

OFFICE2OFFICE PLC
REMUNERATION COMMITTEE
TERMS OF REFERENCE



Membership

Members of the Remuneration Committee (the 'Committee') shall be appointed by the Board on the recommendation of the Nomination Committee, and be confined to independent Directors. There will be a minimum of two non-executive Directors. In addition, the Chairman of the Board may be a member of, but not chair, the Committee provided he was considered independent on appointment.

The members are currently: Jim Cohen (Chairman of the Committee)
Chris Batterham
David Callear

Other Directors or external advisors may be requested to attend meetings by prior arrangement.

Proceedings

The quorum will be two members. Meetings, which may be held by telephone, will be convened as and when required but not less than once a year. Any member of the Committee may request that a meeting is convened. An agenda and any supporting papers will be forwarded in advance. The Company Secretary will act as Secretary to the Committee and minute the proceedings which will be circulated promptly to the Committee and the Board.

The remuneration of the non-executive Directors shall be a matter for the executive Directors and no Director shall be involved in any decision as to his/her remuneration. Members or other attendees must declare any personal interest in any matter under discussion.

Duties

Having due regard to any relevant legal requirements, the UK Corporate Governance Code and the UKLA's Listing Rules and associated guidance, the Committee shall be required to:

- determine and agree with the Board a broad policy for the remuneration of the Company's Chairman, Chief Executive, executive Directors, the Company Secretary and such other members of the senior management as it is requested to consider;
- ensure that remuneration is a fair reward for individual contributions to the success of the Company and that there are appropriate incentives, compatible to the Company's risk policies and systems, to encourage enhanced performance;
- review the ongoing appropriateness and relevance of the remuneration policy and oversee any major changes in employee benefit structures;
- within the terms of the agreed policy, determine the total individual remuneration package of each executive Director including, where appropriate, pension arrangements, annual bonuses and longer term incentive payments. The total potentially available rewards should not be excessive;
- determine targets and upper limits for any performance related pay schemes, ensuring they are stretching and designed to promote the longer term success of the Company, and, subsequently, approve any amounts payable;
- 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;
- approve the level of annual salary increases for the Group and the individual increases for the executive Directors and those members of the senior management that the Committee is requested to review, being sensitive to pay and employment conditions across the Group;
- consult with the Chief Executive about proposals relating to the remuneration of other executive Directors;

- ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002, the UK Corporate Governance Code and the Listing Rules are fulfilled;
- be exclusively responsible for the selection, appointment and 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;
- review the design of all share incentive plans, determining each year whether awards will be made, the individual and overall amount of such awards and the performance targets to be used;
- determine the application of, and invitations and grants of options under the Company's share option schemes in place, including the Sharesave scheme; and
- consider the continued employment of executive Directors beyond the normal retirement age of 70.

All decisions and recommendations of the Committee in respect of Directors' remuneration shall be referred to the Board and shall take effect only upon approval by the Board at a meeting which is properly convened and constituted, provided that the Board shall only have the power to approve or reject the proposals, and that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.

Reporting responsibilities

The Committee will report formally to the Board on its proceedings after each meeting, including whatever recommendations the Committee deems appropriate on any area within its remit.

The Committee will produce a report on the Company's remuneration policy and practices which will form part of the Annual Report and ensure that it is put to shareholders for approval at the AGM.

The Committee's chairman will attend each AGM of the Company to answer any question on the Committee's activities.

Other matters

At least annually, the Committee will 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.

Authority

The Committee is authorised by the Board to seek any information it requires from any employee, consultant or other provider of services to the Company in order to perform its duties, but taking care to recognise and avoid any conflicts of interest, and to obtain, at the cost of the Company, such outside legal or other independent professional advice considered appropriate, including the commission of any reports or surveys.