

FERREXPO PLC
(the “**Company**”)

Remuneration Committee Terms of Reference

Approved by the Board on 1 June 2007

1. INTRODUCTION

The board of directors of the Company (the “**Board**”) hereby constitutes and establishes a remuneration committee (the “**Committee**”). These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the UK guidance on corporate governance and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the “**Group**”).

2. ROLE

2.1 The Committee has delegated authority to supervise and determine on behalf of the Board:

- (a) the Group's policy and its implementation in relation to the remuneration of the executive directors of the Group (“**Executive Directors**”) and senior managers of the Group (the “**Senior Managers**”);
- (b) the specific remuneration packages and terms of employment of each of the Executive Directors; and
- (c) the application of such remuneration and incentive arrangements as are from time to time approved by the Board to the Executive Directors, the Senior Managers and any other relevant employees.

2.2 The Committee, in consultation with the Chief Executive, shall be responsible for determining which employees comprise the Senior Managers, such determination to be approved by the Board as a whole.

3. MEMBERSHIP

3.1 The Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the remuneration committee, and shall consist of a minimum of three members.

3.2 The Committee shall be comprised of independent non-executive directors, including the chairman of the Board provided that he was deemed to be independent on appointment to the Board.

3.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

3.4 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.

3.5 The board shall appoint the chairman of the Committee who shall be an independent non-executive director deputy. The chairman of the board shall not be chairman of the Committee. In the absence of the chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

3.6 If a regular member is unable to act due to absence, illness or any other cause, the chairman of the Committee may appoint another independent non-executive director of the Company to serve as an alternate member.

3.7 No member of the Board (or of the Committee) shall attend meetings of the Committee where his or her own remuneration arrangements are determined.

4. SECRETARY

The company secretary or his nominee shall act as the secretary of the Committee.

5. QUORUM

The quorum necessary for the transaction of business shall be two members. 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.

6. FREQUENCY OF MEETINGS

The Committee shall meet not less than twice a year and at such other times as the chairman of the Committee shall require.

7. NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors not less than [five] working days prior to the date of the meeting. Supporting papers shall be sent to members of the Committee, and to other attendees as appropriate, at the same time.

8. MINUTES OF MEETINGS

8.1 The secretary shall prepare minutes of the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

8.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the board, unless a conflict of interest exists.

9. ANNUAL GENERAL MEETING

The chairman of the Committee shall attend the annual general meeting and shall be prepared to respond to any questions from shareholders concerning the Committee's activities.

10. DUTIES

The Committee shall:

10.1 determine and agree with the board the framework or broad policy for the remuneration of the chief executive, the chairman, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the chairman and the executive members of the board. No director or manager shall be involved in any decisions as to their own remuneration;

10.2 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;

10.3 review the ongoing appropriateness and relevance of the remuneration policy;

10.4 approve the design of, and determine targets for, any performance-related pay schemes operated by the Group and approve the total annual payments made under such schemes;

10.5 review the design of all share incentive plans for approval by the board and shareholders and, 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;

- 10.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 10.7 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 10.8 within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 10.9 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code on Corporate Governance (the "**Combined Code**") and the UK Listing Authority's Listing Rules and associated guidance;
- 10.10 review and note annually the remuneration trends across the Group;
- 10.11 oversee any major changes in employee benefits structures throughout the Group;
- 10.12 agree the policy for authorising claims for expenses from the chief executive and chairman;
- 10.13 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;
- 10.14 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 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; and
- 10.15 make available its terms of reference explaining clearly its role and the authority delegated to it by the board.

11. REPORTING RESPONSIBILITIES

- 11.1 The chairman of the Committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall produce an annual 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.

12. OTHER MATTERS

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.

13. AUTHORITY

- 13.1 The Committee is authorised by the board to seek any information it requires from any employee of the Company in order to perform its duties.
- 13.2 In connection with its duties the Committee is authorised by the board to obtain, at the Company's expense, any outside legal or other professional advice.