

**ROBERT WISEMAN DAIRIES PLC (the “Company”)**  
**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

**1. Membership**

The Remuneration Committee of the Company (the “Committee”) shall be appointed by the Board and shall comprise of a Chairman and at least two other members, all of whom will be independent Non-Executive Directors of the Company. The members of the Committee shall be identified in the Company’s Annual Report. At the date that these terms of reference were agreed, the Committee comprised of Messrs E J Finch (Chairman), A R Dare and N Murray.

**2. Secretary**

The Company Secretary, or their nominee, shall act as the Secretary of the Committee (“Committee Secretary”).

**3. Quorum**

The quorum necessary for the transaction of business shall be 2. 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 in, or exercisable by, the Committee for the purposes of allowing it to fulfil its various duties and responsibilities.

**4. Meetings**

- 4.1 The Committee shall meet as frequently as required but not less than two times a year. Any Committee member or the Committee Secretary may call a meeting of the Committee.
- 4.2 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee at least three working days prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 4.3 Any request to attend/address the Committee from the Chairman of the Company and/or the Chief Executive shall be duly accepted, unless a conflict of interest exists. Others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

## 5. Minutes of Meeting

- 5.1 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 5.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once agreed, a copy of the minutes shall be provided to the Chairman of the Company and/or the Chief Executive on request, unless a conflict of interest exists.

## 6. Annual General Meeting

The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholders' questions on the Committee's activities or on the Directors' Remuneration Report.

## 7. Duties

The Committee shall:

- 7.1 Determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, the Chairman of the Company, the Executive Directors and such other members of the Executive Management Team as report directly to the Chief Executive (together the "Relevant Executives");

No Director shall be involved in any decisions as to his/her own remuneration.

- 7.2 In determining such framework or policy, take into account all factors, which it deems necessary. The objective of the framework or policy shall be to attract, motivate and retain Relevant Executives of the appropriate calibre and ensure that they are provided with competitive and cost effective incentives that:

- encourage the long-term drive for sustained performance and enhanced shareholder value; and
- provide a reasonable level of reward for their individual contribution to the success of the Company.

The framework or policy will also have regard to the overarching principle of "pay for performance" and will promote an appropriate mix, both between fixed and variable pay and between short-term and long-term reward opportunity.

- 7.3 Review the ongoing appropriateness and relevance of the remuneration policy;

- 7.4 Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 7.5 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 and form of such awards, approve the amount and form of individual awards to each Relevant Executive and the performance targets to be used and satisfied;
- 7.6 Determine the policy for, and scope of, pension arrangements for each of the Relevant Executives;
- 7.7 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;
- 7.8 Within the terms of the agreed policy and in consultation with the Chairman of the Company and/or Chief Executive as appropriate, determine the total individual remuneration package of each Relevant Executive including base salary, bonuses, benefits in kind, incentive payments and share options or other share awards;
- 7.9 In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 7.10 Oversee any major changes in employee benefits structures throughout the Company or its wider Group;
- 7.11 Monitor the Group's Pension Plans.
- 7.12 Ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled;
- 7.13 Be responsible for selecting, appointing and setting the terms of reference for any remuneration consultants, at the company's expense.

## **8. Authority**

- 8.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company or Group in order to perform its duties. In doing so it will ensure that this role is clearly separated from their role within the business.

- 8.2 The Committee shall have authority to commission any reports or surveys that it deems necessary to help it fulfill its obligations and duties.

**9. Non-Executive Director Remuneration**

- 9.1 The Executive Members of the Board shall determine the remuneration of the Company's Non-Executive Directors (other than the Chairman of the Company).
- 9.2 No Non-Executive Director shall be involved in any decisions as to their own remuneration.

**10. Reporting Responsibilities**

The Committee shall produce an annual report of the Company's remuneration policy and practices and the frequency and attendance record (by member) of the Committee meetings shall be recorded. Once agreed by the Board, this report will form part of the Company's Annual Report. This will be submitted to shareholders for approval at the Company's Annual General Meeting.

Approved by the Board of Directors of Robert Wiseman Dairies PLC on  
12 November 2009