



DCC plc

Terms of Reference for the Remuneration Committee

14 July 2011

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Terms of Reference for the Remuneration Committee

1. Constitution

- 1.1 The Committee is established by the Board to carry out the duties in the manner and with the authority set out herein.

2. Remit

The remit of the Committee is as follows:

- 2.1 to determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee). In this regard the Committee shall give full consideration to legal and regulatory requirements, to the principles and provisions of the UK Corporate Governance Code and to related guidance. The Committee shall also ensure that risk is properly considered in the setting of remuneration policy;
- 2.2 to determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments. The Committee shall consult the Chief Executive about their proposals relating to the remuneration of the other executive Directors and Group senior executives and shall ensure that risk is properly considered in the determination of remuneration packages. The remuneration of the non-executive Directors shall be a matter for the Chairman and the Chief Executive.
- 2.3 to oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group;
- 2.4 to nominate executives for inclusion in the Company's long term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of these schemes;
- 2.5 to ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company; and
- 2.6 to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

3. Membership

- 3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee, in consultation with the Chairman of the Committee.
- 3.2 The Committee shall comprise at least three independent non-executive Directors of the Company.
- 3.3 The Chairman of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee.
- 3.4 A quorum shall be two members.
- 3.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent.
- 3.6 The Committee shall 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.

4. Meetings

- 4.1 The Committee shall meet at least twice a year.
- 4.2 Only members of the Committee have the right to attend Committee meetings. The Chief Executive will normally attend meetings to discuss proposals relating to the remuneration of other executive Directors and senior executives.
- 4.3 The Group Secretary shall act as Secretary to the Committee.
- 4.4 Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

5. Authority

- 5.1 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.
- 5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice.

6. Other Matters

- 6.1 The Committee shall, at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 The Committee shall approve the report of the Company's remuneration policy and practices to be included in the Company's Annual Report. The Committee shall ensure that disclosure of remuneration, including pensions, is clear and transparent.
- 6.4 The Chairman of the Committee shall attend the Annual General Meeting to answer questions on the Committee's activities.