

**London Stock Exchange plc ("the Company")**

**Remuneration Committee Terms of Reference**

**Adopted by the Board 12 November 2008**

**Membership**

Robert Webb QC (Chair)  
Chris Gibson- Smith  
Gay Huey Evans  
Paolo Scaroni  
Sergio Ermotti

**1. Membership**

- 1.1 Members of the committee shall be appointed by the board. The committee shall be made up of at least 3 members, all of whom shall be independent non-executive directors. The chairman of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as chairman.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee 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 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. Meetings**

4.1 The committee shall meet at least twice a year and at such other times as the chairman of the committee 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.

#### **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.

#### **7. Annual general meeting**

7.1 The chairman of the committee 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 chief executive, chairman, the executive directors 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 board. 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 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
- 8.7 within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of each executive director including bonuses, incentive payments, pension arrangements and share options or other share awards and recommend and monitor the level and structure of remuneration for such members of senior management as it is designated to consider.
- 8.8 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
- 8.9 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled
- 8.10 be responsible for appointing and setting the terms of reference for any remuneration consultants who advise the committee
- 8.11 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 chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities
- 9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed
- 9.3 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 shareholders for approval at the AGM

## **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, at the company's expense

10.2.1 to obtain any outside legal or other professional advice

10.2.2 to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties