

Huveaux PLC

REMUNERATION COMMITTEE

Terms of Reference

1. Introduction

These terms of reference set out the terms on which a committee of the Board to be known as the Remuneration Committee ("Committee") shall be constituted and shall operate.

2. Membership

The Committee will comprise solely Independent non-executive directors appointed by the Board who will normally serve for a period of not less than three years unless determined otherwise with the agreement of the Board. "Independent" for the purposes of these Terms of Reference shall have the same meaning as prescribed under Code Provisions A.3.1 and B.2.1 of the Combined Code on Corporate Governance published in July 2003 (the "Code"). Directors who are not Committee members may attend Committee meetings, at the invitation of the Committee.

The Committee shall comprise at least two members. The Chairman and the other members of the Committee will be disclosed in the Company's Annual Report and Accounts. Terms of Reference, membership of the Committee and a schedule of remuneration consultants to the Committee (including whether they have any other connection with the Company) may be made available to any persons upon request and may also be included upon the Company's corporate website. The schedule of remuneration consultants shall be attached as an appendix to these Terms of Reference and will be updated and revised from time to time as necessary.

In appointing the members to the Committee, the Board will give due consideration to the composition recommendations set out in the Code.

The Chairman of the Committee shall be appointed by the Board. The Company Chairman shall not be the Chairman of the Committee.

The Company Secretary (or his/her nominee) shall act as Secretary to the Committee.

3. Frequency and Quorum

Meetings of the Committee will normally be held at least twice a year and at such other times as may be deemed by the Committee appropriate. A quorum of the Committee shall comprise two members present throughout the meeting.

4. Terms of Reference

Subject to the restrictions set out in paragraph 5 below, the role of the Committee will be to determine on behalf of the Board and shareholders and within these terms of reference the following:-

- (a) specific remuneration packages for executive directors including, but not limited to, pension rights and compensation payments; and
- (b) recommendations to the Board on the Company's framework of executive remuneration and its cost.

The Committee in carrying out its duties under these terms of reference will:-

- (c) comply with the requirements of the UK AIM Listing Rules and give due consideration to the requirements of the Code;
- (d) give due regard to the proportion of executive directors' remuneration which should be structured so as to link rewards to corporate, business sector and individual performance.

Without prejudice to the generality of the terms of the Committee set out above, the Committee will:-

- (i) satisfy itself that appropriate supervision is in place for the Company's executive share option (and similar type) schemes, determine grants of options to be made to executive directors, determine grants to senior executives and other employees (having received written recommendations in respect of the same from the Executive Chairman/Chief Executive) and determine any performance conditions to apply to the exercise of such options or award of shares;
- (ii) review the design of all share based incentive plans for approval by the Board and/or shareholders. In designing schemes of performance-related remuneration, the Committee shall have due regard to the provisions contained in Schedule A of the Code;
- (iii) monitor and review (at least annually) the remuneration packages and terms and conditions of executive directors' service agreements and advise, at the CEO's request, on the remuneration packages and terms and conditions of other senior executives reporting directly to the CEO;
- (iv) in determining specific remuneration packages for executive directors, determine basic salary, any benefits in kind, any annual bonuses, participation in any long term incentive plans, any pension entitlements and other compensation payments;
- (v) ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive directors' remuneration;

- (vi) recommend to the Board for decision each year on whether the circumstances are such that the Annual General Meeting should be invited to approve the remuneration policy as set out in the Annual Report, if any;
- (vii) be authorised by the Board so that it may obtain such outside or other independent professional advice as it considers necessary in the fulfillment of its duties, all of which shall be at the Company's expense.
- (viii) consult with the Chairman and Chief Executive of the Company in formulating the Committee's remuneration policy;
- (ix) liaise with the Board in relation to the preparation of the statement of remuneration policy for executive directors, if any, in the Annual Report to shareholders;
- (x) review the Remuneration Report appearing within the Annual Report and Accounts, if any, and make any necessary recommendations to the Board in respect of disclosure so as to comply with the Directors' Remuneration Report Regulations 2002 and to take into account any other applicable legislation and/or Code requirements.

5. Excluded Matters

For the avoidance of doubt the Committee will not (but the Board will):-

- (a) determine the remuneration of any non-executive director (including the members of this Committee);
- (b) determine the terms of any consultancy agreement of any non-executive director including the members of this Committee;
- (c) report and account directly to shareholders on remuneration policies for both executive and non-executive directors;
- (d) determine any other matter which the Board shall advise the Committee is reserved to be determined by the Board; and
- (e) ensure that, through the Chairman of the Board, the Company maintains contact as required with its principal shareholders about executive remuneration.

Notwithstanding the above, the Committee may at any time make recommendations to the Board in respect of the above matters for the Board to consider and/or decide as it sees fit.

6. Proceedings

The meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

Where at all possible, not less than five days' prior notice of a meeting will be given of the Committee - such notice to include the agenda and any supporting papers in respect thereof distributed to all Committee members.

Minutes of meetings shall be taken by the Secretary and will be circulated to all Committee members only as soon as reasonably practicable after each meeting.

7. General

The Committee in carrying out its tasks under these terms of reference:-

- (a) shall normally invite the Chairman and/or the Chief Executive to attend meetings to discuss the performance of other executive directors and make proposals as necessary. Others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee. No Committee attendee shall participate in any discussion or decision on their own remuneration.
- (b) may wish to consult the other Board non-executive directors in its evaluation of the Executive Chairman/Chief Executive.
- (c) has exclusive authority to review and approve in advance any new pension arrangement (whether in respect of an executive director or any other employee of the Company) so long as the Inland Revenue's statutory earnings cap, as amended from time to time, is not breached.

The Board will ensure that the Committee may have access to professional advice both inside and outside of the Company, such advice to be provided at the Company's expense.

These terms of reference will be reviewed and approved by the Board annually.

Approved by the Board
24 April 2007

Johnvan Kuffeler
Chairman

Huveaux PLC

REMUNERATION COMMITTEE (the “Committee”)

Appendix to the Terms of Reference

In order to assist the Committee in carrying out its duties, the Committee has consulted from time to time with certain independent external remuneration advisers. The advisers who assisted during the past year were as follows (additional services provided, all by appointment of the Company, are shown alongside in brackets):

- Halliwell Consulting; and
- Eversheds (who are one of the Company’s legal advisers).

The Committee also consulted with the Company Secretary regarding remuneration and related corporate governance issues.

24 April 2007