

# Nomination Committee: Terms of Reference

## 1 Membership

- 1.1 The committee shall comprise at least two members, one of whom should be an independent non-executive director. The chairman of the board may also serve on the committee as an additional member, but should not chair the committee, if he or she was considered independent on appointment as chairman. Members of the committee shall be appointed by the board and in consultation with the chairman of the remuneration committee.
- 1.2 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 for all or part of any meeting, as and when appropriate and necessary.
- 1.3 The board shall appoint the committee chairman who shall be 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 themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee.
- 1.4 All members of the committee shall be non-executive directors. The chairman of the board may be a member of, but not chair, the committee provided (s)he was independent on appointment as chairman.
- 1.5 Appointments to the committee are made by the board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chairman of the board, if he or she is a member of the committee) continue to be independent. All appointments shall be reviewed annually.

## 2 Secretary

- 2.1 The company secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner.

## 3 Quorum

- 3.1 The quorum necessary for the transaction of business shall be two. All decisions must be made by unanimous consensus. If consensus cannot be reached, the matter will be referred to the board for decision.

#### **4 Frequency of Meetings**

4.1 The committee shall meet at least once a year and otherwise as required by the board to do so.

#### **5 Notice of meetings**

5.1 Meetings of the committee shall be convened by the secretary of the committee at the request of the committee chairman. Reasonable notice of at least three working days will be given before the date of the meeting along with all supporting paper.

#### **6 Minutes of meetings**

6.1 The secretary shall minute the proceedings of all committee meetings, including the names of those present and in attendance.

6.2 Decisions of the committee shall be recorded in the minutes. Where a decision has not been reached by consensus, the reasons for this should be noted in the minutes.

6.3 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

#### **7 Annual general meeting**

7.1 The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

#### **8 Duties**

The committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate. The committee shall:

8.1 Have responsibility for recommending to the Board the remuneration policy for all executive directors, the company's chairman and other designated senior executives, including pension rights and any compensation payments. In recommending such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. No director or senior manager shall be involved in any decisions as to their own remuneration.

8.2 Have responsibility for making recommendations to the board on the remuneration of the non-executive directors within the limits set in the Articles of Association. No director shall be involved in any decisions as to their own remuneration. The chief executive will be involved in forming recommendations on non-executive director remuneration.

- 8.3 Review the on-going appropriateness and relevance of the remuneration policy and monitor the level and structure of remuneration for all executive directors, the company's chairman and other designated senior executives.
- 8.4 Within the terms of the agreed policy and taking into account the advice of the chairman and chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards.
- 8.5 When setting remuneration package for executive directors, the company's chairman and other designated senior executives, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 8.6 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board.
- 8.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8.8 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 (in accordance with the provisions in Schedule A of the UK Corporate Governance Code).
- 8.9 Review the design of all share incentive plans for approval by the board and shareholders (where required). For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used.
- 8.10 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 8.11 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 duty to mitigate loss is fully recognised.

## **9 Reporting responsibilities**

- 9.1 The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

## **10 Other matters**

The committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 10.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of unlisted companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code and any other applicable rules, as appropriate.
- 10.4 Arrange for periodic reviews of its own performance and, at least annually, review its 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.

## **11 Authority**

- 11.1 The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference.