

## **BOARD NOMINATION COMMITTEE**

### **TERMS OF REFERENCE**

*(Adopted by the board on 6 December 2011)*

#### **Constitution**

1. There shall be a committee of the board to be known as the Nomination Committee (the committee).
2. The committee will comprise at least three members, the majority of whom shall be independent non-executive directors of the Company and shall include the chief executive. The chairman of the board will be chairman of the committee. In the chairman's absence an independent non-executive director shall 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. The chairman shall ascertain at the beginning of each meeting the existence of any conflict of interest and arrange for them to be minuted accordingly. Where there is such a conflict, the member shall not participate in deliberations and decisions and in appropriate cases shall on request withdraw from the meeting to enable discussions to take place in their absence. For the purposes of a quorum, the member shall not be counted.
3. Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided that the director still meets the criteria for membership of the committee.
4. The company secretary shall act as secretary for the committee and shall keep appropriate minutes of its proceedings. Minutes of the meeting will be circulated to members of the committee and to all other members of the board unless a conflict of interest exists.
5. Only members of the committee are entitled to be present at committee meetings but other individuals (such as the head of human resources and external advisers) may attend at the invitation of the committee.
6. The quorum shall be two members, both of whom must be independent non-executive directors. 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.
7. The committee will meet at such times as any member shall require but as a minimum once each year.
8. The committee is authorised, at the company's expense, to obtain independent professional advice relevant to its duties.

## Duties

9. The committee's duties are:

- 9.1 to consider and make recommendations to the board, from time to time, on the structure, size and composition of the board. To further consider the balance of skills, knowledge, experience and diversity on the board and, in the light of this evaluation, prepare a description of the roles and capabilities required for a particular appointment.
- 9.2 to lead the process for board appointments and to make recommendations to the board about filling vacancies on the board, appointing an additional person to the board and to give full consideration to succession planning for directors and other senior executives taking into account the challenges and opportunities facing the company and the skills and expertise needed on the board in the future. Before any appointment is made by the board, the committee will evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall consider:
  - (i) using open advertising or the services of external adviser;
  - (ii) candidates from a wide range of backgrounds;
  - (iii) candidates on merit and against objective criteria taking care that appointees have enough time available to devote to the position;
- 9.3 to make recommendations to the board on the re-appointment of any non-executive director, or the re-election by shareholders of any director under the retirement by rotation provisions in the company's articles of association, giving consideration to their performance and ability to continue to contribute to the board having regard to the knowledge, skills and experience required;
- 9.4 for the appointment of a chairman, the committee should prepare a job specification including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise;
- 9.5 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interests;
- 9.6 review the results of the board performance evaluation process that relate to the composition of the board;

- 9.7 to review annually the time required from non-executive directors. Performance evaluation shall be used to assess whether the non-executive directors are dedicating enough time to fulfil their duties; and
  - 9.8 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 commitments, committee services and involvement outside board meetings.
10. The committee shall also make recommendations to the board concerning:
    - 10.1 the formulation of plans for succession for both executive and non-executive directors;
    - 10.2 suitable candidates for the role of senior independent director and membership of the audit and remuneration committees.
  11. In reaching its decisions, the committee shall have regard to the codified directors' duties contained in the Companies Act 2006.

### **Responsibilities**

12. The chairman of the committee shall report formally to the board on its proceedings after each meeting. It will make recommendations to the board, as it deems appropriate on any area within its remit.
13. The committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or opening advertising has not been used.

### **Other matters**

14. The committee shall give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.