

PLASMON PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

(updated 19 May 2005)

1. Constitution

The Remuneration Committee ("the Committee") reports directly to the main Board, and all of its recommendations are referred back to the Board.

2. Purpose

The purpose of the Remuneration Committee is to:

- 2.1 Ensure that the Executive Directors of the Company ("the Directors") are fairly rewarded for their individual contribution to the overall performance of the Company.
- 2.2 Demonstrate to the Shareholders of the Company that the remuneration of the Directors is based on recommendations of a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of Shareholders.
- 2.3 Make recommendations to the Board on the Company's framework of executive remuneration and its cost.
- 2.4 Take all reasonable steps to ensure that the Company complies with Listing Rule 12.43A(c).
- 2.5 Prepare Corporate Governance statements for disclosure in the Company's Annual Report and Accounts.

3. Membership

- 3.1 The Committee shall comprise a Chairman and at least two other members each of whom shall be appointed by the Board, on the recommendation of the Nominations Committee.
- 3.2 All members of the Committee shall be Non-Executive Directors.
- 3.3 The Board shall appoint the Chairman of the Committee who shall be an independent Non-Executive Director. In the absence of the Chairman of the Committee the remaining members present shall elect one of their number to chair the meeting.
- 3.4 The Group Company Secretary or his nominee shall be the Secretary of the Committee. Alternatively the Committee may at each meeting appoint one of their number to be the Secretary of the Committee.
- 3.5 The Membership of the Committee must be listed in the Company's Annual Report and Accounts.
- 3.6 Each member of the Committee shall disclose to the Committee:
 - 3.6.1 any personal financial interests (other than as a shareholder) in any matter to be decided by the Committee; or
 - 3.6.2 any potential conflict of interest arising from a cross-directorship.Any 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 requested by the Board) shall resign from the Committee.
- 3.7 Committee members shall normally serve for a period of not less than three years unless the Board otherwise determines, and subject to the members' retirement by rotation in accordance with the Company's Articles of Association.

4. Attendance at Meetings

- 4.1 The quorum necessary for the transaction of business by the Committee shall be two members.
- 4.2 Notice of each meeting of the Committee, confirming the venue, day, date and time and enclosing an agenda of the items to be discussed shall, unless otherwise agreed by all concerned, be forwarded to each member of the Committee not fewer than five working days prior to the date of the meeting with supporting papers.
- 4.3 The Chairman of the Committee is to be available to answer questions at the Annual General Meeting.

5. Frequency of Meetings

- 5.1 Committee meetings shall be held not less than twice a year.
- 5.2 Meetings shall normally be called by the Chairman of the Committee but any member of the Committee or the Group Company Secretary may request a meeting if they consider that one is necessary.

6. Authority

- 6.1 The Committee is authorised by the Board to investigate any matter within its terms of reference and to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.
- 6.2 The Committee, using the most appropriate comparisons, should be aware as to what comparable companies are paying and judge where to position the Company relative to those companies taking account of relative performance.
- 6.3 The Committee should be sensitive to pay and conditions elsewhere in the Group, especially when determining annual salary increases.
- 6.4 In making these comparisons, the Committee will have access to outside professional advice and may supply to others information about the Company's remuneration practices and, secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the Chairman and the Chief Executive Officer of the Company.

7. Duties

- The duties of the Committee shall be to:
 - 7.1 Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Directors.
 - 7.2 The objective of such policy shall be to ensure that the Directors are provided with appropriate incentives to encourage enhanced performance and are, in a fair manner, rewarded for their individual contributions to the success of the Company.
 - 7.3 Subject to paragraph 7.2 above and to the policy for executive remuneration determined by the Board and Section B.1 of The Combined Code, the Committee shall be responsible for making recommendations on all elements of the remuneration of the Directors, including pension rights and compensation (i.e. damages) payments, as well as being required:
 - 7.3.1 To consider and make recommendations in relation to any bonuses to be paid and incentive payments to be paid to the Directors and, in respect of any element of remuneration of such an individual that is performance related, to formulate suitable performance-related criteria and monitor their operation, and to consider any recommendations of the Chief Executive Officer of the Company regarding bonuses or performance related remuneration;
 - 7.3.2 Have regard to Schedule A of The Combined Code, to advise the Board on and determine all performance-related formulae relevant to the remuneration of the Directors and to consider the eligibility of such individuals for annual bonuses and benefits under long term incentive schemes; and

- 7.3.3 Liaise with the Nominations Committee to consider the cost implications of early termination under the contract of employment especially if as a result of poor performance.
- 7.4 Review and approve all aspects of any share option schemes and other incentive schemes operated by or to be established by the Company, including but not limited to (subject always to the rules of those schemes and any applicable legal and stock exchange requirements):
 - 7.4.1 the selection of those eligible Directors and other employees of the Company and its subsidiary companies to whom options should be granted;
 - 7.4.2 the timing of any grant;
 - 7.4.3 the numbers of shares over which options are to be granted;
 - 7.4.4 the exercise price at which options are to be granted;
 - 7.4.5 the imposition of any objective condition which must be complied with before any option may be exercised.
- 7.5 Consider and make recommendations to the Board relating to the policy for and scope of pension arrangements applicable to the Directors;
- 7.6 Consider and make recommendations to the Board in respect of any other terms of the service contracts of the Directors and proposed changes to these contracts;
- 7.7 Consider other benefits granted to the Directors and any recommendations of the Chief Executive Officer of the Company for changes in those benefits and report any conclusions to the Board;
- 7.8 Consider other matters relating to the remuneration of or terms of employment applicable to a Director and referred to the Committee by the Board and report any conclusions to the Board.
- 7.9 Make recommendations to the Board concerning the Committee's remuneration policy, which forms part of the Company's Annual Report and Accounts.

8. Exclusions

- 8.1 The Terms of Reference of the Committee do not encompass decisions to employ or dismiss Directors or Executives. The Committee does not have responsibility for nominations to the Board.
- 8.2 No Director shall be involved in any decision as to his own remuneration.
- 8.3 The Board itself shall fix the remuneration of each of the Non-Executive Directors of the Company within the limits set in the Articles of Association and where this is not the case the Company's Corporate Governance Statement should highlight this and explain why.

9. Disclosure

- 9.1 The Company's Annual Report and Accounts should contain a statement of remuneration policy and details of the remuneration of each Director, together with details of membership of the Committee.
- 9.2 The Committee shall ensure that provisions regarding disclosure of remuneration including pensions, as listed in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled.

10. Reporting Procedures

The Secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board.