

**MOUCHEL PARKMAN PLC
TERMS OF REFERENCE
REMUNERATION COMMITTEE***

1. Membership

- 1.1. The Committee shall comprise of at least two members, all of whom are independent non-executive directors (“NEDs”) (smaller companies may have a Committee consisting of only two independent NED’s). Members shall be appointed by the Board, on recommendation of the Nomination Committee.
- 1.2. The Board should appoint the Committee Chairman who shall be a NED. The Chairman of the Company shall not be eligible to be appointed as Chairman of the Committee.
- 1.3. Only members of the Committee have the right to attend meetings however, other individuals such as the CEO and HR Director may be invited to attend as appropriate.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business 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.

4. Meetings

- 4.1. The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require. It must meet to approve the disclosures in the Remuneration Report and ensure the disclosures are in accordance with the provisions in the Combined Code and Directors Remuneration Report Regulations 2002.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened by the secretary of the Committee at the request of any member thereof.
- 5.2. 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 Committee, any other person required to attend and all other non-executive directors, no fewer than three working days prior to the date of the meeting.

6. Annual General Meeting

- 6.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee’s activities.

7. Duties

The Committee shall:

- 7.1. Determine and agree with the Board the framework or broad policy for the Remuneration of the Chief Executive, executive directors, the Chairman and such other members of the executive management. The remuneration of non-executive directors shall be a matter for the Chairman and executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration. In order to assure his/her independence, the Committee will also review and recommend to the Board the remuneration of the Company Secretary;
- 7.2. In determining such remuneration policy, the Committee shall ensure that members of the executive management of the Company are provided with appropriate incentives,

including bonus payments and share options to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;

- 7.3. Annually review the ongoing appropriateness and relevance of the remuneration policy;
- 7.4. Approve the design of and determine targets for any performance related pay schemes operated by the Company and approve the total annual payments under such schemes;
- 7.5. Review the design of all share incentive plans for approval by the board and shareholders. For share plans determine annually whether awards should be made and if so the overall amount of such awards, the individual awards to executive directors and other senior executives and performance targets to be used;
- 7.6. Within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options;
- 7.7. Determine the policy for and scope of pension arrangements, service agreements for the executive director, termination payments and compensation commitments;
- 7.8. 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;
- 7.9. 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;
- 7.10. Review annually remuneration trends of competitor companies;
- 7.11. Be aware of and oversee any major changes in employee benefit structures throughout the Company or group;
- 7.12. Annually review the policy for authorising the reimbursement of any claims for expenses from the Chief Executive and Chairman of the Company;
- 7.13. Ensure that provisions regarding disclosure of remuneration including pensions, as listed in the Directors' Remuneration Report Regulations 2002 together with the provisions in the Combined Code are fulfilled;
- 7.14. Be responsible for appointing and annually reviewing any remuneration consultants who advise the Committee.

8. Minutes of Meetings

- 8.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2. Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board, once agreed.

9. Reporting

- 9.1. The Committee Chairman shall report formally to the board on its proceedings after each meeting.
- 9.2. 9.2The Committee shall annually review it's own performance and terms of reference and recommend any changes to the Board for approval.

* Approved by the plc Board on 25 February 2005 minute number 05/22
Reviewed by the plc Board on 24 July 2006 – minute number 06/99
Reviewed by the plc Board on 23 July 2007 – minute number 07/98