

# Nomination Committee Report

During 2008, the members of the Nomination Committee were Lord Smith (chairman), Michael Dearden, Professor Ian Percy, Lord Robertson and Mark Selway. Alan Mitchelson acts as secretary to the Committee. The Committee meets at least twice a year and at other times when necessary, and in 2008 met four times. The Committee uses external search consultants to assist it in its work.

The Committee primarily monitors the composition and balance of the Board and its committees and identifies and recommends to the Board the appointment of new directors. The Committee's terms of reference establish a framework through which it can operate to ensure the selection process of board candidates is conducted in a formal, disciplined and objective manner. When considering candidates, the Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a description of the role and capabilities required for the particular appointment. The Committee also reviews the succession planning and leadership needs of the organisation and ensures that, on appointment, all directors receive a formal contract or letter of appointment as appropriate. The Committee's terms of reference are available from the company secretary and can also be found on the Company's website.

Appointments to the Board are approved by the Board as a whole. However, it is the role of the Committee to make recommendations to the Board in respect of the appointment of new executive or non-executive directors. The process by which the Committee brings candidates to the Board has been agreed by the Board. In the case of executive directors, the Committee has recommendations presented to it by the chief executive and thereafter nominates candidates for consideration by the Board. The procedure for non-executive directors is that the Committee identifies and nominates candidates for consideration by the Board to fill vacancies as and when they arise.

During the year the Committee considered:

- a) the Group's current committee structure and procedures including the composition and membership of each of the board committees;
- b) the training for directors;
- c) the board evaluation process; and
- d) the appointment of John Mogford as a director.

In 2009, the Committee considered the appointment of Richard Menell as a director.

## **Lord Smith of Kelvin**

*Chairman of the Nomination Committee*

*Signed and approved for and on behalf of the Board*

*10 March 2009*