

REMUNERATION COMMITTEE: TERMS OF REFERENCE

BONMARCHÉ HOLDINGS PLC ("Company")

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1. Definitions

In these terms of reference:

"**Board**" means the board of directors of the Company;

"**Committee**" means the remuneration committee of the Board; and

"**Group**" means the Company and its subsidiary undertakings from time to time.

2. Introduction

The primary purpose of the Committee is to assist the Board in determining the Company's remuneration policies. In performing its duties the Committee will maintain effective working relationships with the Board and HR personnel.

3. Membership

3.1 The Committee shall comprise at least two members both whom shall be independent non-executive directors. The chairman of the Board may be an observer at meetings of the Committee. Members of the Committee shall be appointed by the Board on the recommendation of the nomination committee and in consultation with the chairman of the Committee.

3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the chief executive officer, the head of human resources and external advisers) may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

3.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.

3.4 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 and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not be chairman of the Committee.

4. Secretary

The Company secretary or his/her nominee shall act as the secretary of the Committee.

5. Quorum

The quorum necessary for the transaction of business shall be two. 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.

6. Frequency of meetings

The Committee shall meet at least twice a year and otherwise as required.

7. Notice of meetings

7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chairman of the Committee.

7.2 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 or invited to attend and all other non-executive directors no later than five 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.

8. Minutes of meetings

8.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

8.2 The secretary of the Committee shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

8.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated, to all other members of the Board, unless a conflict of interest exists or it would otherwise be inappropriate to do so.

9. AGM

The chairman of the Committee shall attend the annual general meeting to answer any shareholder questions on the Committee's activities.

10. Duties

The Committee shall carry out the duties below for the Group.

The Committee shall:

10.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's chief executive officer, chairman, the executive directors, the Company secretary and such other members of the executive management as it is designated to consider.¹ The remuneration of non-executive directors shall be a matter for the chairman and

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The Committee will consider and make recommendations to the Board on the remuneration packages of the Executive Directors and the terms of all company share related incentive schemes regardless of membership. In turn, the Executive directors will be required to keep the committee informed, from time to time, of remuneration levels, bonus scheme proposals and calculations and general matters concerning pay throughout the group and respond to any queries the Committee might have concerning remuneration within the group.

- executive members of the Board. No director or manager shall be involved in any decisions as to his/her own remuneration;
- 10.2 recognise and avoid conflicts of interest where directors of the Company or its management are involved in advising the Committee;
 - 10.3 in determining such policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, as appropriate, and associated guidance. 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;
 - 10.4 when setting remuneration policy for directors, review and have regard to the remuneration trends across the Group;
 - 10.5 review the ongoing appropriateness and relevance of the Company's remuneration policy;
 - 10.6 within the terms of the agreed policy and in consultation with the chairman of the Board and/or the chief executive officer, as appropriate, determine the total individual remuneration package of the chairman, each executive director, company secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards);
 - 10.7 in determining such packages and arrangements, give due regard to any relevant legal requirements and the provisions and recommendations in the UK Corporate Governance Code, as appropriate, and associated guidance;
 - 10.8 obtain reliable, up to date information about remuneration in other companies. To help fulfil its obligations the Committee shall have full authority to commission or purchase any reports, surveys or information which it deems necessary within any budgetary restraints imposed by the Board;
 - 10.9 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - 10.10 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;
 - 10.11 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 designated senior executives and the performance targets to be used;
 - 10.12 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
 - 10.13 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;
 - 10.14 oversee any major changes in employee benefits structures throughout the Group; and

10.15 agree the policy for authorising claims for expenses from the directors.

11. General duties

In carrying out his specific duties set out above, each member of the Committee should also consider his general duties as a director of the Company, including:

- 11.1 his duty to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to all relevant factors;
- 11.2 his duty to exercise independent judgment;
- 11.3 his duty to exercise reasonable care, diligence and skill;
- 11.4 his duty to avoid conflicts of interest; and
- 11.5 his duty to act in accordance with the Company's constitution and only exercise his powers for the purposes for which they were conferred.

12. Reporting responsibilities

- 12.1 The chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 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 accounts.

13. Other matters

The Committee shall:

- 13.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 13.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 13.3 give due consideration to laws and regulations and the provisions of the UK Corporate Governance Code as appropriate;
- 13.4 arrange for periodic reviews of its own performance and, at least annually, review its 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; and
- 13.5 ensure that these terms of reference are made available by placing them on the Company's website.

14. **Authority**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.