

REMUNERATION COMMITTEE TERMS OF REFERENCE

Hamworthy plc (the Company)

Terms of Reference for the Remuneration Committee adopted on 13 July 2004 and amended on 26 September 2007.

1 ESTABLISHMENT

- 1.1 The Committee is to be established by resolution of the board of directors of the Company (the Board) and is to be known as the Remuneration Committee.

2 MEMBERSHIP

- 2.1 The members of the Remuneration Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than two members. A quorum shall be two members.
- 2.2 The Chairman of the Remuneration Committee shall be a non-executive director who shall be appointed by the Board.

3 SECRETARY/MINUTES

- 3.1 The Company Secretary shall be the Secretary of the Remuneration Committee and the minutes of meetings of the Remuneration Committee shall be made available to all members of the Board.
- 3.2 For the avoidance of doubt, if the Company Secretary is also an executive director of the Company, he shall not be entitled to vote or be counted in the quorum in respect of any resolution of the Remuneration Committee.

4 ATTENDANCE AT AND FREQUENCY OF MEETINGS

- 4.1 Meetings shall be held as and when appropriate, but in any event shall be held not less than twice per calendar year.

5 NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof. The Chairman of the Company may request a meeting if he/she reasonably considers that one is necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other nonexecutive directors, no fewer than 5 working days prior to the meeting.
- 5.3 The Chief Executive shall have the right to attend and speak at the 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 AUTHORITY

- 6.1 The Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any reasonable requests made by the Remuneration Committee.
- 6.2 The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, outside professional advice and to 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 of the Company.

6.3 The Remuneration Committee will consult the Chairman and/or Chief Executive of the Company in connection with any proposals and those persons may be invited to attend relevant meetings (or parts thereof) of the Remuneration Committee.

7 PURPOSE

7.1 The purpose of the Remuneration Committee is to:

7.1.1 ensure that the Company's Chairman, executive directors and senior executives are fairly, but responsibly, rewarded for their individual contributions to the Company's overall performance;

7.1.2 demonstrate to the shareholders of the Company that the remuneration of the Chairman, principal executive directors of the Company and other senior executives of the Company and its subsidiaries (the Group) is independently approved and monitored and set by a committee of the Board whose members have no personal financial interest, other than as shareholders, in the outcome of the decisions of the Remuneration Committee and who will have due regard to the interests of shareholders; and

7.1.3 to ensure that the Company complies with the best practice provisions regarding directors' remuneration set out in the Listing Rules of the United Kingdom Listing Authority.

8 DUTIES

8.1 The Remuneration Committee shall be responsible for all elements of the remuneration of the executive directors of the Company and other senior executives (the Executives) of the Group and the duties of the Remuneration Committee shall be:

8.1.1 to consider the basic salary paid to the Executives and any recommendations made by the Chairman of the Company for changes to that basic salary;

8.1.2 to consider any bonuses to be paid to the Executives and, in respect of any element of remuneration of an Executive which is performance related, to formulate suitable performance related criteria and monitor their operation, and to consider any recommendations of the Chairman of the Company regarding bonuses or performance related remuneration;

8.1.3 to advise on and determine all performance-related formulae relevant to the remuneration of the Executives and to consider the eligibility of directors for annual bonuses and benefits under long term incentive schemes;

8.1.4 to administer all aspects of any executive share option scheme operated by or to be established by the Company including but not limited to (subject always to the rules of that scheme and any applicable legal and stock exchange requirements):

- (a) the selection of those eligible Executives to whom options should be granted;
- (b) the timing of any grant;
- (c) the numbers of shares over which options are to be granted;
- (d) the exercise price at which options are to be granted; and
- (e) the imposition of any objective condition which must be complied with before any option may be exercised;

- 8.1.5 to have regard in the performance of the duties set out in this paragraph to any published guidelines or recommendations regarding the remuneration of directors of listed companies and the formation and operation of share option schemes (in particular, the guidelines published by the Association of British Insurers and National Association of Pension Funds) which the Remuneration Committee considers relevant or appropriate;
- 8.1.6 to consider and make recommendations to the directors of the Company concerning disclosure of the detail of remuneration packages and structures in addition to those required by law or by the London Stock Exchange;
- 8.1.7 to consider other benefits granted to the Executives and any recommendations of the Chairman of the Company for changes in those benefits;
- 8.1.8 to consider the pension arrangements applicable to the Executives;
- 8.1.9 to consider and make recommendations in respect of the terms of the service contracts of the Executives and any proposed changes to these contracts (including, without limitation, any compensation payments, notice periods, or other entitlements under these contracts), to report and account directly to the shareholders for their decisions, including by way of an annual report to shareholders forming a separate section within, or annexed to the Company's annual report and accounts and containing the information contemplated by the principles of good governance and code of best practice contained in the Combined Code; and
- 8.1.10 to consider other matters relating to the remuneration of or terms of employment applicable to the Executives and referred to the Remuneration Committee by the Board.
- 8.2 The Remuneration Committee shall be responsible for determining the remuneration of the Chairman: the Chairman will not be present when his own compensation is being discussed.
- 8.3 The Remuneration Committee will not be responsible for determining the remuneration of the non-executive directors other than the Chairman: this will be the responsibility of the full board acting on the recommendation of the executive directors.

9 EXCLUSIONS

- 9.1 The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss Executives. The Remuneration Committee does not have responsibilities for nominations to the Board which is a separate matter for the Nominations Committee.

10 REPORTING PROCEDURES

The Secretary of the Remuneration Committee shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board. The Chairman of the Remuneration Committee shall also report on its determinations to the Company's shareholders at each annual general meeting of the Company and attend such meetings to answer shareholders' questions. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters. All decisions of the Remuneration Committee in respect of the remuneration of the executive directors shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that

the Board shall only have the power to approve without modification or reject the decisions of the Remuneration Committee, but that no director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.