



## **CHAUCER HOLDINGS PLC**

### **NOMINATION COMMITTEE**

#### **TERMS OF REFERENCE**

Adopted by the CHP Board on 18<sup>th</sup> February 2011

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#### **1. REMIT**

- 1.1. The CHP Board has established the Committee to lead the process for appointments to the CHP Board, to scrutinise appointments to the CHP and CSL Board committees and to monitor the balance of skills and experience available to the board, succession planning and time requirements for non-executive directors.
- 1.2. The Committee shall act as set out in these Terms of Reference.

#### **2. MEMBERSHIP**

- 2.1. The Committee shall consist of at least two members.
- 2.2. A majority of the Committee members shall be independent non-executive CHP directors. The CHP Board chairman may also be a member if he/she was deemed independent on appointment as a director.
- 2.3. Members of the Committee shall be appointed by the CHP Board on the recommendation of the Nomination Committee. Appointments shall be made which are appropriate based on the roles and responsibilities of the individual members and the duties of the Committee under these Terms of Reference.
- 2.4. The Committee chairman shall be appointed by the CHP Board from among the members of the Committee. In the absence of the Committee chairman, the members present shall elect one of themselves to chair the meeting. Only the CHP Board chairman or an independent non-executive director shall be eligible to act as Committee chairman; the CHP Board chairman shall not chair the meeting if the meeting is considering his/her successor.
- 2.5. Members of the Committee shall avoid a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the interests of the Group. Where a conflict is unavoidable and the conflict relates to a matter which is, or could be, considered by the Committee, the conflict shall be referred to the CHP Board to determine how the conflict will be addressed; pending such determination, the member shall absent him/herself from any meeting while the matter subject to the conflict is considered.

#### **3. ATTENDANCE AT MEETINGS**

- 3.1. Only Committee members shall have the right to be present at Committee meetings.
- 3.2. Other individuals, including external advisers, may be invited:
  - 3.2.1. by the Committee chairman, to attend for all or part of a specific

meeting as and when appropriate, and

3.2.2. by the Committee, to regularly attend meetings

but the Committee may choose to meet without such person(s) being present for all or part of any meeting.

3.3. The Company Secretary or his/her nominee shall act as the Committee secretary.

#### **4. QUORUM**

4.1. The quorum necessary for the transaction of business shall be two independent non-executive CHP directors.

4.2. Any Committee member may participate in a Committee meeting by means of conference telephone or similar communications equipment. All persons participating in the meeting in this manner shall be deemed to be present at the meeting and the meeting shall be deemed to take place at the location where the most Committee members are assembled or, if there is no such location, where the chairman of the meeting is located.

4.3. A resolution in writing signed by all the Committee members shall be as effective for all purposes as a resolution of those members passed at a meeting duly convened and held. The resolution may consist of several documents each signed by one or more of the members and may be in the form of e-mail.

#### **5. FREQUENCY AND NOTICE**

5.1. The Committee shall meet not less than once each year.

5.2. Committee meetings shall be convened by the Committee secretary at the request of any Committee member or when the Committee secretary considers it necessary in order for the Committee to carry out its duties under these Terms of Reference.

5.3. Unless otherwise agreed by the Committee chairman in respect of a specific meeting, notice of each Committee meeting confirming the venue, time and date, together with an agenda and information on the items to be discussed, shall be distributed to each Committee member no fewer than five working days before the date of the meeting.

5.4. The notice, agenda and papers considered at each Committee meeting shall be sent electronically by the Committee secretary to cosec@chaucerplc.com within two working days of the meeting taking place; Company Secretariat shall retain this copy of the meeting documentation in a central database.

#### **6. DELEGATED AUTHORITIES**

6.1. The delegated authorities of the Committee are set out in the Schedule of Delegated Authorities attached to these Terms of Reference.

6.2. Any matter in excess of any limit placed on the delegated authorities shall be referred to the CHP Board for consideration; the Committee may, but need not, make a recommendation to the CHP Board on such matter when referring it.

6.3. Other than changes to the type, duty and limit of the delegated authorities (being matters reserved for approval by the CHP Board) and without

compromising the needs of the business or its duties as set out in these Terms of Reference, the Committee may amend the other elements in the Schedule of Delegated Authorities. Where such an amendment is made, details of the amendment shall be:

6.3.1. reported to the CHP Board by the Committee chairman; and

6.3.2. sent electronically by the Committee secretary to cosec@chaucerplc.com within two working days of the amendment being agreed; Company Secretariat shall amend the Schedule of Delegated Authorities held on a central database.

6.4. In addition to its delegated authorities, the CHP Board may instruct the Committee to undertake ad-hoc tasks which the Committee will perform in accordance with those instructions.

## **7. MINUTES**

7.1. The Committee secretary shall minute the proceedings and resolutions of each Committee meeting; the minutes shall include a record of the names of those present and in attendance.

7.2. Draft minutes of each Committee meeting shall be circulated by the Committee secretary to all Committee members as soon as practicable after the meeting but in any event before the next meeting.

7.3. At each Committee meeting, the minutes of the previous Committee meeting shall be considered and approved; they shall then be signed by the chairman of the meeting at which the minutes are approved.

7.4. The signed minutes of each Committee meeting shall be sent electronically by the Committee secretary to cosec@chaucerplc.com within two working days of the minutes being signed; Company Secretariat shall retain this copy of the minutes in a central database.

## **8. REPORTING RESPONSIBILITIES**

8.1. The Committee chairman shall provide to the CHP Board:

8.1.1. a general report of the material proceedings of the Committee since the previous CHP Board meeting;

8.1.2. the information required to be provided to the CHP Board under these Terms of Reference; and

8.1.3. details of any matters requiring consideration and/or approval by the CHP Board, including, if appropriate, any recommendation to the CHP Board agreed by the Committee.

8.1.4. The Committee shall prepare a report on its roles and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in CHP's annual report to shareholders.

8.2. The Committee chairman shall attend the annual general meeting of CHP shareholders and be prepared to respond to any shareholder question on the activities of the Committee.

## **9. POWERS**

9.1. The Committee is authorised to seek any information it requires from any Group employee or other committee in order to perform its duties under these

Terms of Reference.

- 9.2. The Committee is authorised to obtain, at CHP's reasonable expense, outside legal or other professional advice on any matter within these Terms of Reference.
- 9.3. 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 under these Terms of Reference.
- 9.4. The Committee may delegate the final decision on any matter it has considered under these Terms of Reference.
- 9.5. The Committee may authorise any CHP director or the CHP Company Secretary to execute and deliver any agreement, document, or instrument and to do any act or thing for or in connection with any transaction, arrangement or other matter entered into under these Terms of Reference, including, but not limited to, a power of attorney or other document under which the execution and delivery of any agreement, document or instrument constituting or evidencing any of the transactions, arrangements or other matters referred to above will be effected.
- 9.6. Any Committee member or the CHP Company Secretary shall have the power to authenticate any decision of the Committee and to confirm that the decision has been made in accordance with these Terms of Reference.

## **10. EVALUATION**

- 10.1. At least once a year, the Committee shall undertake an evaluation to ensure that the Committee and each Committee member are operating effectively and that any inadequacies and/or issues are identified and addressed.
- 10.2. Following the evaluation, the Committee chairman shall prepare a report comprising:
  - 10.2.1. a summary of the results of the evaluation;
  - 10.2.2. a summary of the actions agreed by the Committee to address any inadequacies and/or issues; and
  - 10.2.3. if appropriate, any recommendation to alter these Terms of Reference and/or membership of the Committee (both being matters reserved for approval by the CHP Board).
- 10.3. The report shall be sent electronically by the Committee chairman to cosec@chaucerplc.com; Company Secretariat shall:
  - 10.3.1. retain a copy in a central database; and
  - 10.3.2. circulate copies to the CHP Board for consideration.

**NOMINATION COMMITTEE**  
**SCHEDULE OF DELEGATED AUTHORITIES**

Version 1.0 dated 18<sup>th</sup> February 2011

NM	Type*	Duty	Limit	Frequency	Timing	Input		Output	
<b>CHP and CSL Board membership</b>									
1.	Recommend	Candidate to fill a Board vacancy	-	Ad hoc	-	Candidate lists and interview process	CEO	Recommendation to appoint	CHP Board
2.	Recommend	Re-appointment of a non-executive director at the end of his/her term	-	Ad hoc	-	Recommendation	CHP Chairman	Recommendation to re-appoint	CHP Board
3.	Recommend	Endorsement of a director retiring at the AGM	-	Annually	November	Identity of director(s) requiring re-election as determined by the Articles	Company Secretariat	Recommend re-election(s)	CHP Board
4.	Recommend	Removal of any director	-	Ad hoc	-	Recommendation	Chairman	Recommendation to remove	CHP Board
							Senior Independent Director		
							CEO		
5.	Approve	Description of the role and capabilities required for each Board vacancy	-	Ad hoc	-	Evaluation of the balance of skills, knowledge and experience on the Board	CEO	Specification used in recruitment	CEO
6.	Monitor	Structure, size and composition (including the skills, knowledge and experience of	-	Annually	November	Report based on the UK Corporate Governance Code	CEO	Confirmation that CHP and CSL Boards remain fit for purpose	

NM	Type*	Duty	Limit	Frequency	Timing	Input		Output	
		members) of the CHP and CSL Boards						or recommendation for change	CHP / CSL Board
7.	Monitor	Leadership needs of the Chaucer group, both executive and non-executive	-	Annually	November	Report based on the UK Corporate Governance Code	CEO	Confirmation that leadership remains fit for purpose	
								or required actions	CEO
8.	Monitor	Succession planning of Board members and key senior executives	-	Annually	November	Report based on UK Corporate Governance Code	CEO	Confirmation plans are adequate	
								or remedial actions	CEO
9.	Monitor	Time commitment required from, and devoted by, each non-executive director	-	Annually	November	Assessment of time commitments required	Company Secretariat	Time commitment confirmed	
						Confirmation of ability to devote required time	NEDs		
10.	Monitor	Issue to new appointees a letter of appointment, detailing the role and time commitment, and a suitable induction	-	Ad hoc	-	Confirmation that a service agreement has been executed and detail of the induction organised	Company Secretariat	Agreement that the induction is suitable	
<b>CHP &amp; CSL Board committees</b>									
11.	Recommend	Membership and chairmanship of the CHP Board committees	-	Ad hoc	-	Recommendation	CHP Chairman	Recommendation to change	CHP Board
						and where required, consultation	Individual identified under the relevant committee's Terms of Reference		

NM	Type*	Duty	Limit	Frequency	Timing	Input		Output	
<b>Senior management</b>									
12.	Approve	External non-executive directorships taken up by executive directors	-	Ad hoc	-	Submission	Executive Director	Appointment taken up	Executive Director
13.	Monitor	Senior executive appointments	-	Ad hoc	-	Report	CEO	Agreement that the appointment is inline with the Group's strategy and requirements	
<b>Disclosure</b>									
14.	Recommend	Disclosures relating to the Committee's roles and responsibilities and the actions it has taken to discharge those responsibilities in the Company's annual report to shareholders	-	Annually	March	Draft disclosure	Company Secretariat	Recommend disclosure	CHP Board
<b>Evaluation</b>									
15.	Advice	Evaluation of the effectiveness of the Committee and of its members	-	Annually	September	Appraisal summary	Company Secretariat	Evaluation report	CHP Board

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- \* Advice – advice and reports for consideration by the Board  
Approve – review, challenge and approve up to the limit  
Monitor – review and challenge  
Recommend – review, challenge and recommend to the Board for approval