

NEXT PLC ("THE COMPANY")

Remuneration Committee Terms of Reference

1. Constitution

The Board has resolved to establish a committee of the Board to be known as the "Remuneration Committee".

2. Membership

2.1 The Remuneration Committee shall comprise of not less than three non-executive Directors of the Company, which may include the Chairman of the Company, each of whom shall be appointed by the Board.

2.2 All members of the Remuneration Committee shall be non-executive Directors, which may include the Chairman of the Company, who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.

2.3 The Board shall appoint the Chairman of the Remuneration Committee. The Chairman of the Company shall not be eligible to be appointed as Chairman of the Remuneration Committee.

3. Secretary

The secretary of the Company or nominee shall act as the Secretary of the Remuneration Committee.

4. Quorum

The quorum for meetings shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

5. Meetings

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

5.2 A meeting of the Remuneration Committee may be called by any member of the Remuneration Committee or by the secretary.

5.3 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 Remuneration Committee and any other person required to attend.

- 5.4 The Group Chief Executive and any other Director may be invited to attend and speak at Remuneration Committee Meetings.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Remuneration Committee meetings, as well as keep appropriate records.
- 6.2 Minutes of Remuneration Committee meetings shall be made available to all members of the Remuneration Committee.

7. Annual General Meeting

The Chairman of the Remuneration Committee shall attend the annual general meeting of the Company and shall be prepared to respond to any shareholder questions on the Remuneration Committee's activities.

8. Authority

- 8.1 The Remuneration Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 8.2 The Remuneration Committee is authorised by the Board to obtain, where reasonable and necessary and at the Company's expense, any outside legal or other independent professional advice or to secure the attendance of outsiders with relevant experience and expertise. The Remuneration Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

9. Duties

The Remuneration Committee shall:

- 9.1 determine and agree with the Board the framework or broad policy for the remuneration of the chief executive of the Company or group, the chairman of the Company 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 executive members of the Board. No Director or manager shall be involved in any decisions as to his or her own remuneration;

- 9.2 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 Company 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 Company;
- 9.3 determine targets for any performance related pay schemes operated by the Company;
- 9.4 within the terms of the agreed policy, determine the total individual remuneration package of each executive Director including, where appropriate, bonuses, incentive payments, share options and other benefits;
- 9.5 determine the policy for and scope of Directors pension arrangements, service agreements, termination payments and compensation commitments;
- 9.6 in determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance;
- 9.7 review on an annual basis the level of remuneration of senior management personnel;
- 9.8 approve any award of the Company's shares under share option or incentive schemes to the Company's employees;
- 9.9 oversee any major changes in employee benefit structures throughout the Company or group;
- 9.10 ensure that provisions regarding disclosure of remuneration including pensions, as listed in Rule 12.43A (c) of the Listing Rules, are fulfilled;
- 9.11 produce an annual report of the Remuneration Committee's remuneration policy which will form part of the Company's annual report and accounts;
- 9.12 consider each year whether circumstances are such that the shareholders at the annual general meeting of the Company should be invited to approve the remuneration policy as set out in the Company's annual report and accounts; and
- 9.13 to have regard, in the performance of the duties set out in this clause, to any published guidelines or recommendations regarding the remuneration of Directors of listed companies and the formation and operation of share option schemes which the Remuneration Committee considers relevant or appropriate.