

## The Remuneration Committee of Vimetco N.V. Terms of reference

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Vimetco N.V. (the “Company”) has adopted a one tier board structure. Pursuant to Principle III.5 of the Dutch Corporate Governance Code (and Best Practice provisions III.5.1-III.5.14), if a company has a one tier board with at least four non-executive members, the non-executive members should appoint from amongst themselves a remuneration committee, an audit committee and a selection and appointment committee. In compliance with such requirement, the board of the Company (the “Board”) resolved to install a remuneration committee of the Board (the “Remuneration Committee”) during a Board meeting that was held on 12 July 2007.

In addition to the above, and noting that the Company has been admitted to trading on the Main Market of the London Stock Exchange, the Board considered the provisions of the UK Combined Code on Corporate Governance (the “Combined Code”). The Combined Code states that “There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.”

The Board believes that the terms of the Dutch Corporate Governance Code substantially mirror the spirit of the Combined Code. Where applicable, however, provisions from the Combined Code have been added to the rules below to enhance the corporate governance regime applied by the Company.

It should be noted that the remuneration of the non-executive members of the Board shall be a matter for the Board.

Please find below the rules (the “Remuneration Committee Rules”) governing the Remuneration Committee, as adopted by the Board during the above referenced meeting, as most recently amended by the Board resolution of 27 April 2009, which rules were prepared on the basis of the Dutch Corporate Governance Code with certain additional provisions of the Combined Code.

### **1. RESPONSIBILITIES**

1.1. The responsibilities of the Remuneration Committee shall include:

- 1.1.1. preparing a proposal concerning the remuneration and incentive policy to be adopted by the general meeting of shareholders of the Company (the “Remuneration Policy”) with respect to the members of the Board and other eligible persons as defined in the Vimetco Group Incentive Compensation Scheme as could be amended from time to time (the “Eligible Persons”);

- 1.1.2. preparing proposals with respect to the individual remuneration of the members of the Board for adoption by the Board and the Eligible Persons on the basis of the Remuneration Policy, which proposals shall in any event include (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options and/or other variable remuneration components, pension rights, severance pay and other forms of compensation to be awarded, as well as performance criteria and the application thereof;
  - 1.1.3. recommending and monitoring the level and structure of remuneration provided to senior management;
  - 1.1.4. ensuring that contractual terms on termination, and any payments made in connection therewith, are fair both to the relevant individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
  - 1.1.5. coordinating closely with the Board in relation to the remuneration to be offered to each new member of the Board and Eligible person;
  - 1.1.6. being aware of, and advising on, any major changes in employee benefit structures throughout the Company or its subsidiaries;
  - 1.1.7. being exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.
- 1.2. The Remuneration Committee shall ensure that no director or manager is involved in any decisions with respect to such individual's own remuneration.
- 1.3. The Remuneration Committee shall prepare, on an annual basis, a remuneration report (the "Remuneration Report") that should comprise a report on the way in which the Remuneration Policy was implemented in the most recent financial year together with an overview of the Remuneration Policy that can be implemented in the next forthcoming financial year and subsequent years subject to adoption of this Remuneration Policy by the general meeting of shareholders of the Company. The Remuneration Report shall explain how the Remuneration Policy contributes to the achievement of the long term objectives of the Company and its affiliated enterprise, while taking the Company's risk profile into consideration. The overview should contain the following information:
  - 1.3.1. an overview of the costs incurred by the Company in the relevant financial year in relation to Board remuneration, providing a break down showing fixed salary, annual cash bonus, shares, options and pension rights that have been awarded and other emoluments. The valuation of shares, options and pension rights shall be in accordance with the IFRS accounting standards as endorsed by the EC;
  - 1.3.2. a statement that the scenario analyses regarding the possible consequences of the variable remuneration components and the impact thereof on the remuneration of the Board members have been made;
  - 1.3.3. for each Board member the maximum and minimum number of shares conditionally granted in such financial year or other share based remuneration components that may be awarded or acquired if the relevant targets are met;

- 1.3.4. a table showing the following information for incumbent Board members at year-end for each year in which shares, options and/or other share-based remuneration components have been awarded over which the Board member did not yet have unrestricted control at the start of the financial year:
- (i) the value and number of shares, options and/or other share-based remuneration components on the date of granting;
  - (ii) the present status of shares, options and/or other share-based remuneration components awarded: whether they are conditional or unconditional and the year in which vesting period and/or lock-up period ends;
  - (iii) the value and number of shares, options and/or other share-based remuneration components conditionally awarded under sub (i) at the time when the Board member obtains ownership of them (end of vesting period);
  - (iv) the value and number of shares, options and/or other share-based remuneration components awarded under sub (i) at the time when the management board member obtains unrestricted control over them (end of lock-up period);
- 1.3.5. if applicable, the composition of the peer group of companies whose remuneration policy determines in part the level and composition of and performance criteria for the remuneration of the Board members;
- 1.3.6. a description together with an explanation of the performance criteria on which the performance-related component of the variable remuneration and/or any right of the members of the Board and other Eligible Persons to options or shares is dependent in so far as disclosure would not be undesirable because the information is competitively sensitive, and of the discretionary component of the variable remuneration that can be fixed by the Board as it sees fit, if any;
- 1.3.7. a summary and account of the methods that will be applied in order to determine whether the performance criteria have been fulfilled and an explanation of the choice of these methods;
- 1.3.8. an ex-ante and ex-post account of the relationship between the chosen performance criteria and the strategic objectives applied, and of the relationship between remuneration and performance;
- 1.3.9. if applicable, the composition of the subsidiaries of the Company whose remuneration policy partly determines the level and composition of the remuneration of the members of the Board and Eligible Persons;
- 1.3.10. a summary and explanation of the Company's policy with respect to the term of the contracts entered into with the members of the Board and other Eligible Persons, the applicable notice periods and redundancy schemes, and an explanation of the extent in which best practice provision II.2.8 of the Dutch Corporate Governance Code<sup>1</sup> is endorsed;

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<sup>1</sup> Provision II.2.8 of the Dutch Corporate Governance Code provides that "The maximum remuneration in the event of dismissal is one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such Board member shall be eligible for a severance pay not exceeding twice the annual salary."

- 1.3.11. a description and explanation of each proposed change to the conditions on which a member of the Board or an Eligible Person can acquire rights to options, shares or other variable remuneration components;
  - 1.3.12. if any right of a member of the Board or an Eligible Person to options, shares or other variable remuneration components is not performance related, an explanation of why this is the case;
  - 1.3.13. current pension schemes and the related financing costs;
  - 1.3.14. agreed arrangements for the early retirement of Board members; and
  - 1.3.15. an explanation of any absolute change in the non-variable remuneration component.
- 1.4. If a member of the Board or a former member of the Board is paid extraordinary remuneration during a given financial year, an explanation of such remuneration shall in any event account for, and explain, any remuneration paid or promised during the year under review by way of severance pay.
- 1.5. The Remuneration Report shall be placed on the Company's website.
- 1.6. The Remuneration Committee shall prepare and publish, on an annual basis, a report of its deliberations and findings.

## **2. COMPOSITION, EXPERTISE AND INDEPENDENCE OF THE REMUNERATION COMMITTEE**

- 2.1. The Remuneration Committee shall consist of three members to be appointed by the Board among its members. Currently the Remuneration Committee consist of Mr. Zonneveld (Chairman), Mr. Currie and Mr. Machitski.
- 2.2. The following requirements must be observed with respect to the composition of the Remuneration Committee:
- 2.2.1. at least two of the three members shall be independent;<sup>2</sup>
  - 2.2.2. neither any (former) executive member of the Board nor any member of the management board of any other listed company may (simultaneously) be the Chairman of the Remuneration Committee; and
  - 2.2.3. not more than one of the three members shall (simultaneously) be a member of the management board of another listed Dutch company.
- 2.3. The Remuneration Committee shall verify that any remuneration consultant providing services to the Remuneration Committee shall not provide advice to the Company's Board members.

## **3. CHAIRMAN**

- 3.1. Subject to article 2 of these Remuneration Committee Rules, the non-executive members of the Board shall appoint one of the members of the Remuneration Committee as the Chairman of the Remuneration Committee and determine the period for which this Chairman shall hold office. The Chairman of the Remuneration Committee shall be primarily responsible for the proper functioning of the Remuneration Committee. He or she shall act as the spokesperson of the Remuneration Committee and shall be the main contact within the Remuneration Committee towards the full Board.
- 3.2. The Chairman of the Remuneration Committee shall appoint the secretary for each meeting of the Remuneration Committee. The secretary shall be elected out of the advisors or employees of

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<sup>2</sup> as defined in the Dutch Corporate Governance Code

the Company or of its subsidiaries having appropriate financial or administrative skills and sufficient experience in terms of dealing with relevant documentation. The secretary shall keep appropriate records of all meetings of the Remuneration Committee and all decisions made thereon;

#### **4. REMUNERATION COMMITTEE MEETINGS (AGENDA, ATTENDANCE, MINUTES)**

- 4.1. The Remuneration Committee will hold at least two (2) meetings per year and whenever one or more of its members request a meeting. Remuneration Committee meetings are generally held at the offices of the Company, but may also take place elsewhere. In addition, the Remuneration Committee meetings may be held by teleconference or videoconference (or by any combination thereof) provided that all participants can hear each other simultaneously.
- 4.2. Executive members of the Board shall not be invited to participate in the meetings of the Remuneration Committee, unless the Remuneration Committee determines otherwise.
- 4.3. Remuneration Committee meetings shall be convened by the member(s) requesting the meeting. Whenever practicable, notices convening a meeting and the agenda of items to be considered and discussed during such meeting shall be dispatched seven business days prior to the meeting and be sent to each member of the Remuneration Committee.
- 4.4. The decisions made on any meeting of the Remuneration Committee will be adopted by unanimous voting of all members of the Remuneration Committee.
- 4.5. Minutes of the meeting shall be prepared by the secretary of the meeting. These minutes shall generally be adopted in the next meeting of the Remuneration Committee. If all members of the Remuneration Committee agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chairman of the Remuneration Committee and by the secretary, elected for the relevant meeting, and shall be dispatched to all members of the Board as soon as practicable.

#### **5. AUTHORITY**

- 5.1. The Remuneration Committee is authorised:
  - 5.1.1. to seek any information it requires, from any employee of the Company, in order to perform its duties;
  - 5.1.2. to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
  - 5.1.3. to call any employee to be questioned at a meeting of the Remuneration Committee as and when required.

#### **6. PUBLICATION OF RULES**

- 6.1. These Remuneration Committee Rules shall be made available on the Company's website and will be updated annually.