

**R.E.A. HOLDINGS PLC**  
**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE**  
**(Adopted pursuant to a resolution of the board dated 27 April 2005)**

**1. INTRODUCTION**

The Combined Code on Corporate Governance (July 2003) (the "**Combined Code**") provides that *"There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board" also "There should be a nomination committee which should lead the process for board appointments and make recommendations to the board"*.

A copy of the Combined Code, should members of the Committee need to consult it, can be obtained from the company secretary.

These terms of reference set out the terms upon which the nomination committee of the Board ("the Committee") is now appointed, the role to be performed by the Committee and the authority delegated to the Committee by the Board. Such terms take effect from 27 April 2005 and shall be in substitution for the previous terms of reference of the Committee which shall be of no further effect.

**2. TERMS OF REFERENCE TO BE MADE AVAILABLE**

The Committee shall make available these terms of reference by causing them to be published on the Company's website and by providing copies of the terms upon written request.

**3. MEMBERSHIP**

3.1 The members of the Committee shall be appointed by the Board and shall consist of at least two members.

3.2 A majority of members of the Committee shall be independent non-executive directors.

3.3 The Board shall appoint the chairman of the Committee who shall be either the chairman of the Board or an independent non-executive director.

3.4 If the person chosen as chairman of the Committee is the chairman of the Board, then he/she should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship of the Board.

**4. SECRETARY**

The company secretary or its nominee shall act as the secretary of the Committee.

**5. MEETINGS**

5.1 **Frequency:** Meetings of the Committee shall be held as required.

5.2 **Right to attend:** No one other than the Committee chairman, the Committee members and the company secretary shall be entitled to be present at a meeting of the Committee but others may attend for all or any part of the meeting at the invitation of the Committee.

5.3 **Notice:** Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the chairman of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the

Committee and, to the extent appropriate, any other person invited to attend no fewer than three working days prior to the date of the meeting.

- 5.4 **Quorum:** The quorum necessary for the transaction of business of the Committee shall be two members. 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.
- 5.5 **Chairman:** In the absence of the appointed chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Committee shall have a casting vote on all matters in the event of an equality of votes.
- 5.6 **Minutes:** Minutes shall be prepared of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to the chairman of the Board and, once agreed, made available on request to other members of the Board, unless a conflict of interest exists.

## 6. **ANNUAL GENERAL MEETING**

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

## 7. **DUTIES**

In carrying out the duties set out below, the Committee should keep in mind the Main Principle at A.4 of the Combined Code that "There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board" as well as Code Provision A.4.1 which provides that "There should be a nomination committee which should lead the process for board appointments and make recommendations to the board".

- 7.1 The Committee shall:

### **As regards general:**

- (a) make recommendations to the Board regarding, and lead the process for, Board appointments;
- (b) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and its areas of operations;

### **As regards appointments:**

- (c) before an appointment is made, 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;
- (d) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; in identifying suitable candidates the Committee shall:
  - (i) consider whether open advertising or the services of external advisers would facilitate the search;
  - (ii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;

- (e) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them and in terms of time commitment, committee service and involvement outside Board meetings, such letter to be made available for inspection by any person at the Company's registered office during normal business hours and at the Company's annual general meeting (for 15 minutes prior to, and during, the meeting);

**As regards the appointment of the chairman of the Board:**

- (f) for the appointment of chairman of the Board, (as regards whom it is particularly important that he/she have enough time to devote to the position) prepare a specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises
- (g) inform the Board of each candidate's other significant commitments (which appointments will, as respects a successful candidate, require disclosure in the annual report);
- (h) explain to the Board any proposed non compliance with the provisions of the Combined Code as respects the Code requirements that:
  - (i) no individual should be a chairman of more than one FTSE 100 company;
  - (ii) a chief executive should not (other than exceptionally) go on to be chairman of the same company; and
  - (iii) the chairman should, on appointment, meet the independence criteria set out in the Code;

7.2 When so requested by the Board, make recommendations concerning:

- (a) the statement required to be included in a separate section of the annual report of the Company (i) describing the activities of the Committee and (ii) describing the process used in relation to Board appointments, and providing an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or non-executive director; and
- (b) the statement required to be included in the annual report of the Company identifying the membership of the Committee, number of Committee meetings held and attendance of individual directors over the course of the year.

8. **AUTHORITY**

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

8.2 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 which includes authorisation to employ the services of search consultants.

9. **ULTIMATE DECISIONS**

It is the job of the Committee to "lead the process for board appointments and make recommendations to the board". The Committee shall make whatever recommendations it deems appropriate on any area within its remit. All evaluations, reviews and decisions of the Committee made in respect of appointments to the Board shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the Company's articles of association.