




DIRECTORS' REMUNERATION REPORT continued

DESCRIPTION OF THE REMUNERATION COMMITTEE

This section of the Directors' remuneration report describes the membership of the Remuneration Committee, its advisers and principal activities during the period. It forms part of the Annual report on remuneration section of the Directors' remuneration report.

MEMBERSHIP

The current membership of the Remuneration Committee, together with appointment dates, is set out below:

Douglas McCallum (Chairman)	Ruth Anderson	David Grigson
		
Remuneration Committee member since 3 October 2011	Remuneration Committee member since 9 March 2010	Remuneration Committee member since 5 February 2013
Number of meetings 5	Number of meetings 5	Number of meetings 5
Number attended 5	Number attended 5	Number attended 4

The appointment of Douglas McCallum to the Remuneration Committee was renewed for a further three-year period from October 2014. The biography of each member of the Remuneration Committee is set out in the Board of Directors section on pages 62 to 63.

Other attendees at the Remuneration Committee meetings included the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Director of Human Resources, the Rewards and Benefits Manager, the Company Secretary, the Deputy Company Secretary and the external adviser to the Remuneration Committee, Deloitte LLP. The Chairman, the Company Secretary and the Executive Directors and other attendees are not involved in any decisions of the Remuneration Committee and are not present at any discussions regarding their own remuneration. The Deputy Company Secretary is secretary to the Remuneration Committee.

EXTERNAL ADVICE

During the period, the Remuneration Committee and the Company retained independent external advisers to assist them on various aspects of the Company's remuneration and share schemes as set out below:

Adviser	Retained by	Services provided to the Remuneration Committee	Other services provided
Deloitte LLP	Remuneration Committee	Executive remuneration advice including in respect of GIP design, changes to the Directors' remuneration policy and other incentive arrangements.	Separate teams engaged by the Company to advise on a range of Company tax, share schemes and accounting matters, including transaction advice.
Slaughter and May	Company	None	Employment law, share schemes and tax as well as general UK legal advice in respect of a number of the Company's remuneration matters, including implementation of share schemes such as the GIP.

Deloitte LLP were appointed by the Remuneration Committee in 2012 following a tender process led by the Remuneration Committee Chairman. Deloitte LLP confirmed to the Company that it is a member of the Remuneration Consultants Group and as such operates under the code of conduct in relation to executive remuneration consulting in the UK. The Remuneration Committee is, following its annual review, satisfied that Deloitte LLP has maintained independence and objectivity.

For the period, Deloitte LLP were paid £71,400 in advisory fees for services provided to the Remuneration Committee during the period.

In addition to the external advice received, the Remuneration Committee consulted and received reports from the Company's Chief Executive Officer, the Chief Financial Officer, the Chairman, the Director of Human Resources and the Deputy Company Secretary. The Remuneration Committee is mindful of the need to recognise and manage conflicts of interest when receiving views and reports from, or consulting with, the Executive Directors or members of senior management.

PRINCIPAL ACTIVITIES OF THE REMUNERATION COMMITTEE DURING 2014

The Remuneration Committee has been delegated responsibility for setting remuneration for all of the Executive Directors, the Chairman and the Company Secretary. This is outlined on page 68. In line with its terms of reference, the following key matters were considered by the Remuneration Committee during the period:

- approving the Directors' remuneration policy and 2013 Directors' remuneration report;
- reviewing performance under the 2013 AIP and consideration of any bonuses payable;
- approving the 2014 AIP performance targets;
- approving the 2014 LTIP awards and performance targets;
- reviewing and approving the proposed new GIP scheme and 2014 ESOS;
- considering a report on shareholder consultation meetings;
- approval of changes to the AIP for 2015 including review of performance measures;
- consideration of changes to the performance measures for the LTIP for 2015 awards;
- receiving a report on the Group's share schemes and plans for 2015;
- approving the implementation of the SIP;
- approving a new invitation for 2015 under the Sharesave scheme;
- receiving a report on Executive Director remuneration benchmarking and approving increases in the Executive Director base salaries;
- consulting the Chief Executive Officer and the Chairman on performance and remuneration of the Executive Directors;
- receiving a report on Group-wide and management remuneration for 2014;
- receiving reports from Deloitte on senior executive pay, market themes and trends;
- reviewing the pension arrangements for the Executive Directors;
- reviewing the Remuneration Committee's performance; and
- reviewing the performance of Deloitte LLP and retaining them as external remuneration consultants.

The Remuneration Committee's work also included monitoring and considering (rather than recommending) the level and structure of remuneration for the Management Committee. Ultimate decision-making responsibility for the remuneration of the Management Committee lies with the Chief Executive Officer.

During the period, the Remuneration Committee Chairman and the Chairman carried out a shareholder consultation with the largest shareholders. The Company's major shareholders were given the opportunity to meet to discuss a number of remuneration initiatives for the Executive Directors, including the Directors' remuneration policy and the new long-term incentive arrangements. Changes were made to the proposed incentive arrangements in response to the feedback received from shareholders (for example, changes to the LTIP design and performance measures and changes to the performance targets under the GIP). Following the consultation, the remuneration proposals were approved by shareholders at the Company's annual general meeting in May 2014 (as further outlined in the Annual report on remuneration on page 129).

The Remuneration Committee carried out a review of its terms of reference during the period. The review resulted in some amendments to the terms of reference to take account of the changes in the 2014 Code.

In addition to the activities of the Remuneration Committee, the Executive Directors and the Chairman reviewed the remuneration arrangements of the Non-Executive Directors.