

COOKSON GROUP plc

Terms of Reference for the Remuneration Committee

(as adopted by the Board on 29 October 2003)

1. Constitution

1.1 The Board has established a Committee of the Board known as the Remuneration Committee.

2. Purpose

The main purposes of the Committee are:-

- 2.1 to determine the appropriate remuneration packages for the Company's Executive Directors, Chairman and Company Secretary. The remuneration packages are to be in line with general market practice and consistent with recruiting and retaining management of the highest calibre taking into consideration current corporate governance practice;
- 2.2 to recommend and monitor the level and structure of remuneration for other Senior Management (see 6.1.3 below); and
- 2.3 to provide assurance to shareholders that Executive Directors' remuneration is set by a Committee of Board members who have no personal interest in the outcome of their decisions and who will give due regard to the interests of shareholders, the financial and commercial health of the Company and the content of the Combined Code, the UK Listing Authority's Listing Rules and associated guidance.

3. Membership

- 3.1 The Committee shall be appointed by the Board, and shall consist of a minimum of three independent Non-executive Directors. A quorum shall be two members.
- 3.2 The chairman of the Committee shall be appointed by the Board. In the absence of the Committee chairman, the remaining members present shall elect one of their number present to chair the meeting.
- 3.3 The chairman of the Committee shall not also be on the Management Board of the Group's pension funds.
- 3.4 The chairman and other members of the Committee shall be named in the Company's annual report.

4. Attendance at Meetings

- 4.1 Members of the Committee shall attend Committee meetings. Other Directors may attend only at the invitation of the Committee. The Group Chief Executive, except when his remuneration is being considered, and the Group's HR representative shall normally be invited to attend meetings. The Committee may require the attendance of other Executive Directors, and in addition appropriate external advisers, including the Company's Auditor and remuneration consultants.
- 4.2 The Group Secretary or their nominee shall be the Secretary of the Committee.
- 4.3 The Board authorises the chairman of the Remuneration Committee to attend the Annual General Meeting of the Company and respond to any questions from shareholders on the Committee's activities.

5. Frequency of Meetings

- 5.1 Meetings of the Committee will be held as and when appropriate, normally on the same day as regular meetings of the Board. Meetings (particularly in relation to the formal grant of employee share options) may be held by telephone.

6. Role and Responsibilities

- 6.1 The role and responsibilities of the Committee shall include:
 - 6.1.1 determining the overall remuneration policy for and the remuneration of each of the Executive Directors, the Chairman and the Group Secretary including the terms of their service agreements or other contractual arrangements, pension rights and compensation payments, bearing in mind (i) the requirement that a significant proportion of the total remuneration package for Executive Directors shall be performance-related; and (ii) the provisions of Schedule A to the new Combined Code;
 - 6.1.2 consulting the Chairman and/or Chief Executive about their proposals relating to the remuneration of other Executive Directors;
 - 6.1.3 recommending and monitoring the level and structure of the overall remuneration for Senior Management (being the first layer of management below Board level);
 - 6.1.4 exercising all of the powers and duties confirmed or imposed upon the Board under the rules of the Company's executive share and share option schemes;

- 6.1.5 preparing and proposing to the Board for approval the report to shareholders as required by the UK Listing Authority's Listing Rules and under any other legal requirement;
- 6.1.6 consulting with the Board on the content of the remuneration report and its submission for approval by shareholders at the annual general meeting; and
- 6.1.7 determining whether remuneration consultants should be appointed in respect of Executive Director remuneration and, if such consultants are appointed, ensuring that they are not otherwise connected with the Company and that a statement to this effect is included in the Company's annual report and accounts.

7. Authority

The Committee will not:-

- 7.1 determine the remuneration of any Non-executive Director (except for the Chairman) including the members of the Committee;
- 7.2 determine any other matters which the Board shall advise the Committee is required to be determined by the Board.

8. Approvals

- 8.1 All decisions of the Committee in respect of the remuneration of the Directors by way of fees (i.e. excluding salary and related compensation for Executive Directors) shall be referred to the Board and shall take effect only upon approval by resolution of the Board.

9. Reporting Procedure

- 9.1 The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board. Items that are personally sensitive to individual Directors or the Group Secretary may not be included in general circulation of the minutes, or may be withheld from the individual concerned.
- 9.2 The chairman of the Committee shall report to the Board on such matters as considered appropriate.

10. General

The Committee may in carrying out its tasks under these Terms of Reference obtain such outside or other independent professional advice it considers is

necessary in the fulfilment of its duties and the Board will ensure that the Committee will have access to professional advice both inside and outside the Company.

29 October 2003