

## PSION PLC

### REMUNERATION COMMITTEE – TERMS OF REFERENCE

#### 1. **Constitution**

These terms of reference for the Committee of the Board known as the Remuneration Committee (“the Committee”) were approved at the Psion PLC Board Meeting held on 28 August 2003.

#### 2. **Membership**

- 2.1 The Committee shall comprise of at least 3 members, each of whom shall be appointed by the Board.
- 2.2 All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.
- 2.3 The Board shall appoint the Committee Chairman and determine the period for which they shall hold office. The Chairman of the company shall not be eligible to be appointed as Chairman of the Committee.
- 2.4 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

#### 3. **Secretary**

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

#### 4. **Quorum**

- 4.1 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.

#### 5. **Frequency of Meetings**

- 5.1 The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee shall require.

#### 6. **Notice of Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

- 6.2 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, any other person required to attend and all other non-executive directors, no fewer than 5 working days prior to the date of the meeting.
- 6.3 The Chief Executive shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

## 7. **Minutes of Meetings**

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

## 8. **Annual General Meeting**

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

## 9. **Duties**

The Committee shall:

- 9.1 Determine and agree with the Board the framework or broad policy for the Remuneration of the Chief Executive, the Chairman of the company and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration. In order to assure his independence, the Committee will also review and recommend to the Board the remuneration of the Company Secretary.
- 9.2 In determining such policy the Committee will 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. It shall also liaise with the Nomination Committee to ensure that the remuneration and terms of employment of newly appointed executives fall within the company's overall policy.
- 9.3 Determine targets for any performance related pay schemes (other than annual bonus schemes) operated by the company and ask the Board when appropriate, to seek shareholder approval for any long term incentive arrangements.

- 9.4 Within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options.
- 9.5 Determine the policy for and scope of pension arrangements, service agreements for the executive directors, termination payments and compensation commitments.
- 9.6 In determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance.
- 9.7 Be aware of and oversee any major changes in employee benefit structures throughout the group.
- 9.9 Ensure that provisions regarding disclosure of remuneration including pensions, as listed in the Directors' Remuneration Report Regulations 2002, are fulfilled.
- 9.10 Produce an annual report of the Committee's remuneration policy.

10. **Authority**

- 10.1 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.
- 10.2 In connection with its duties the Committee is authorised by the Board to select, set the terms of reference and appoint Remuneration Consultants, at the company's expense.
- 10.3 Although the Committee can seek the advice and assistance of any of the Company's executives, it needs to ensure that this role is clearly separated from their role within the business.