

## **Close Brothers Group plc**

### **Remuneration Committee (the “Committee”)**

#### **Terms of Reference**

##### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board (the “Board”), on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Committee. The Committee shall be made up of at least 2 members, all of whom, in the opinion of the board, are independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chairman of the Board, other Non-Executive Directors, the Chief Executive and external advisers may be invited to attend for all or part of any meeting as and when appropriate. Only members of the Committee may vote at Committee meetings.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further three-year periods, provided the director remains, in the opinion of the board, independent.
- 1.4 The Board shall appoint the Committee Chairman (the “Chairman”) who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be the Chairman of the Committee.

##### **2. Secretary**

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

##### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be 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 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 of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 3 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

#### **6. Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

#### **7. Annual General Meeting**

- 7.1 The Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

#### **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 executive directors, the company secretary and such other members of the executive management as it deems suitable to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. The remuneration of the Chairman of the Board shall be a matter for the Board, on his exclusion, led by the Senior Independent Director. 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 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;

- 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 operated by the company and approve the total annual payments made under such schemes;
- 8.5 review the design of all 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 other senior executives and the performance targets to be used;
- 8.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.7 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;
- 8.8 within the terms of the agreed policy and in consultation with the Chairman of the Board and Chief Executive, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 8.9 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;
- 8.10 review and note annually the remuneration trends across the group;
- 8.11 oversee any major changes in employee benefits structures throughout the group;
- 8.12 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled;
- 8.13 be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and 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 deems necessary to help it fulfil its obligations.

**9. Reporting Responsibilities**

- 9.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 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 an advisory vote of the shareholders at the Annual General Meeting.

**10. Other**

- 10.1 The Committee shall, 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.

**11. Authority**

- 11.1 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.
- 11.2 In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice.

July 2006