

## TERMS OF REFERENCE FOR A REMUNERATION COMMITTEE

("COMMITTEE")

### OF THE BOARD OF DIRECTORS OF ASSETCO PLC

("COMPANY")

#### 1. CONSTITUTION AND AUTHORITY

- 1.1 The Committee has been established by the board of Directors of the Company ("**Board**") pursuant to article 94 of the Company's Articles of association and in accordance with the Combined Code on Corporate Governance published by the Financial Reporting Council in July 2003 ("**Combined Code**").
- 1.2 The Committee is authorised to investigate and undertake any activity within these terms of reference. It is authorised to seek any information it properly requires in order to perform its duties from any employee of the Company or any subsidiary undertaking of the Company ("**Group**"). All such employees are directed to co-operate with any such request made by the Committee.
- 1.3 If the Committee considers it necessary so to do, it is authorised to obtain appropriate external professional advice including, without limitation, legal advice and the advice of independent remuneration consultants to assist it in the performance of its duties, to secure the services of outsiders with relevant experience and expertise and to invite such persons to attend at meetings of the Committee. The Committee shall have full authority to commission any reports or surveys which it deems it necessary to help it fulfil its obligations. The cost of obtaining such advice or services shall be borne by the Company with such limits as may be authorised by the Board from time to time.
- 1.4 Each member of the Committee shall disclose to the Committee:
  - 1.4.1 any personal, financial or other interest in any matter to be decided by the Committee;
  - 1.4.2 any potential conflict of interest arising from a cross-directorship or otherwise; andany such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

#### 2. COMPOSITION AND MEETINGS

- 2.1 The Committee shall be appointed by the Board and shall consist only of non-executive directors (who shall, to the extent possible, be independent) and shall comprise at least two members.
- 2.2 The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee shall require. Any member of the Committee or the secretary may at any

time convene a meeting of the Committee. The quorum for any meeting of the Committee shall be two. Meetings may be held by telephone.

- 2.3 Subject as provided in 2.4 below, any other member of the Board can attend by invitation of the Committee. The chief executive of the Company will normally attend meetings of the Committee except where his own remuneration is being considered.
- 2.4 No member of the Board shall participate at a meeting of the Committee (or during the relevant part) at which any part of his remuneration is being discussed or participate in any recommendation or decision concerning his remuneration.
- 2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Where possible, the Chairman of the Committee and members of the Committee should be rotated on a regular basis.
- 2.6 The Chairman of the Committee shall be appointed by the Board and shall not be the Chairman of the Board. In the case of an equality of votes, the Chairman of the Committee shall have a second or casting vote. The Company secretary or his or her nominee shall be the secretary of the Committee. In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

### **3. DUTIES**

The Committee shall:

- 3.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's executive directors and, if required by the Board, senior management of the Group; the remuneration of non-executive directors shall be a matter for the Board, excluding the non-executive directors. In order to assure his independence, the Committee will also review and recommend to the Board the remuneration of the Company Secretary. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 3.2 in determining the framework or broad policy for the remuneration of executive directors and (if required) senior managers, take into account such factors which it deems necessary to ensure that members of the executive management of the Group 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 Group;
- 3.3 in considering and determining the remuneration of directors and (if required) other senior managers, the Committee shall have regard to all elements of remuneration, including without limitation:
  - 3.3.1 base salary and fees;
  - 3.3.2 performance-related payments (including profit-sharing schemes);
  - 3.3.3 discretionary payments including compensation payments;
  - 3.3.4 pension contributions;
  - 3.3.5 benefits in kind;

3.3.6 bonus payments; and

3.3.7 all forms of long term incentive schemes (including share option schemes)

and in making such determination, give due regard to the recommendations of the Combined Code as well as the AIM Rules of the London Stock Exchange and associated guidance;

3.4 consider and determine the other provisions of the service agreements of directors and (if required) senior managers (in particular, the terms of their agreement, the length of any notice period, termination payments and compensation commitments);

3.5 determine targets for, and monitor, any performance related pay schemes operated by the Group and asking the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements;

3.6 oversee any major changes in employee benefit structures, throughout the Group;

3.7 administer all aspects of any discretionary share option scheme operated by the Company from time to time, including (subject always to the rules of any such scheme and any applicable legal and regulatory requirements):

3.7.1 the selection of those eligible directors and employees of the Group to whom options should be granted;

3.7.2 the timing of any such grant;

3.7.3 the numbers of shares over which options are granted;

3.7.4 the exercise price at which options are to be granted;

3.7.5 the imposition of any objective condition which must be complied with before any option may be exercised;

3.7.6 any changes to the terms of such schemes (subject to the provisions of the schemes relating to amendment);

3.7.7 liaising with the trustee of any trust created by the Company for the benefit of employees or directors; and

3.7.8 the adoption of new or replacement schemes and the rules of such schemes;

3.8 vet and authorise the reimbursement of any claims for expenses from the Chief Executive, Chairman and Finance Director of the Company;

3.9 report to shareholders annually on behalf of the Board as required by section 234B of the Companies Act 1985, such report to be included in or with the Company's annual report and accounts and to include in such report the disclosures of remuneration including pensions specified in Schedule 7A of the Companies Act 1985 and/or the Director's Remuneration Report Regulations 2002;

3.10 have regard in the performance of the above duties to any published guidelines or recommendations regarding the remuneration of directors of listed companies (including the Combined Code, the AIM Rules issued by the London Stock Exchange plc and associated guidance) which the Committee considers relevant or appropriate;

- 3.11 consider and make recommendations to the Board concerning the disclosure of details of remuneration packages and structures in addition to those required by the Combined Code, or by law or by AIM;
- 3.12 consider and determine the terms of any compensation commitments (including pension contributions and all other elements) in the event of early termination of the contract of any executive director, with a view to avoiding rewarding poor performance;
- 3.13 make recommendations to the Board of the items that should be published in the Company's Annual Report relating to the membership of the Committee, number of meetings of the Committee and attendance at those meetings over the course of the year; and
- 3.14 consider such other matters as may be requested by the Board.

**4. ANNUAL GENERAL MEETING**

The Chairman of the Committee shall attend each annual general meeting of the Company and be available to answer shareholder's questions.

**5. NOTICE OF MEETINGS**

The secretary of the Committee shall circulate a notice of any meeting of the Committee confirming the venue, time and date of the meeting and enclosing the agenda of business to be covered at the meeting not less than five working days before each meeting of the Committee, to all members of the Committee.

**6. MINUTES OF MEETINGS**

- 6.1 The secretary of the Committee shall minute the proceedings and resolutions of all the Committee meetings, including the names of those present and in attendance.
- 6.2 The secretary of the Committee shall circulate the minutes of Committee meetings to all members of the Committee and to the Chairman of the Board and make them available on request to other members of the Board.

Adopted at the meeting of the Board held on 5 December 2003.



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Chairman