

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

The terms of reference of the Nomination Committee, explaining its role and the authority delegated to it by the Board, be made available on request and placed on the Company's website.

Because directors play such an important role in companies, their recruitment demands a correspondingly systematic and professional approach.

The Articles of Association provide for the Board of Directors to appoint a new director to fill a casual vacancy, or to appoint additional directors.

The Licence provides that the undertaking will ensure that at all times the Board contains not less than three independent non-executive Directors, who shall be persons of standing with relevant experience and who shall collectively have connections with an knowledge of the area within which the Appointee holds the Appointment and an understanding of interest of the customers and how these can be respected and protected.

1. Membership

- 1.1 The Nomination Committee comprises all the non-executive Directors.
- 1.2 The Board shall appoint the Committee Chairman who will be a non-executive Director, but the Company Chairman should not chair the Nomination Committee when it is dealing with the appointment of a successor to the chairmanship.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for a two further three-year periods provided that the majority of the Committee members remain independent.
- 1.5 The Company Secretary, or their nominee, shall be the Secretary of the Committee.

2. Meetings

- 2.1 The Committee shall meet not less than once a year.
- 2.2 Notice of each meeting together with an agenda of items to be discussed shall be forwarded to each member of the Committee one week prior to the meeting.
- 2.3 The quorum for the Committee meetings shall be three.
- 2.4 In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting.
- 2.5 The Secretary shall keep appropriate records of all meetings.
- 2.6 Minutes of Committee meetings shall be circulated promptly to all members of the Committee. All members of the Board will receive a copy of the minutes if agreed by the Chairman.

3. Duties

The Committee shall:

- 3.1 be responsible for identifying and nominating for approval of the Board, candidates to fill vacancies as and when they arise;
- 3.2 review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes;
- 3.3 review the skills, knowledge and experience of the Board and make recommendations to the Board with regard to any changes;
- 3.4 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;

- 3.5 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;
- 3.6 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.

The Committee shall make recommendations to the Board concerning:

- 3.7 formulating plans for succession for both executive and non-executive directors and in particular for the key role of Chairman;
- 3.8 suitable candidates for the role of Senior Independent Director if one is to be elected;
- 3.9 membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those committees;
- 3.10 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;
- 3.11 to ensure the Company does not attempt to appoint a person who has been disqualified from so acting, to check the Register of Disqualified Persons (maintained and updated by the Registrar of Companies). Not all directors involved in failed companies are disqualified and to provide such 'track record' information, business information/credit agency Experian maintains a database showing whether directors have previously been involved in such companies.
- 3.12 the continuation (or not) in service of any director who has reached the age of 70;
- 3.13 any matters relating to the continuation in office of any director at any time;
- 3.14 directors who are retiring by rotation to be put forward for re-election;

4. Reporting Responsibilities

- 4.1 the Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 4.2 make a statement in the Annual Report about its activities.

5. Other

- 5.1 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.

6. Authority

- 6.1 The Committee shall have the right to seek any necessary information to fulfil the above;
- 6.2 Have the right to obtain outside legal help and any professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties;