

NOMINATIONS COMMITTEE - TERMS OF REFERENCE

A. POLICY

The Board of Directors requires that there is a formal and transparent process for selecting and recommending to the Board all proposed appointments of new Directors in accordance with the relevant provisions of “The UK Corporate Governance Code”.

The Board of Directors has established a nomination committee (the “Committee”) with authority to enable it to ensure that the Board’s objectives are met. The Committee’s responsibilities are more fully detailed below.

B. ORGANISATION

1. The Committee shall comprise of not less than three directors, the majority of whom shall be independent non-executive directors of the Company, to be selected by the Board. Appointments to the Committee are for an initial period of up to three years, which may be extended for further periods of up to three years whilst the majority of members remain independent.
2. Only members of the Committee are entitled to attend Committee meetings. The Committee may invite the Chief Executive, head of human resources and other professional advisors to attend meetings as appropriate.
3. The Board shall appoint the Committee chairman who shall be the Chairman of the Board or an independent non-executive director. In the absence of the Committee chairman, or his alternate, the remaining member present shall elect one of themselves to chair the meetings.
4. The Chairman of the Board shall not chair meetings of the Committee when it is dealing with the matter of succession to the chairmanship of the Board.
5. If any member of the Committee is unable to act for any reason, the chairman of the Committee may appoint any other non-executive director of the Company to act as his alternate.
6. The Company Secretary, or his nominee, is the secretary of the Committee. The secretary must send the minutes of meetings of the Committee to all members of the Board.
7. The Committee shall meet at least twice per year and at such other times as the Committee chairman shall require or if requisitioned by a committee member via the secretary.
8. Notice of meetings shall be forwarded to Committee members no less than five working days prior to the meeting, together with supporting papers.

9. Subject to article 113 of the Company's articles of association, the quorum for meetings of the Committee is any two of its members.
10. Each member of the Committee shall disclose to the Committee:
 - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
 - (b) any potential conflict of interest from a cross-directorship.

Any such member will abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the board) will resign from the Committee.

C. RESPONSIBILITIES AND OBJECTIVES

11. The Committee is authorised by the Board:
 - (a) to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities; and
 - (b) to have access to sufficient resources in order to carry out its duties and be provided with appropriate and timely training, both in the form of any induction programme for new members and on an ongoing basis for all members
 - (c) to secure the attendance of other persons at its meetings if it considers this necessary.
12. The detailed objectives of the Committee are:
 - 12.1 (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
 - (b) give full consideration to succession planning for directors and other senior executives 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;
 - (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - (d) before appointment is made by the Board, 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:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and

- (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (e) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (f) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (g) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- (h) 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.

12.2 The Committee shall also make recommendations to the Board concerning:-

- (i) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive (but see item (p) below);
- (j) suitable candidates for the role of senior independent director;
- (k) to review and make recommendations to the Board on the composition and membership of Board committees, in consultation with the Chairmen of these Committees;
- (l) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (m) the continuation (or not) in service of any director who has reached the age of 70;
- (n) the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board;
- (o) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of any executive director as an employee of the company subject to the provisions of the law and their service contract;
- (p) 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.

13. The chairman of the nomination committee should attend the Company's annual general meeting to be available to answer shareholders' questions on the activities of the Committee.

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