

**YELL GROUP PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**Definitions:**   **“the Committee”**   the Remuneration Committee  
                  **“the Company”**       Yell Group plc

**1       CONSTITUTION**

The Committee shall be a committee of the Board of Directors of the Company whose members on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee shall be approved by the majority of the Board of Directors.

**2       MEMBERSHIP**

**2.1**   The Committee shall comprise of at least 3 members.

**2.2**   All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. 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

**2.3**   Notwithstanding that the Chairman of the Board might qualify as a member of the Committee, the Chairman of the Board shall not be eligible to be appointed as chairman of the Committee.

**2.4**   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.

**2.5**   The Company Secretary or a nominee shall act as the Secretary of the Committee.

**3       QUORUM**

The quorum necessary for the transaction of business by the Committee shall be 3.

**4       MEETINGS**

**4.1**   The Committee shall meet as appropriate but not less than once a year.

- 4.2 A meeting of the Committee may be called by the Secretary at the request of any member of the Committee.
- 4.3 Meetings of the Committee shall be called by seven days' written notice unless all the members of the Committee agree to shorter notice.
- 4.4 Members may participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.
- 4.5 The Chief Executive shall have the right to attend and speak at meetings of the Committee. The Head of Human Resources may, at any time, request permission to attend and/or speak at meetings of the Committee and the Committee shall have the power to require the attendance of the Head of Human Resources at its meetings.
- 4.6 No Committee attendee shall participate in any discussion or decision on their own remuneration, fees or terms or conditions of service.
- 4.7 The Secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records.

## **5 DUTIES**

The duties of the Committee shall be:

- 5.1 to set the policy for the remuneration and incentivisation of the executive directors to encourage enhanced performance and to fix the terms of employment of the executive directors, in a fair and responsible manner, so that the executive directors are rewarded for their individual contributions to the success of the Company, all in accordance with current industry best practice;
- 5.2 to devise a policy and scheme for the participation of the executive directors in any discretionary employee share option or other incentive schemes operated by the Company;
- 5.3 to set the targets for any performance-related payments and individual incentives for executive directors where appropriate, including the setting and monitoring of any performance conditions subject to which any option may be granted under any executive share option schemes adopted by the Company;
- 5.4 to devise a policy for and the scope of termination payments, pension arrangements, company cars and other benefits for executive directors;
- 5.5 consider the provision of benefits and settlement of other provisions under the terms of service agreements or otherwise of executive directors where any such provisions are stated as being at the discretion or otherwise requiring the approval of the Board;

- 5.6 in determining such packages and arrangements, to give due regard to the comments and recommendations of the Combined Code as well as the Listing Rules and associated guidance;
- 5.7 to oversee any material changes in employee benefit structures throughout the Company or Group;
- 5.8 to vet and authorise the reimbursement of any material claims for expenses from the Chief Executive and Chairman of the Board;
- 5.9 to ensure that provisions regarding disclosure of remuneration including pensions as set out in the Combined Code, UKLA Listing Rules and the Directors Remuneration Report Regulations 2002 are fulfilled;
- 5.10 to review the annual report of the Board's remuneration policy which will form part of the Company's annual report and accounts;
- 5.11 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: 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.
- 5.12 to ensure that the chairman of the Committee or, in his absence, an appointed deputy attends the Company's AGM to answer shareholders' questions about directors' remuneration; and
- 5.13 to submit recommendations to the Board on these and any other matters which may be specifically referred to it by the Board.

## **6 AUTHORITY**

The Committee is empowered in the articles of association of the Company to discharge its functions on behalf of the Board of Directors and is entitled to have access, at the Company's expense, to such internal or external professional advice as it sees fit in furtherance of its duties.

## **7 REPORTING RESPONSIBILITIES**

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

## **8 OTHER**

The Committee shall, at least once a year, review its own performance, 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.

## **9 DECISIONS OF THE COMMITTEE**

Any decisions of the Committee shall be taken in a simple majority basis. The Chairman shall have a casting vote in the event of equality of voting.