

The Remuneration Committee – Terms of reference

1. Constitution

1.1 A Remuneration Committee of the Board of Directors of Eidos plc (the “Committee”) has been constituted pursuant to the Company’s Articles of Association.

2. Membership

2.1 The Committee comprises only of independent Non-Executive Directors of the Company as required by and defined in the Combined Code on Corporate Governance (the “Code”). The Committee shall consist of not less than three members.

2.2 Membership of and terms and conditions for the Committee will be reviewed by the plc Board at least annually and in appointing members the Board will give due consideration to the requirements of the Code.

2.3 The Non-Executive Directors on the Committee must:

- have no personal financial interest, other than as shareholders, in the Committee’s decisions;
- have no “cross-directorships” with the Executive Directors;
- have a good knowledge of the Group’s business and its Executive Directors, a keen interest in its progress and a full understanding of shareholders’ concerns; and
- develop a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the areas of remuneration committee business.

3. Quorum

3.1 The quorum for meetings shall be two members of the Committee present throughout the meeting. No meeting may be validly held unless all members of the Committee have received notice. Whenever it is practicable, meetings will be arranged so that all Committee members and the Committee Secretary can be present.

4. Chairmanship

4.1 The Chairman of the Committee shall be appointed by the Plc Board. The Chairman of the Company (assuming he is an independent non-executive) shall be a member of the Committee but cannot be its Chairman).

5. Attendance at meetings

5.1 Attendance at meetings of the Committee shall be at the discretion of the Chairman of the Committee. Any of the other executive directors and/or the HR director may be invited to attend meetings.

5.2 The Group Company Secretary shall be the Secretary of the Committee and shall attend all of its meetings.

5.3 No person may be present at any meeting whilst his/her own remuneration is under debate.

6. Frequency of meetings

6.1 Meetings shall be held as frequently as the Committee deems appropriate and in any event not less than two times a year.

7. Purposes

7.1 The purposes of the Committee, on behalf of the Board and shareholders, are:

- (i) to recommend the Group's framework and broad policy for executive remuneration including cost;
 - (ii) to determine the terms of appointment and the total remuneration packages for each of the executive directors;
 - (iii) to consider any other matters related to the remuneration of the Company's executive directors which the Board may ask it to consider;
 - (iv) to review remuneration and bonus arrangements for directors, officers and higher paid employees of all companies (employees receiving in excess of £200,000 as a basic salary plus guaranteed bonus, where applicable). In addition it should be given a list of all employees earnings £150,000 or more (on the same basis) for review; and
 - (v) to determine and recommend to the Board for ratification the allotment of share or share options for any director, employee or other related party.
- For these purposes, "remuneration" shall include all aspects of remuneration including, without limitation, salary, annual and long term bonuses, royalty arrangements, benefits from shares and share option schemes, benefits in kind, pension entitlements and compensation packages for termination of employee or loss of office.
 - To demonstrate that these rewards are set by a committee of board members, who do not benefit personally from their decisions and who have as their main concern, the interest of shareholders and the success of the Company will be paramount. To that end, the Chairman of the Company (together with the Chairman of the Committee, as necessary) shall maintain regular contact with its principal shareholders and institutions about executive remuneration as required by the Code.
 - The Committee shall not discuss, or pass resolutions in respect of the remuneration of, or the terms of any consultancy agreement with, any non-executive director which shall be a matter for the Board itself, subject to the provisions of the Articles of Association. The Committee may of course make recommendations to the Board in respect of the same from time to time for its consideration and determination.
 - In carrying out its duties, the Committee will:
 - (i) have due regard to the Code including Schedules A and B thereto (as also set out at the end of the UK Listing Authority Listing Rules); and
 - (ii) seek to ensure that the Company's executive directors are fairly but responsibly rewarded for their individual contributions to the Company's overall performance, taking account of comparison with pay levels in companies of a similar type, size, complexity and international scope (on which the Remuneration Committee may seek internal and/or external advice) and having due regard to the need to align the interests of shareholders with those of the executive and to the financial and commercial performance and health of the Group.
 - (iii) give due regard to the proportion of the executive directors (and others) remuneration which should be performance related and structured between short and long term time horizons and the link between corporate, business sector and individual performance.
 - Without prejudice to the generality of the above, the Committee will:

- (i) operate the Company's share option schemes, determine grants of options to be made to executive directors, determine the total aggregate amount of any grants to senior executives and other employees (having received written recommendations in respect of the same from the CEO) and determine any performance conditions to apply to the exercise of options.
- (ii) satisfy itself that the appropriate supervision is in place for administration of the Company's discretionary and all-employee share option (and other similar type) schemes.
- (iii) monitor and review at least annually, the remuneration packages of the executive directors and the terms of their service agreements.
- (iv) ensure that the Chairman or another member of the Remuneration Committee is available to answer questions on the executive remuneration policy, principles and practice at the Annual General Meeting of the Company.
- (v) consult with the Chairman of the Company and Chief Executive Officer in formulating the Committee's executive remuneration policy and when determining specific remuneration packages (other than in respect of the Chief Executive Officer).
- (vi) liaise with the Board in relation to the preparation of the Board's annual remuneration report to shareholders as required by the Code and the UK Listing Authority Listing Rules.
- (v) comply with, or where appropriate, give full consideration to the best practice principles and provisions of the Code and where non-compliance is proposed, seek the Board's prior authority to such non-compliance before proceeding.
- (vi) in designing schemes of performance-related remuneration, have specific regard to the provisions contained in Schedule A of the Code.
- (vii) recommend to the Board for decision each year whether the Company's executive remuneration policy should be put to shareholders at the AGM for approval.

8. Authority and duties

8.1 The level of remuneration fixed by the Committee shall be in accordance with the Group's competitive position concerning executive remuneration as determined by the Board which shall reflect the international nature of the Company's business and the executive's place of permanent residency.

8.2 The Committee shall be responsible for setting the performance criteria for bonuses, including long-term bonus schemes.

8.3 The Committee shall determine all material elements of remuneration for the Executive Directors of the Company including salary, performance payments, share options and retirement benefits.

8.4 The Committee shall monitor the relationship between the remuneration of the Directors and that of other Group executives, and especially when determining annual salary awards, shall be mindful of and sensitive to pay levels and employment conditions elsewhere in the Group.

8.5 The Committee is authorised by the plc Board to review and make recommendations to the plc Board on the general principles, policy and rules of operation (subject to approval for such schemes being obtained as required) of any share option schemes and/or incentive plans operated by the Group from time to time.

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8.6 The Committee is authorised by the plc Board at the Company's reasonable expense to investigate any activity within its terms of reference or as specified by the plc Board subject to prior discussions with the Secretary/CEO concerning likely costs.

8.7 The Committee is authorised by the plc Board to obtain internal advice via the HR Director and, at the Company's reasonable expense (subject to prior discussion with the Secretary/CEO concerning likely costs), outside independent professional advice or the attendance at meetings of outsiders with relevant experience and expertise if it considers this necessary.

9. General

The Committee in carrying out its tasks under these terms of reference: -

(a) shall normally invite the Chief Executive to attend meetings to discuss the performance of other executive directors and make proposals as necessary. The HR Director and others may be called upon or shall be able to speak by prior invitation from the Chairman of the Committee; and

(b) may wish to consult other Board directors in its evaluation of the Chief Executive.

10. Reporting

10.1 The Committee's recommendations in respect of the Company's framework and broad policy of executive remuneration, including cost, shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and otherwise held in accordance with the Company's Articles of Association. No executive director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration. (The same shall be true of the non-executive directors in relation to any Board resolution relating to their remuneration).

10.2 Membership of the Committee shall be published in the Group's Annual Report and Accounts each year.

10.3 The Committee shall recommend to the Board the manner in which Directors' remuneration is to be reported in such document.

11. Proceedings and Minutes

11.1 The meetings and proceedings of the Committee shall be governed, mutatis mutandis, by the provisions of the Company's Articles of Association regulating the meeting and proceedings of Directors.

11.2 The Minutes of Meetings of the Committee shall be circulated to all Committee members and made available to any member of the plc Board upon request.