

RENOVO GROUP PLC

AUDIT COMMITTEE

TERMS OF REFERENCE

(as approved by the Board of Directors of the Company on 23 March 2006)

Definitions:

“Committee” the Audit Committee

“Company” Renovo Group plc

1 CONSTITUTION

The Committee shall be a committee of the board of directors of the Company appointed by the board on the recommendation of the Nomination Committee, in consultation with the chairman of the Committee. The board shall appoint the Committee chairman.

2 MEMBERSHIP

2.1 The Committee shall comprise a chairman and at least two other members.

2.2 All members of the Committee shall be independent non-executive directors and shall have no links with the external auditors. A new chairman of the Committee will be elected every 3 years.

2.3 At least one member of the Committee will have recent, relevant financial experience.

2.4 Members of the Committee may serve for a period of up to three years. This may be extended for no more than two additional periods of three years, provided the director remains independent.

2.5 No one other than members of the Committee is entitled to attend meetings of the Committee. The Committee chairman may, as the Committee sees fit, invite other

attendees as appropriate. A representative of the external auditors shall, if requested by the Committee, attend the meetings, and shall be invited to attend meetings of the Committee on a regular basis.

2.6 The company secretary or a nominee shall be the secretary of the Committee.

3 MEETINGS

3.1 The Committee shall meet as appropriate, but not less than four times a year.

3.2 A meeting of the Committee may be called by the secretary at the request of any member of the Committee, or at the request of external or internal auditors if they consider it necessary.

3.3 Meetings of the Committee shall be called by giving five working days' written notice unless all the members of the Committee agree to shorter notice. Notice will be given to all members and attendees, and will confirm the venue, time and date of the proposed meeting and provide the agenda and supporting papers.

3.4 Members may participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.

3.5 The quorum for the Committee meetings shall be two. In the absence of the Chairman or a nominated deputy, the remaining members shall elect one of themselves to chair the meeting.

3.6 The Committee will meet with the internal and external auditors at least annually without any executive directors present; the internal and external auditors have the right to request such meetings if they consider them necessary.

3.7 A sufficient time interval will be allowed between Committee and main board meetings to allow work arising from Committee meetings to be carried out and reported to the board as appropriate. The chairman of the Committee will report to the board at the next board meeting after each Committee meeting on the proceedings of the Committee at that meeting, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. Once a year the Committee will report to the board in writing

on its work in the preceding financial year. A summary of such reports including reference to examination of the annual accounts shall be included in a separate section of the Company's annual report and accounts for the year in question. Where the external auditor provides non-audit services, an explanation as to how auditor objectivity and independence is safeguarded will be given.

- 3.8** The secretary will minute the proceedings and resolutions of all meetings as well as keep appropriate records.
- 3.9** The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 3.10** Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the board.
- 3.11** The chairman of the Committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

4 ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

5 TERMS OF REFERENCE

5.1 Financial Reporting

5.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

5.1.2 The Committee shall review and challenge where necessary:

5.1.3 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;

- (a) the methods used to account for significant or unusual transactions where different approaches are possible;
- (b) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (c) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- (d) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

5.1.4 The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole.

5.2 Internal Controls and Risk Management Systems

The Committee shall:

5.2.1 keep under review the effectiveness of the Company's internal controls and risk management systems; and

5.2.2 review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

5.3 Whistleblowing

The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

5.4 Internal Audit

The Committee shall:

- 5.4.1** monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system ;
- 5.4.2** approve the appointment and removal of the head of the internal audit function;
- 5.4.3** consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 5.4.4** review and assess the annual internal audit plan;
- 5.4.5** review promptly all reports on the Company from the internal auditors; and
- 5.4.6** review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

5.5 External Audit

The Committee shall:

- 5.5.1** consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 5.5.2** oversee the relationship with the external auditor including (but not limited to):

- (a) approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (c) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
- (d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- (e) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
- (f) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (g) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;

5.5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

5.5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

5.5.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;

- (a) a discussion of any major issues which arose during the audit,
- (b) any accounting and audit judgements, and
- (c) levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit.

5.5.6 review any representation letter(s) requested by the external auditor before they are signed by management;

5.5.7 review the management letter and management's response to the auditor's findings and recommendations; and

5.5.8 develop and implement a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

5.6 Reporting Responsibilities

5.6.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

5.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

5.6.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report.

5.7 Other Matters

The Committee shall:

- 5.7.1** have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 5.7.2** be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 5.7.3** give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the Financial Services Authority's Listing Rules as appropriate;
- 5.7.4** be responsible for co-ordination of the internal and external auditors;
- 5.7.5** oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- 5.7.6** at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 5.7.7** to make its terms of reference available publicly.

6 AUTHORITY

- 6.1** The Committee is empowered in the articles of association of the Company to discharge its functions on behalf of the board of directors.
- 6.2** The Committee shall:
 - 6.2.1** have the right to seek and to be provided with any necessary information to fulfil its duties;
 - 6.2.2** have the right to obtain outside legal help and any professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties; and
 - 6.2.3** have the power to call any member of staff to be questioned at a meeting of the Committee as and when required.

The Committee may invite anyone with relevant experience to attend if necessary.

7 DECISIONS

Any decisions of the Committee shall be taken on a simple majority basis. The chairman will have a casting vote in the event of equality of voting.

RENOVO GROUP PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

(as approved by the Board of Directors of the Company on 23 March 2006)

Definitions:

“Committee” the Remuneration Committee

“Company” Renovo Group plc

1 CONSTITUTION

The Committee shall be a committee of the board of directors of the Company appointed by the board on the recommendation of the Nominations Committee, in consultation with the chairman of the Committee. The board shall appoint the Committee chairman.

2 MEMBERSHIP

2.1 The Committee shall comprise at least three members.

2.2 All members of the Committee shall be non-executive directors who are independent and free from any business or other relationship which could interfere with the exercise of their independent judgement.

2.3 The company secretary or a nominee shall act as the secretary of the Committee.

3 QUORUM

The quorum necessary for the transaction of business by the Committee shall be two. In the absence of the chairman or an appointed deputy, the remaining members shall elect one of themselves to chair the meeting.

4 MEETINGS

- 4.1** The Committee shall meet as appropriate but not less than twice a year. Meetings will be organised at times appropriate to the needs of the Company so that attendance is maximised.
- 4.2** A meeting of the Committee may be called by the secretary at the request of any member of the Committee.
- 4.3** Meetings of the Committee shall be called by giving at least five working days' written notice unless all the members of the Committee agree to shorter notice. Notice will be given to all members and attendees, and will confirm the venue, time and date of the proposed meeting and provide the agenda and supporting papers.
- 4.4** Members may participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.
- 4.5** The chief executive, chief financial officer, head of human resources or external advisers may be invited to and speak at meetings of the Committee. The Committee shall have the power to require the attendance of the chief financial officer at its meetings.
- 4.6** No Committee attendee shall participate in any discussion or decision on their own remuneration, fees or terms or conditions of service.
- 4.7** The secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. Minutes of the meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the board, unless a conflict of interest arises.

5 ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

6 TERMS OF REFERENCE

The duties of the Committee shall be to:

- 6.1** determine and agree with the board the framework or broad policy for the remuneration of the chief executive, the chairman of the Company and such other members of the executive management as it is designated to consider, ensuring that levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully, but avoiding paying more than is necessary, bearing in mind that a significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance. Thereafter, the Committee shall have delegated responsibility for setting remuneration for all executive directors and the chairman, and for monitoring the level and structure of remuneration for such executive management as it is designated to consider. To maintain and assure their independence, it should also set the remuneration for the company secretary. The remuneration of non-executive directors shall be a matter for the chairman and executive members of the board. No director or manager should be involved in any decisions as to their own remuneration;
- 6.2** 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;
- 6.3** approve all long-term incentive scheme structures and option schemes;
- 6.4** approve all option grants for ratification by the board;
- 6.5** approve the overall bonus payments and the terms of salary reviews proposed by management for the general staff;
- 6.6** determine the policy for and scope for pension arrangements for each executive director;

- 6.7** 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 departing director's duty to mitigate loss is fully recognised;
- 6.8** 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;
- 6.9** in determining such packages and arrangements, give due regard to the contents of the Combined Code as well as the Financial Services Authority's Listing Rules and associated guidance;
- 6.10** be aware of and advise on any major changes in employee benefit structures throughout the Company or group;
- 6.11** agree the policy for authorising claims for expenses from the chief executive and chairman;
- 6.12** ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code, are fulfilled;
- 6.13** 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, where external consultants are appointed, the Committee should make available a statement of whether the consultants have any other connection with the Company;
- 6.14** report the frequency of, and attendance by members at, Committee meetings in the annual reports;
- 6.15** to ensure that the chairman of the Committee or, in his absence, an appointed deputy attends the Company's AGM to answer shareholders' questions about directors' remuneration;
- 6.16** to submit recommendations to the board on these and any other matters which may be specifically referred to it by the board; and

6.17 to ensure that its terms of reference are made available publicly.

7 AUTHORITY

7.1 The Committee is empowered in the articles of association of the Company to discharge its functions on behalf of the board of directors and is entitled to have access, at the Company's expense, to such internal or external professional advice as it sees fit in furtherance of its duties.

7.2 The Committee is authorised by the board to seek any information it requires from any employee of the Company, in order to perform its duties.

8 DECISIONS OF THE COMMITTEE

Any decisions of the Committee shall be taken on a simple majority basis. The chairman shall have a casting vote in the event of equality of voting.

RENOVO GROUP PLC
NOMINATION COMMITTEE

TERMS OF REFERENCE

(as approved by the Board of Directors of the Company on 23 March 2006)

Definitions:

“**Committee**” the Nomination Committee

“**Company**” Renovo Group plc

1 CONSTITUTION

The Committee shall be a committee of the board of directors of the Company whose members shall be approved by a majority of the board of directors.

2 MEMBERSHIP

2.1 The Committee shall comprise of a chairman and at least three other members.

2.2 A majority of members of the Committee shall be independent non-executive directors.

2.3 The Committee chairman shall be the chairman of the Company or an independent non-executive director. In the absence of the Committee chairman, and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The chairman of the board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

2.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the chief executive, the head of human resources and external advisers may be invited to attend as and when appropriate.

2.5 The company secretary or a nominee shall act as the secretary of the Committee.

3 MEETINGS

3.1 The Committee shall meet as appropriate but not less than twice a year.

3.2 A meeting of the Committee may be called by the secretary at the request of any member of the Committee.

3.3 Meetings of the Committee shall be called by five working days' written notice unless all members of the Committee agree to shorter notice. Notice will be given to all members and attendees, and will confirm the venue, time and date of the proposed meeting and provide the agenda and supporting papers.

3.4 Members may participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.

3.5 The quorum for meetings shall be three, who must be independent non-executive directors.

3.6 The secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. Minutes of the meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the board, unless a conflict of interest arises.

4 ANNUAL GENERAL MEETING

The chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

5 TERMS OF REFERENCE

The duties of the Committee shall be to lead the process for board appointments and, in particular:

5.1 to identify and nominate for the approval of the board, candidates to fill board vacancies as and when they arise;

- 5.2** to ensure that there is a formal, rigorous and transparent procedure for appointment of new directors to the board and, in particular:
- 5.2.1** to consider candidates from a wide range of backgrounds;
 - 5.2.2** to use open advertising or the services of external advisers to facilitate the search; and
 - 5.2.3** to consider candidates on merit against objective criteria, taking care that appointees have enough time available to devote to the position;
- 5.3** before making an appointment, to evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- 5.4** to review annually the time required from a non-executive director. Performance evaluation will be used to assess whether the non-executive director is spending enough time to fulfil their duties;
- 5.5** to give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the board in the future;
- 5.6** to regularly review the structure, size and composition (including the skills, knowledge and experience) of the board and make recommendations to the board with regard to any changes;
- 5.7** to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 5.8** to make a separate statement in the annual report about its activities; setting out the process used for appointments and providing an explanation where external advice or open advertising has not been used; and detailing the membership of the Committee, number of Committee meetings and attendance over the course of the year;

5.9 to ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside board meetings; and

5.10 to make its terms of reference available publicly.

The Committee will, where appropriate, make recommendations to the board:

5.11 as regards planning for succession for both executive and non-executive directors;

5.12 as regards the re-appointment of any non-executive director at the conclusion of their specified term of office;

5.13 concerning the re-election by shareholders of any director under the retirement by rotation provisions in the Company's articles of association;

5.14 concerning membership of the Audit and Remuneration Committees;

5.15 concerning any matters relating to the continuation in office of any director at any time; and

5.16 concerning the appointment of any director to executive or other office other than to the positions of chairman and chief executive, the recommendation for which would be considered at a meeting of the board. However, where a new Chairman of the board is to be appointed, the Committee will prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of a crisis.

6 AUTHORITY

6.1 The Committee is empowered by the articles of association of the Company to discharge its functions on behalf of the board of directors and is entitled to have access, at the Company's expense, to such internal or external professional advice as it sees fit in furtherance of its duties.

6.2 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.

7 DECISIONS OF THE COMMITTEE

Any decisions of the Committee shall be taken on a simple majority basis. The chairman shall have a casting vote in the event of equality of voting.