

BEGBIES TRAYNOR GROUP PLC

Remuneration-Committee

TERMS OF REFERENCE

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REMUNERATION COMMITTEE - TERMS OF REFERENCE

The committee was established as a Board committee by a resolution of the Board passed on 27 September 2004.

These Terms of Reference have been adopted by the Committee and approved by the Board by resolution passed on [] 2008

1. Purpose

The purpose of the Committee is:

- to ensure that the executive directors are fairly rewarded for their individual contributions to the overall performance of the Company;
- to determine all elements of the remuneration of the executive directors; and
- to demonstrate to the Company's shareholders that the remuneration of the executive directors is set by a Board committee whose members have no personal interest in the outcome of the committee's decision and who will have appropriate regard to the interests of the shareholders.

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board from amongst the non-executive directors.
- 2.2 The Committee shall have at least one member. Each member shall be an independent non-executive director that is, independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. A quorum shall consist of one member. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all of any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 2.3 The Committee's chairman shall be appointed by the Board. In the absence of the Chairman of the Committee the remaining members present shall elect one of their number to chair the meeting.
- 2.4 If a member is unable to act for any reason the chairman of the Committee may appoint another non-executive director as an additional member.

3. Secretary

- 3.1 The secretary of the Committee shall be the Company Secretary or such other person as the Committee may appoint.

3.2 It shall be the responsibility of the Secretary to convene meetings of the Committee and to distribute preparatory material including any reports and notes of advice requested by the Committee.

3.3 The Secretary shall be responsible for taking accurate minutes of the Committee meetings.

4. **Attendance at meetings**

4.1 The Committee may invite any person it thinks appropriate to join the members of the Committee at its meetings.

4.2 The Executive Chairman should normally be invited to attend its meetings to discuss the performance of the other executive directors and to make proposals relating to their remuneration as necessary. However, no executive director shall be involved in any decision or be present at any discussions as to his or her own remuneration.

5. **Frequency of meetings**

5.1 At least one meetings shall be held each year. These meetings shall be convened by the secretary of the Committee at the request of its chairman.

5.2 Additionally, any member of the Committee, the Chief Financial Officer and the external auditors may ask the secretary of the Committee to convene a meeting if he/they consider that such a meeting is necessary or appropriate.

6. **Authority**

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference and to use all means at its disposal to do this;
- to seek any information it requires from any employee;
- to assess the remuneration paid by other UK listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive director's remuneration is appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies; and
- to obtain outside legal or other independent professional advice at the Company's expense, including independent remuneration consultant and to instruct external professional advisers to attend any meeting if it considers this necessary or appropriate.

7. **Duties**

The duties of the Committee shall be:

- Receive and consider information and recommendations from the executive regarding executive and senior non executive remuneration levels.
- to consider the basic salaries paid to the executive directors and any recommendations made by the Executive Chairman for changes to their basic salaries;
- to consider any bonuses to be paid to the executive directors and, in respect of any element of remuneration which is performance related, to formulate suitable performance related criteria and monitor their operation, and to consider any recommendation of the executive chairman regarding bonuses or performance relating remuneration;
- to advise on and determine all performance-related formulae relevant to the remuneration of the executive directors and to consider their eligibility for annual bonuses and benefits under long term incentive schemes.
- to oversee and review all aspects of any share option scheme operated by the Company, including but not limited to (subject always to the scheme rules and any applicable legal or London Stock Exchange requirements):
 - the selection of the eligible directors and other employees to whom options should be granted;
 - the timing of any grant;
 - the numbers of shares over which options are to be granted;
 - the exercise price at which options are to be granted; and
 - the imposition of any objective condition which must be complied with before any option may be exercised.
- to consider and make recommendations to the Board about the public disclosure of information about the executive directors' remuneration packages and structures to the extent that this is required by law or by the London Stock Exchange;
- to consider other benefits granted to the executive directors and any recommendations of the Executive Chairman for changes in those benefits;
- to consider and make recommendations in respect of the terms of the service contracts of the executive directors, any proposed changes to their contracts and any termination or severance payment or other termination or severance terms;

- to consider other matters relating to the remuneration of or terms of employment applicable to the executive directors that may be referred to the Committee by the Board;

8. Reporting to shareholders

- 8.1 The Committee should report annually on the Board's behalf to the Company's shareholders as required, to comply with the AIM Rules.
- 8.2 The chairman of the Committee should attend the Company's annual general meeting for the purpose of handling questions and enquiries at the meeting about the remuneration of executive directors.
- 8.3 The remuneration policy set out in the report of the Committee shall be put to the shareholders for their approval at the annual general meeting.

9 Minutes

The secretary of the Committee shall circulate the minutes of each meeting of the Committee to all members of the Board.