



**TERMS OF REFERENCE OF THE NOMINATIONS COMMITTEE OF THE
BOARD OF DIRECTORS**

Constitution

1. A committee has been established by resolution of the board of directors of the Company (the **Board**) and is to be known as the Nominations Committee (the **Committee**).

Membership

2. The Committee shall be appointed by the Board and shall consist of not less than three members, the majority of whom shall be independent non-executive directors.

3. The Chairman of the Committee shall be appointed by the Board and shall be either the Chairman of the Board or an independent non-executive director. In the absence of the Chairman of the Committee 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.

4. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided that the majority of the Committee members remain independent, unless the Board otherwise determines and subject to the members' retirement by rotation in accordance with the terms of the Company's Articles of Association and the provisions of the Combined Code on Corporate Governance.

5. The members of the Committee shall be identified in the Company's annual report.

Secretary

6. The Company Secretary or a nominee thereof shall act as secretary of the Committee.

Quorum

7. A 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.

Attendance at meetings

8. Only members of the Committee have the right to attend Committee meetings. Other individuals, such as executive directors, the head of human resources and/or external advisers may attend all or part of any meeting as and when appropriate at the invitation of the Chairman of the Committee.

9. Meetings may be held by telephone.

Frequency of meetings

10. Meetings shall be held at least twice a year or more frequently as the Chairman shall require.
11. Meetings shall be held in England.

Notice of meetings

12. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.
13. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Authority

14. The Committee is authorised by the Board to:
 - (a) investigate any activity within its terms of reference;
 - (b) seek any information that it requires from any employee and all employees shall be required to co-operate with any request made by the Committee;
 - (c) obtain, at the Company's expense, outside legal or other independent professional advice on any matters within its terms of reference; and
 - (d) secure the attendance of outsiders with relevant experience and expertise if it considers that necessary.

Duties

15. Having regard to the rules of the UK Financial Services Authority and the requirements of the Combined Code on Corporate Governance, the Committee shall do the following:
 - (a) Ensure that the Company maintains contact as necessary with its major shareholders about appointments to the Company.
 - (b) Establish and review from time to time appropriate induction processes for newly appointed directors.
 - (c) 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 adjustments that are deemed necessary.
 - (d) Be responsible for identifying and nominating candidates for the approval of the Board, to fill board vacancies as and when they arise.
 - (e) Prepare a description of the role and capabilities required for a particular appointment having evaluated the balance of skills, knowledge and experience of the Board.

- (f) 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 which will be required by the Company in the future.
- (g) Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- (h) Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- (i) Quantify the time needed to fulfil the role of Chairman, senior independent director and non-executive director, and undertake an annual performance evaluation to ensure that all the members of the Board have devoted sufficient time to their duties.
- (j) Ensure on appointment that a candidate has sufficient time to undertake the role and review of his commitments, ensuring that if he is an executive of another company his non-executive directorship with the Company will be his sole non-executive appointment.
- (k) Determine the statement of responsibilities for the Chairman and Chief Executive and ensure that the Secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and, as appropriate including the statement of their responsibilities.
- (l) Make recommendations to the Board:
 - (i) for the continuation (or not) in service of an executive director as a non-executive director;
 - (ii) make recommendations to the Board for the continuation (or not) in service of any director;
 - (iii) as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office, especially when they have concluded their second term;
 - (iv) concerning the re-election by shareholders of any director under the retirement by rotation provisions in the Company's Articles of Association having regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (v) concerning any matters relating to the continuation in office of the Company Secretary or any director at any time including the suspension or termination of service of an executive director as an employee of the Company or any of its subsidiaries subject to the provisions of applicable law and his or her service contract;
 - (vi) 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 full Board; and
 - (vii) detailing items that should be published in the Company's annual report relating to the activities of the Committee.

Reporting procedures

16. The secretary of the Committee shall minute the proceedings and resolutions of all meetings as well as keep appropriate records and, once agreed, shall circulate the minutes of meetings of the Committee to all members of the Board.

17. The Chairman of the Committee shall bring to the attention of the Board and/or make appropriate recommendations to the Board concerning those matters which have been considered or reviewed by it at the meeting of the Board next following a meeting of the Committee.

18. The Committee's duties and activities during the year shall be disclosed in the Company's annual report and the terms of reference of the Committee, explaining its role and the authority delegated to it by the Board shall be made available on request and placed on the Company's website.

19. The Chairman of the Committee shall attend the AGM and shall be prepared to answer questions on the Committee's activities and its responsibilities.

Other

20. The Committee members shall conduct an annual review of its own performance, constitution and these terms of reference and recommend to the Board any changes it considers necessary.