

**TERMS OF REFERENCE FOR THE SPEYMILL PLC NOMINATION  
COMMITTEE - AS ADOPTED 29 OCTOBER 2010**

**1. Definitions**

- 1.1. References to the "Committee" shall mean the Nomination Committee.
- 1.2. References to the "Board" shall mean the board of directors of the Company.

**2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least two members, all of whom should be non-executive directors.
- 2.2. All 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.
- 2.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods.
- 2.4. The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or a 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. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

**3. Secretary**

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

**4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two, both of whom must be 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.

**5. Meetings**

- 5.1. The Committee shall meet at least twice a year and at such times as the Chairman of the Committee shall require.

**6. Notice of Meetings**

- 6.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

6.2. Unless otherwise agreed, notice of each meeting 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 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 unless otherwise agreed by the Chairman or his nominee.

## **7. Minutes of Meetings**

7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **8. Annual General Meeting**

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

## **9. Duties**

9.1. The Committee shall:

- (a) 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;
- (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 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 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 there 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.

9.2 The Committee shall also make recommendations to the Board concerning:

- (a) 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 9.2(h) below);
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those committees;
- (d) 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;
- (e) the continuation (or not) in service of any director who has reached the age of 70;
- (f) 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;
- (g) any matters relating to the continuation in office of any director at any time including the suspension or termination or service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
- (h) 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.

## **10. Reporting Responsibilities**

10.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3. The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

10.4. The Committee shall make these Terms of Reference available to shareholders by placing them on the Company's website.

#### **11. Other**

11.1. 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 considers necessary to the Board for approval.

#### **12. Authority**

12.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

12.2. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.