

## **Terms of Reference of the Remuneration Committee**

### **1 Membership**

- 1.1 The Board has established a Remuneration Committee in order to determine the terms and conditions of service of the Company's senior staff and executive Board members, taking account, inter alia, of market conditions, the need to attract and retain appropriate staff and the interests of the Company's shareholders.
- 1.2 Membership of the Remuneration Committee shall consist exclusively of independent non-executive directors of the company. The Remuneration Committee shall have not less than three members.
- 1.3 The members of the Remuneration Committee for the time being shall be John Webster, Don Lindsay and John Lefebvre.
- 1.4 Subject to the normal periodic re-election of directors, members of the Remuneration Committee shall generally hold tenure for a period of three years.
- 1.5 Members of the Remuneration Committee must be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement, and accordingly must not have:
  - 1.5.1 any financial interest (other than as shareholders and directorships in the company) in the matters considered by the Remuneration Committee;
  - 1.5.2 any potential conflicts of interest arising from cross-directorships; or
  - 1.5.3 any day-to-day involvement in the running of the business of the company or any of its subsidiaries.

### **2 Quorum**

A quorum shall be two members of the Remuneration Committee. At least seven day's notice of meetings of the Remuneration Committee will be

given to all members and all reasonable efforts shall be made to arrange such meetings so that all members are able to be in attendance.

### **3 Chairman**

3.1 The chairman of the Remuneration Committee shall be John Webster or such other member of the Remuneration Committee as the board shall nominate.

3.2 The chairman of the Remuneration Committee shall:

3.2.1 report to the board to enable it to report to the company's shareholders on remuneration matters as specified in the Listing Rules and the Combined Code appended to the Listing Rules; and

3.2.2 provide answers to questions on remuneration principles and practices at the annual general meeting of the company.

### **4 Attendances**

4.1 Attendance at meetings of the Remuneration Committee shall be at the discretion of the chairman of the Remuneration Committee.

4.2 The chief executive officer and other executives of the company may be invited to attend meetings of the Remuneration Committee so as to advise the Remuneration Committee members in their deliberations and shall be so invited to discuss the performance of the other executive directors and to make proposals as necessary.

4.3 Professional advisers and other persons with relevant experience, including other executive directors of the company, may attend by invitation provided that no person shall attend during the Remuneration Committee's deliberations concerning such person's own remuneration.

4.4 The company secretary (or other person nominated by the chairman of the Remuneration Committee) shall be the secretary of the Remuneration Committee and shall attend all of its meetings and shall prepare the minutes of the Remuneration Committee's meetings (which should be circulated to Remuneration Committee members only).

5 **Frequency of meetings**

The Remuneration Committee shall meet as its business requires (normally before or after regular meetings of the full board) and as determined by its members but in any event not less than twice per calendar year. Formal meetings (particularly in relation to the formal grant of employee share options) may be held by telephone.

6 **Authority**

6.1 The Remuneration Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director of the company or any consultant or other provider of services to the company (all employees, directors, consultants and other providers of services being directed to co-operate with any such request made by the Remuneration Committee).

6.2 The Remuneration Committee is authorised by the board to obtain such outside legal or other independent professional advice at the cost of the company as the Remuneration Committee shall consider, in its discretion, to be appropriate and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

7 **Responsibilities, powers and discretions**

7.1 The purpose of the Remuneration Committee is:

7.1.1 to make recommendations to the board on the company's policy for remuneration of executive directors (and the remuneration of such other senior employees as may be specified by the board);

7.1.2 to determine specific remuneration packages for each of the executive directors (and such other senior employees as may be specified by the board) (including benefits in kind, pension rights and compensation payments); and

7.1.3 to report on the matters referred to above to the board to enable it to report to the company's shareholders.

- 7.2 In making recommendations and giving its determinations, the Remuneration Committee shall give full consideration to the requirements of the Combined Code and in particular to section 1B of the Code which relates to directors' remuneration and to schedule A of that Code which relates to the design of performance related remuneration.
- 7.3 Without limitation to the above, the Remuneration Committee shall be specifically responsible for determining:
- 7.3.1 the salaries, bonuses, and all other terms and conditions of service of executive directors (and such other senior employees as may be specified by the board);
  - 7.3.2 termination arrangements for those persons referred to in paragraph 7.3.1 on their leaving the company or any of its subsidiaries;
  - 7.3.3 pension and long term incentive arrangements for executive directors (and such other senior employees as may be specified by the board), including participation in any executive pension scheme and any increases in pension benefits payable under the company's pension scheme or otherwise;
  - 7.3.4 the application of, and grants of options under, any share option schemes and profit sharing schemes adopted by the company on its flotation; and
  - 7.3.5 the continuation of the employment of executive directors beyond the normal retirement age of 70; and
  - 7.3.6 any other matters relating to the employment of the persons referred to in paragraph 7.3.1 as are referred to the Remuneration Committee by the board.
- 7.4 The Remuneration Committee shall:
- 7.4.1 consult with the chief executive officer about proposals relating to the remuneration of other executive directors;

- 7.4.2 assist the board in preparing a report to the company's shareholders to be included in the company's annual report and accounts, containing full details of the company's policy on remuneration and a full disclosure of the remuneration package for each individual director by name, so as to ensure compliance with the requirements of, and other provisions relating to remuneration set out in the Combined Code; and
- 7.4.3 assist the board in considering each year whether the circumstances are such that the company's annual general meeting should be invited to approve the policy set out in the remuneration report.
- 7.5 The Remuneration Committee shall have authority to approve and authorise the execution of all documents (including service contracts) and do all things as may be necessary or desirable for the purpose of carrying out its responsibilities.
- 7.6 The Remuneration Committee shall not be authorised to appoint or terminate the employment of directors or senior executives or to determine the remuneration of non-executive directors. It shall not be responsible for making nominations to the board.
- 7.7 The secretary of the Remuneration Committee shall circulate the minutes of the meetings to all members of the board.

**NETELLER PLC**

**TERMS OF REFERENCE OF  
THE REMUNERATION COMMITTEE**

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