

**CSR plc
(the “Company”)**

**Terms of Reference for
the Remuneration Committee**

1. Constitution

The board of directors of the Company (the “**Board**”) resolved to adopt these terms of reference for the Remuneration Committee (the “**Committee**”) on 6 February, 2004. The terms of reference were last reviewed and approved by the Committee on 8 February 2011.

2. Membership

- 2.1 The Committee shall consist of a chairman and at least two other members, each of whom shall be independent non-executive directors (as defined in paragraph A.3.1 of the Combined Code on Corporate Governance) of the Company.
- 2.2 The members of the Committee and the chairman of the Committee shall be appointed from time to time by a resolution of the Board, from amongst the non-executive directors. The Chairman of the Board shall not be Chairman of the Committee.
- 2.3 The chairman of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, from amongst the non-executive directors.
- 2.4 If a regular member is unable to act due to absence, illness or any other cause, the chairman of the Committee may appoint another non-executive director of the Company to serve as an alternate member.

3. Attendance at meetings

- 3.1 The Committee shall have the discretion to decide who, other than its members, shall attend its meetings, except that the Company’s Chief Executive shall have the right to address any meeting of the Committee.
- 3.2 No director or other Committee attendee shall be involved in any decision or be present at any discussions as to his or her own remuneration.

4. Secretary

The Company Secretary, or his nominee, shall be the secretary of the Committee.

5. Quorum

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

Meetings shall be held at least once a year and as otherwise deemed necessary by the chairman of the Committee.

7. Notice of meetings

Meetings shall be summoned by the secretary of the Committee at the request of any member of the Committee by notice to each member of the Committee and any other person required to attend and all other non-executive directors, confirming the venue, time and date, and enclosing an agenda of items to be discussed.

8. Authority

8.1 The Committee is authorised to seek any information it requires from any employee of the Company or any subsidiary of the Company in order to perform its duties. The Committee is authorised to investigate, at the Company's expense, the remuneration paid by other companies to provide peer analysis.

8.2 In connection with its duties, the Committee is authorised by the Board, at the Company's expense, to obtain outside legal or other independent professional advice including the advice of independent remuneration consultants and to secure the attendance of external professional advisers at its meetings if it considers this necessary.

8.3 Although the Committee can seek the advice and assistance of any of the Company's executives, it needs to ensure that this role is clearly separated from their role within the business.

9. Duties

9.1 The duties of the Committee shall be to:

(A) make recommendations to the Board on the Company's framework for the remuneration of such members of the executive management as it is designated to consider and its cost and determine the entire individual remuneration packages for each of the executive directors and the fixing of the terms of employment of such persons. The Committee shall also make recommendations to the Board on the remuneration of the Chairman and monitor the level and structure of remuneration for senior management. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No

directors or manager shall be involved in any decisions as to his or her own remuneration;

- (B) take into account, in determining such framework, factors which it deems necessary with the objective of ensuring that executive directors are provided with appropriate incentives to encourage enhanced performance and are rewarded in a fair and responsible manner for their individual contributions to the success of the Company;
- (C) determine the participation of the executive directors in any discretionary employee share or other incentive schemes operated by the Company;
- (D) review the design and implementation of all share incentive plans and ask the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements. Determine targets for any performance-related payments for executive directors and individual incentives for executive directors including, without limitation; (i) the setting and monitoring of any performance conditions subject to which any options may be granted under any executive share option schemes adopted by the Company; and (ii) the setting and monitoring of any bonus scheme performance conditions. The performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors.
- (E) authorise all remuneration arrangements which involve the issuance of shares
- (F) determine the policy for and scope of the pension arrangements to be established for the executive directors;
- (G) determine the policy for and scope of any termination payments and the severance terms for executive directors and consider the advantages of providing explicitly in the initial contract for compensation in the event of early termination, except in the case of removal for misconduct;
- (H) determine the provision of benefits and settlement of other provisions under the terms of the service agreements or otherwise of executive directors where these are stated as being at the discretion of the Board;
- (I) compile a draft annual report on remuneration to the shareholders to be submitted to the Board, in accordance with paragraph 10 below;
- (J) deal with any other matters referred to the Committee by the Board;
- (K) in determining such packages and arrangements, give due regard to the comments and recommendations of the UK Corporate Governance Code (the “**Code**”) (in particular, Schedule A of the Code which details provisions on the Design of Performance-Related Remuneration) as well as the Listing Rules of the U.K. Listing Authority and associated guidance;

- (L) liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy; and
- (M) be aware of and oversee any major changes in employee benefit structures throughout the Company or group.

9.2 The chairman of the Committee shall attend the Annual General Meeting of the Company to answer shareholders' questions on the Committee's activities.

10. Engagement with and reporting to Shareholders

10.1 The Committee shall prepare and submit to the Board a draft report on remuneration to be considered and approved by the Board. Once approved, the report should form part of, or be annexed to, the Company's Annual Report and Accounts. It should contain the provisions specified in 10.2 below.

10.2 The Annual Report, referred to in 10.1 above, must contain such information as is required to comply with the Listing Rules of the U.K. Listing Authority, all applicable laws and the Committee's view of good practice at the relevant time.

10.3 The Chairman of the Board should ensure that the Company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters.

11. Minutes

11.1 The members of the Committee shall cause minutes to be made of all resolutions and proceedings of the Committee including the names of all those present and in attendance at meetings of the Committee.

11.2 Minutes of the Committee meetings shall be circulated by the secretary to all members of the Committee and to all other members of the Board.

12. Performance and Terms of Reference

The Committee shall once each year review the Committee's performance, constitution and these terms of reference and report any recommendations for amendment to the Board.