

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD OF PHOTO-ME INTERNATIONAL PLC

(as approved by the Board of Directors of the Company on 1 April 2009)

#### Membership

1. The membership of the Committee shall be appointed by the Board. The Committee shall consist of not less than two members, all of whom shall be independent non-executive directors of the Company. The Chairman of the Board may also serve on the Committee as an additional member providing that he was considered independent on appointment as Chairman. A quorum shall be two members.
2. The Chairman of the Committee shall be appointed by the Board but shall not be the Chairman of the Board. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting.

#### Attendance at Meetings

3. The Chairman of the Board, the CEO, the director responsible for Human Resources, other members of management and external advisors shall attend the meetings, if invited by the Committee.
4. The Company Secretary, or his nominee, shall be secretary of the Committee.

#### Frequency of Meetings

5. Meetings shall be held as frequently as required but not less than annually.
6. Meetings shall be summoned by the secretary of the Committee at the request of the Chairman of the Committee.

#### Authority

7. The Committee is authorised by the Board to:
  - a. seek any information it requires from any employee of the Company in order to perform its duties;
  - b. obtain external legal or independent professional advice.
8. The Committee shall consult with the Chairman of the Board and the CEO regarding its proposals.

#### Duties

9. The duties of the Committee shall be to:
  - a. Determine and agree with the Board the broad policy relating to the total remuneration paid to the Company's CEO, Chairman of the Board, executive directors, the Company Secretary and members of senior management. The remuneration of non-executive directors shall be a matter for the Chairman and the executive directors of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration.
  - b. In determining such policy, take into account all factors that it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company (which shall include executive directors) are provided with appropriate incentives to encourage enhanced performance and are (in a fair and reasonable manner) rewarded for their individual contributions to the success of the Company.
  - c. Review the ongoing appropriateness and relevance of the remuneration policy.

- d. Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company (including bonuses, incentive payments and share options) and approve the total annual payments made under such schemes.
- e. 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.
- f. Within the terms of the agreed policy and following consultation with the Chairman and/or CEO as appropriate, determine the total individual remuneration package of each executive director and other senior executives including, where appropriate, bonuses, incentive payments and share options or other awards (having taken account of pay and employment conditions elsewhere in the Group).
- g. Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- h. 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.
- i. In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations of the Combined Code, the UK Listing Authority's Listing Rules and associated guidance.
- j. Review and note annually the remuneration trends across the Company and Group.
- k. Oversee any major changes in employee benefit structures throughout the Company and Group.
- l. Agree the policy for authorising claims for expenses from the Chairman and the CEO.
- m. Ensure that provisions regarding disclosure of remuneration including pensions are fulfilled.
- n. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- o. Obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys that it deems necessary to help it fulfil its obligations.

### **Reporting Responsibilities**

- 10. The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters it has reviewed and making recommendations to the Board it deems appropriate.
- 11. The secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board, unless there are issues of confidentiality.
- 12. The Committee shall review these terms of reference on a regular basis and if necessary, make recommendations to the Board for their amendment.
- 13. The Committee shall produce a 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 Annual General Meeting.

14. The Chairman of the Committee shall attend the Annual General Meeting of the Company and answer questions on the Remuneration Committee's activities and their responsibilities.