

Remuneration Committee Terms of Reference

This version was reviewed and approved by the board on 20 October 2009

1. Constitution

The Board of Directors of Nominet UK (the "Company") hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee (the "Committee").

2. Objective

2.1 The Committee shall review and determine the Company's policy on remuneration and advise on the specific remuneration packages of Senior Management, including the Chief Executive, so as to:

- a) ensure that Senior Management are rewarded for their individual contributions to the Company's overall performance in accordance with Nominet's policy on pay and remuneration; and
- b) demonstrate that the pay of Senior Management is set by a committee which has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the Company.

2.2 It shall provide a medium of public accountability, which is not controlled by the Company's Management.

3. Membership

3.1 The Committee shall comprise of no fewer than three members, each being appointed by the Board.

3.2 The Committee shall be formed of non-executive directors and/or the Chairman of the Company who are independent of management and free from any business or other relationship that could interfere with the exercise of their independent judgement.

3.3 The Board should 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.

4. Frequency of Meetings

The Committee shall meet 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 called by the Chairman of the Committee, or by request of the Board.

5.2 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, and any other person required to attend, no fewer than 5 working days prior to the date of the meeting.

6. Attendance at meetings

The Committee shall have the power to request any member of Senior Management to attend its meetings. Other persons, such as the Human Resources Manager, may also be called upon by the Chairman of the Committee to attend or to speak.

7. Secretary

The Committee shall at each meeting appoint a Secretary to the meeting by vote, and the Company Secretary shall be made available for this purpose.

8. Proceedings of Meetings

8.1 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 or exercisable by the Committee.

8.2 All or any of the members of the Committee may participate in a meeting of the Committee by means of conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

9. Minutes of Meetings

9.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

9.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board.

10. Authority

10.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee and all employees are directed to co-operate with any reasonable request made by the Committee.

10.2 The Committee is authorised by the Board to obtain, in connection with its duties, and at the Company's expense, any outside legal or other independent professional advice it considers to be necessary, including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to 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.

11. Duties

11.1 The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of employees of the Company, with particular regard to Senior Management. In that regard, the Committee shall:

- a) In determining such policy, take into account all factors that it deems necessary. The objective of such policy shall be to ensure that employees of the Company, and members of Senior Management in particular, 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;
- b) Determine targets for any performance related pay schemes operated by the Company;
- c) Determine the policy for and scope of service agreements for Senior Management, termination payments and compensation commitments, and ensure the legality of the foregoing;
- d) In determining such policies, give due regard to the comments and recommendations of the Combined Code as well as any associated guidance; and
- e) Produce an annual report of the Committee's remuneration policy which will form part of the Company's Annual Report and Account.

11.2 Remuneration of individual employees and officers and employees shall be determined, and reviewed (unless exceptional circumstances apply) annually following the end of each financial year, in the following manner:

a) The Executive shall determine the remuneration of employees of the Company other than Senior Management, having regard to the policy laid down by the Committee.

b) Remuneration of Senior Management other than the Chief Executive shall be subject to the approval of the Committee following a recommendation to the Committee by the Chief Executive. Where the Chairman of the Company is a member of the Committee, his remuneration shall not be subject to the approval of the Committee and shall be a matter for the Board as a whole in accordance with Paragraph 11.2 e) below.

c) Remuneration of the Chief Executive shall be determined solely by the Committee, within the terms of the agreed policy, including, where appropriate, incentive payments, pension scheme, and any other benefits.

d) No director or manager shall be involved in any decisions as to his or her own remuneration.

e) Subject to the foregoing, the remuneration of non-executive directors and, where he is a member of the Committee, the Chairman of the Company shall be a matter for the Board as a whole (with the relevant director recusing himself from any decision relating to his or her own remuneration), having regard to the recommendation of the Chief Executive.

11.3 The Committee shall determine, prior to the start of each financial year, the details of any performance related pay set either on a Company wide basis, or for Senior Management. Following each financial year the Committee shall review the performance against these targets.

11.4 The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

11.5 The Committee shall consider such other topics as it is directed by the Board to do so.

12. Annual General Meeting and Annual Reports

12.1 The Chairman of the Committee or, by agreement of the Committee, his nominee shall attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.

12.2 The Committee shall report the frequency of, and attendance by members at, Committee meetings in the annual reports.

13. Senior Management

For the purposes of this document, Senior Management shall mean those employees or officers who:

- a) are members of the Senior Management Team, which includes the Director of Operations, the Director of Legal and Policy, the Director of IT, the Director of Marketing and Communications, the Director of Human Resources, and the Director of Finance;
- b) are Executive Directors;
- c) otherwise regularly attend meetings of the Board; or
- d) are determined to be Senior Management by the Board; but in any event shall exclude non-executive directors and the Chairman of the Company.