

AUKETT SWANKE GROUP PLC (the "Company")

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. CONSTITUTION

This committee of the board known as the Remuneration Committee (the "**Committee**") is established under Article 118 of the Articles of Association of the Company. In these terms of reference, the "**Group**" means the Company and its subsidiaries from time to time.

2. MEMBERSHIP

2.1 The Committee shall be appointed by the board from amongst the independent non-executive directors of the Company and shall consist of not less than two members.

2.2 The chairman of the Committee shall be appointed by the board. In the absence of the chairman of the Committee or any deputy appointed by the board, the remaining members present at any meeting shall elect one of their number to chair the meeting.

2.3 If a regular member is unable to act due to absence, illness or any other cause, the chairman of the Committee may, if there are any other non-executive directors, appoint another non-executive director of the Company to serve as an alternate member.

3. SECRETARY

The secretary of the Committee shall be such person as the Committee shall from time to time decide.

4. QUORUM

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

5. ATTENDANCE AT MEETINGS

The Committee shall have the discretion to decide who, other than its members, shall attend its meetings. However, no person shall be involved in any decision or present at any discussions of the Committee as to his or her own remuneration.

6. FREQUENCY OF MEETINGS

- 6.1 Meetings shall be held not less than twice a year (ordinarily on a six-monthly basis) and shall be summoned by the secretary of the Committee at the request of the chairman of the Committee.
- 6.2 In addition to the routine meetings of the Committee, either the chairman of the Committee or any other member of the Board may at any time request the secretary of the Committee to summon a meeting if he or they consider that one is necessary.

7. AUTHORITY

- 7.1 The Committee is authorised to investigate the remuneration paid by other companies of a similar size in a comparable industry sector and to make such other investigations or authorise such research as it considers desirable for the purposes of fulfilling its terms of reference or assessing the Company's remuneration policies and practices when compared with comparable companies.
- 7.2 The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and all employees are directed to co-operate with any request made by the Committee.
- 7.3 In connection with its duties, the Committee is authorised by the board to obtain internal or external legal or other independent professional advice including the advice of independent remuneration consultants and to secure the attendance of internal or external professional advisers at its meetings if it considers this necessary.

8. DUTIES

- 8.1 The duties of the Committee shall be to determine, on the basis of the considerations specified in 8.2 below, on behalf of the board and the shareholders:
- (a) the broad policy regarding executive remuneration and the entire individual remuneration and incentive packages for each of the executive and the fixing of the terms of employment of those persons;
 - (b) the participation of the executive directors in any discretionary employee share or other incentive schemes and bonus arrangements operated by the Company;
 - (c) 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 or other incentive scheme performance conditions;

- (d) the policy for and scope of any pension arrangements for the executive directors and management;
- (e) the policy for and scope of any termination payments and the severance terms for executive directors;
- (f) the provision of benefits under the terms of the service agreements or otherwise of executive directors where these are stated as being at the discretion, or otherwise requiring determination, of the board;
- (g) any other matters relating to the above referred to the Committee by the Board.

8.2 The considerations referred to in 8.1 above are those required to be taken into account by the Listing Rules of the UK Listing Authority, all applicable codes of practice and laws and the Committee's view of good practice at the relevant time.

8.3 The chairman of the Committee shall attend the annual general meeting of the Company to answer shareholders' questions relating to the executive directors' remuneration and benefits and should ensure that the Company maintains contact as required with its principal shareholders about remuneration in the same manner as for other matters.

9. REPORTING TO SHAREHOLDERS

9.1 The Committee should report annually to the shareholders on behalf of the Board. This report should form part of, or be annexed to, the Company's Annual Report and Accounts. It should contain the provisions specified in 9.2 below.

9.2 The annual report, referred to in 9.1 above, must contain such information as is required to comply with the Listing Rules of the UK Listing Authority, all applicable codes of practice and laws and the Committee's view of good practice at the relevant time, or, where the Committee has determined that there are good reasons for not so complying, an explanation of those reasons.

- 9.3 The Committee should consider each year whether the remuneration policy set out in their report should be put to the shareholders for their approval at the annual general meeting (although that report need not necessarily be a standard item of agenda for annual general meetings).

10. MINUTES

- 10.1 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.
- 10.2 The secretary shall circulate minutes of the Committee meetings to all members of the Committee and to all members of the board.