

## Nominations Committee report

The Committee comprises Gordon Horsfield (as Chairman), Tim Barker, Charles Berry, Jamie Dundas and Mike Grasby. The biographical notes of the members of the Committee are set out on pages 32 and 33. The Company Secretary acts as Secretary to the Committee.

The principal duties of the Committee are to keep under review the structure, size and composition of the Board (including the skills, knowledge and experience required by it), to consider succession planning for the directors and other senior managers, to identify and nominate candidates to fill vacancies among the directors and to review the time required from non-executive directors. It also reviews those directors retiring by rotation in accordance with the Company's Articles of Association and makes recommendations to the Board regarding their re-election.

The Committee met on two occasions in 2007, and the members' attendance record is set out on page 40. The Chairman of the Committee reports the Committee's deliberations to the following Board meeting and, subject to redaction in the event that they include personal information, the minutes of each meeting of the Committee are circulated to all members of the Board.

During the year, the Committee considered the succession planning process for the directors and senior managers and concluded that it was appropriate for the business. The outcome of the process which it initiated for the review of the performance of the Board and individual directors is reported in the Corporate governance report within this Annual Report and Accounts.

In December 2007, the Committee considered the matter of the succession to the role of Chairman of the Board of directors, following Gordon Horsfield's indication of his intention to retire from the role. The process was led by Tim Barker, the senior independent non-executive director. The Committee considered that there was sufficient experience and knowledge from within the existing non-executive directors and therefore expressed a strong preference for an internal appointment. The Committee conducted interviews and took appropriate references both directly and through external search consultants. It was the recommendation of the Committee that following Gordon Horsfield's retirement, Charles Berry be appointed as Chairman, and the Board resolved accordingly.

The executive directors' service contracts and non-executive directors' letters of appointment are available for inspection by prior arrangement during normal business hours at the Company's registered office. They will also be available for inspection at the venue, prior to the Annual General Meeting, details of which are contained in the Notice of Meeting.

This report was reviewed and approved by the Board on 3 March 2008.

**Gordon Horsfield**  
Chairman, Nominations Committee

