



October 2006

TERMS OF REFERENCE OF THE NOMINATIONS COMMITTEE

1. MEMBERSHIP

- 1.1 The Committee shall comprise the Chairman and all independent Non-Executive Directors of the Company.
- 1.2 A quorum for a meeting of the Committee shall be two Directors.
- 1.3 The Chairman of the Company will be the Chairman of the Committee. The Chairman shall not chair the Committee when it is dealing with the appointment of a successor to the Chairmanship.
- 1.4 In the absence or non-admissibility of the Chairman as aforesaid the remaining members present shall elect one of their number to chair the meeting.
- 1.5 The Committee will normally invite the Chief Executive to attend its meetings.
- 1.6 The Company Secretary, or any other person nominated by the Committee, shall act as Secretary of the Committee.
- 1.7 Meetings of the Committee may be held by telephone or video conference facility.

2. QUORUM

Two (2) members of the Committee shall constitute a quorum.

3. FREQUENCY OF MEETINGS

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

4. ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

5. DUTIES

The Nomination Committee shall:-

- 5.1 Regularly review the Board's structure, size and composition taking into account the challenges and opportunities facing the Group and the skills, knowledge and experience needed by the Board and make recommendations to the Board with regard to any changes.
- 5.2 Be responsible for identifying and nominating candidates for the approval of the Board, to fill Board vacancies as and when they arise. The Committee should consider applicants from a wide range of backgrounds as are reasonably available and in the reasonable opinion of the Committee, appropriate.

- 5.3 Before making an appointment, evaluate the balance of skills, knowledge and experience on the Board and in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- 5.4 Put in place plans for succession, in particular, for the positions of Chairman and Chief Executive. The Committee shall take into account the challenges and opportunities facing the Company and the range of skills and expertise needed on the Board in the future. The Committee may consider nominees put forward by any Board Member. The Committee has authority to employ the services of consultants and advisers considered necessary by the Committee at the Company's expense.
- 5.5 In nominating a successor to the Chairman or new Non Executive Directors, have regard to the Combined Code and to the Listing Rules including as to the independence of Non Executive Directors from management and freedom from any business or other relationship which could materially interfere with the exercise of their independent judgment or other commitment which could materially interfere with the time required to exercise their role.
- 5.6 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.
- 5.7 Review annually the time required from a non-executive director. Performance evaluation shall be used to assess whether the non-executive director is spending enough time to fulfill their duties.
- 5.8 Make recommendations to the Board for the continuation, termination and succession in service and any matter relating thereto, of any Executive Director or Non Executive Director or the Chairman and as regards the re-appointment of any non-executive director at the conclusion of their specified term of office having due regard to their performance and ability to contribute to the Board in light of the skills, knowledge and expertise required,.
- 5.9 Make recommendations to the Board concerning the re-election by shareholders of any director under the retirement by rotation provisions in the Company's Articles of Association or the retirement provisions in the Combined Code and for the continuation (or otherwise) in service of any Director who has reached the age of 70.
- 5.10 Ensure that the annual report to shareholders contains the particulars relevant to the duties of the Committee required by the Listing Rules and the Combined Code.
- 5.11 Authorise the Chairman of the Committee to respond to questions from shareholders in relation to board appointments at the annual general meeting of the Company.
- 5.12 Make available its Terms of Reference to shareholders through the Company website.
- 5.13 Ensure that upon appointment to the Board, the Chairman and 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.

6. **FINAL AUTHORITY FOR DECISIONS**

All decisions in respect of the appointment of Directors shall be referred to the full Board of Directors and shall take effect only upon approval by resolution of the full Board.

7. **DEFINITIONS**

- 7.1 “Combined Code” means the Combined Code on Corporate Governance as may be amended from time to time.
- 7.2 “Listing Rules” means the Listing Rules of the UK Listing Authority.