

NOMINATION COMMITTEE – TERMS OF REFERENCE
ProStrakan Group plc

(adopted by resolution of the directors passed on 10
March 2005)

**PROSTRAKAN GROUP PLC
NOMINATION COMMITTEE – TERMS OF REFERENCE**

1. Introduction

- 1.1 These terms of reference were adopted by a resolution of the board of directors of ProStrakan Group plc (the "Company") passed on 10 March 2005. The principal purposes of these terms of reference are:
- 1.1.1 to give additional assurance regarding the rigour and transparency of procedures used by the board for the appointment of new directors to the board; and
 - 1.1.2 to maximise the efficiency and effectiveness of the Company's process for board appointments.

2. Membership

- 2.1 The nomination committee (the "Committee") shall be appointed by the board of directors of the Company (the "Board"). The Committee shall be made up of at least three (3) members.
- 2.2 The majority of the members of the Committee shall be independent non-executive directors of the Company.
- 2.3 Appointments to the Committee shall be for a period of up to three (3) years which may be extended for two further three (3) year periods provided that the majority of the Committee members remain independent.
- 2.4 The chairman of the Committee shall be appointed by the Board. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the Board shall not chair the Committee when it is dealing with a matter of succession to the chairmanship of the Board. For the avoidance of doubt, the chairman of the Committee shall not have a second or casting vote.
- 2.5 The company secretary or his/her nominee shall be the secretary of the Committee.

3. Attendance at Meetings

- 3.1 Only members of the Committee have the right to attend Committee meetings.
- 3.2 Other individuals, such as the chief executive, the director of human resources and other external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3.3 The quorum necessary for the transaction of business at a meeting of the Committee shall be two (2) 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.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the chairman of the Committee shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting of the Committee 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, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.

7. Authority

- 7.1 The Committee is authorised by the Board to investigate any matter within its terms of reference and to seek any information it requires from any employee of the Company in order to perform its duties. All employees are directed to co-operate (if required, on a confidential basis) with any request made by the Committee.
- 7.2 The Committee is authorised by the Board to obtain outside legal or other professional advice on any matters within its terms of reference at the cost of the Company and to secure the attendance of outsiders with relevant experience and expertise on any matters within its terms of reference if it considers this necessary.

8. Duties

- 8.1 The Committee shall:
- 8.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
 - 8.1.2 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;

- 8.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
 - 8.1.4 before an appointment is made by the Board, 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. 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 against objective criteria, taking care that appointees have enough time available to devote to the position;
 - 8.1.5 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the group to compete effectively in the marketplace;
 - 8.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the group and the market in which it operates;
 - 8.1.7 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
 - 8.1.8 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.
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman of the Board and chief executive officer (subject to paragraph 8.2.8 below);
 - 8.2.2 suitable candidates for the role of senior independent director;
 - 8.2.3 membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
 - 8.2.4 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;
 - 8.2.5 the continuation (or not) in service of any director who has reached the age of 70;
 - 8.2.6 the re-election by shareholders of any directors 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;
 - 8.2.7 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and

- 8.2.8 the appointment of any director to executive or other office other than to the positions of chairman and chief executive officer, the recommendation for which would be considered at a meeting of the full Board.
- 8.3 In order to discharge its duties, the Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it consider necessary to the Board for approval.

9. Reporting Procedures

- 9.1 The chairman of the Committee shall report formally to the Board on the proceedings of the Committee after each meeting and on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is needed.
- 9.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 9.4 The chairman of the Committee shall attend the AGM and shall answer questions, through the chairman of the Board, on the Committee's activities and its responsibilities.