

**TERMS OF REFERENCE
THE NOMINATIONS COMMITTEE**

1. CONSTITUTION

The Committee has been established by resolution of the Board on 22 December 1998 and is known as the Nominations Committee.

2. MEMBERSHIP

2.1 The members of the Committee shall be appointed by the Board and shall consist of all the non-executive directors (including the Chairman of the Board) and the Chief Executive. A majority of the members of the Committee shall be independent non-executive directors of the Company and the chairman shall be either the chairman of the Board or a non-executive director. If the chairman is the Chairman of the Board he will not chair the committee when it is dealing with the matter of succession to the chairmanship. A quorum shall be two members present and voting on the matter for decision.

2.2 The Company Secretary shall act as the secretary of the Committee.

3. FREQUENCY OF MEETINGS

Meetings shall be held not less than twice per year and at such times as the Committee deems appropriate. Regular meetings will be programmed to take place to consider succession planning and to review time commitments of non-executive directors and, via performance evaluation assess whether non-executive directors are spending enough time fulfilling role, and to review re-appointment and re-election of directors reaching end of term or retiring by rotation. The chairman of the Committee may convene a meeting if he/she considers that one is necessary.

4. AUTHORITY

4.1 The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

4.2 The Committee is authorised by the Board to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise when it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the chairman of the Company.

4.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

5. PURPOSE

The purpose of the Committee is to make recommendations to the Board on the appointment of new executive and non-executive directors and their subsequent reappointment, including making recommendations as to the composition of the Board generally and the balance between executive and non-executive directors as well as preparing succession plans for the Chairman, Chief Executive and other Directors. The Committee is also responsible for reviewing management succession plans and the appropriateness of management development programmes for executives.

6. DUTIES

6.1 The Committee shall be responsible for all aspects of the appointment of directors of the Company and the duties of the Committee shall be:

- 6.1.1 to carry out the decisions of the Board in relation to the appointment of new directors to the Board;
- 6.1.2 to establish procedures for the selection and appointment of directors that may include the use of open advertising or external advisers, drawing candidates from a wide range of backgrounds and considering candidates on merit against objective criteria ensuring that candidates have sufficient time to devote to the role;
- 6.1.3 to prepare a description of the role and capabilities required for a particular appointment including for the appointment of the Chairman based on an evaluation of the balance of skills, knowledge and experience on the Board. To ensure that non-executive directors receive written terms of appointment setting out the time commitment, committee service and involvement outside Board meetings;
- 6.1.4 to make recommendations to the Board in relation to any appointments including the re-appointment of non-executive directors at the end of their specified term and on the re-election of directors under the retirement by rotation provisions as well as other matters regarding continuation of a director in office;
- 6.1.5 to review annually the time required from non-executive directors and by a process of performance evaluation assess whether non-executive directors are spending enough time to fulfil their role;
- 6.1.6 to review, on an annual basis, the composition of the Board and whether this is appropriate to control and direct the Group's activities effectively and in this regard to make recommendations as appropriate to the Board;
- 6.1.7 to make recommendations to the Board on the appointment of the senior independent director and, in consultation with the chairman of each committee, on the membership of the audit and remuneration committees;
- 6.1.8 to make recommendations to the Board on succession planning of the chairman, chief executive and directors and to review, on an annual basis, plans for succession to the key executive roles identified in the management succession plans;
- 6.1.9 to review annually the Group's management development plans to broaden experience of potentially valuable executives and to ensure that these are appropriate in the light of activities undertaken or planned;
- 6.1.10 to have regard to the Combined Code in relation to any recommendation for appointment.

7. ANNUAL REPORT

A section of the annual report each year shall describe the work of the committee including the process used in relation to board appointments. An explanation will be needed if neither open advertising nor external search consultancy has been used in the appointment of a non-executive director or a chairman. The annual report should also indicate the frequency of meetings and the attendance by members.

8. ANNUAL GENERAL MEETING

The Chairman of the Committee shall be available at the Annual General Meeting to answer questions on the Committee's work and practices.

9. PROCEEDINGS

- 9.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.
- 9.2 Except under exceptional circumstances, at least 48 hours' notice will be given of a meeting of the Committee. Such notice will include the agenda and any supporting papers.
- 9.3 The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee and, if the Chairman so decides, to all members of the Board.
- 9.4 The terms of reference of the committee shall be available on request during normal business hours and on the corporate web site.
- 9.5 The committee shall, at least once per 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.