

FIBERWEB PLC REMUNERATION COMMITTEE TERMS OF REFERENCE

The terms of reference of the Remuneration Committee of the Board were adopted at a Meeting of the Board of Directors on 31 August 2006.

1. Membership

- 1.1 Members of the Remuneration Committee shall be appointed by the Board. Only Non-Executive directors may be appointed to the Committee.
- 1.2 The quorum shall be two.
- 1.3 The Chairman of the Committee shall be appointed by the Board.
- 1.4 Directors and other members of the Executive Team who are not members of the Remuneration Committee may attend and speak at Committee Meetings on request if all Committee members present agree.

2. Meetings

- 2.1 The Remuneration Committee shall meet as often as may be necessary to discharge its duties.
- 2.2 The Chairman of the Committee shall call a meeting at the request of any member of the Board.
- 2.3 It is the responsibility of the Chairman of the Committee to decide what data he or she considers necessary for the purpose of any discussion, to obtain such data for the Committee and to see that it is circulated to the Committee
- 2.4 The Company Secretary shall be Secretary of the Committee.
- 2.5 Minutes of Remuneration Committee meetings shall be circulated to all Board members, once agreed unless a conflict of interest exists.

3. Authority

- 3.1 The Remuneration Committee is authorised to pursue any activity within its terms of reference.
- 3.2 The Remuneration Committee is authorised to obtain market data, commission surveys and seek independent advice as may be required to assist in carrying out its duties. The Committee is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Remuneration Committee.

4. Duties

The duties of the Remuneration Committee are as follows. The Remuneration Committee shall:

- 4.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors, the Company Secretary 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 Chairman and the Executive members of the Board. The remuneration of the Chairman shall be a matter for the Board as a whole on the recommendation of the Chief Executive Officer. No director or manager shall be involved in any decisions as to their own remuneration;
- 4.2 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;
- 4.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 4.4 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 4.5 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- 4.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 4.7 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 4.8 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive Director, the Company Secretary and other members of executive management including bonuses, incentive payments and share options or other share awards;
- 4.9 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 4.10 review and note annually the remuneration trends across the Company or group;
- 4.11 oversee any major changes in employee benefits structures throughout the Company

or group;

- 4.12 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled; and
- 4.13 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.