets for any performance related pay schemes operated by the Company;
4. Within the terms of the agreed policy, determine the total individual remuneration packages of each executive manager including, where appropriate, bonuses, incentive payments and share options;
5. Determine the policy for and scope of pension arrangements, service agreements for the executive management team, termination payments and compensation commitments;
6. In determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the Listing Rules issued by the Financial Services Authority and associated guidance;

7. Oversee any major changes in employee benefit structures throughout the Company or Group;
8. Ensure that the provisions regarding disclosure of remuneration including pensions as listed in Section 12.43A (c) of the Listing Rules and the Combined Code are fulfilled;
9. 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;
10. 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.

D. Authority

1. 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.
2. The Committee is authorised by the Board, when the fulfillment 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 fulfill its obligations.

E. Form of Meetings

1. 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.