

DAVENHAM GROUP PLC
NOMINATION COMMITTEE

TERMS OF REFERENCE

Davenham Group plc
8 St John Street
Manchester M3 4DU

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1. PURPOSE

- 1.1 The purpose of the Committee is to maintain a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, as required by section A.4 of the Combined Code. The Committee will also govern the procedure for the proposed recruitment of all executives earning a base salary in excess of £80,000 and any executive proposed to be party to a senior executive long-term incentive plan (LTIP).

2. CONSTITUTION AND MEMBERSHIP

- 2.1 The Nomination Committee has been established as a committee of the Board by resolution of the Board.
- 2.2 The members of the Committee shall be appointed by the Board. The Committee shall comprise at least three members, the majority of whom shall be independent non-executive Directors
- 2.3 The chairman of the Committee shall be appointed by the Board and should either be the Chairman of the Company or an independent non-executive Director. In the absence of the chairman of the Committee, the members present shall select one of their number present to chair the meeting. The Chairman of the Company should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.
- 2.4 The Company Secretary shall act as the Secretary of the Committee. Where the Secretary is also an executive Director, the Committee may nominate one of its members to act as secretary for any meeting which the Committee wishes to hold without executive Directors being present.

3. MEETINGS

- 3.1 The Committee will meet at least once each year, normally in October and at such other times as the Chairman of the Committee shall think fit.
- 3.2 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member.

- 3.3 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers, should normally be circulated to each member of the Committee, to any other person required to attend, and to all other directors, at least five working days prior to the date of the meeting.
- 3.4 The quorum for meetings of the Committee shall be two members, of whom at least one must be a non-executive director.
- 3.5 The Committee may request any relevant senior management to attend meetings of the Committee, either regularly or by invitation, but such invitees have no right of attendance.

4. **REPORTING**

- 4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.
- 4.2 The Committee shall make whatever recommendations to the Board that it deems appropriate in the context of the scope of its responsibilities.
- 4.3 The Committee shall prepare a report each year to be included in the Company's annual report and accounts.
- 4.4 The chairman of the Committee should be present at the Company's annual general meeting to respond to questions on matters within the responsibility of the Committee.

5. **DUTIES**

- 5.1 The duties of the Committee are:
- 5.1.1 to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- 5.1.2 to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the ability of the Company to compete effectively in the marketplace.

- 5.1.3 to prepare a description of the role and capabilities required for a particular appointment, having evaluated the balance of skills, knowledge and experience on the Board.
- 5.1.4 to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 5.1.5 to satisfy itself with regard to succession planning, that the processes and plans are in place with regard to both Board and senior appointments.
- 5.1.6 to review annually the time needed to fulfil the roles of Chairman of the Company, senior independent director and non-executive director, and undertake an annual performance evaluation to ensure that all members of the Board have devoted sufficient time to fulfil their duties.
- 5.1.7 to ensure on appointment that a candidate has sufficient time to undertake the role, and review his commitments.
- 5.1.8 to ensure that the Secretary on behalf of the Board has formally written to appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the chairman, and, for non-executive Directors, detailing committee service and involvement outside board meetings.
- 5.1.9 to give due consideration to the requirements of the Listing Rules of the UK Listing Authority.

5.2 The Committee shall make recommendations to the Board:

- 5.2.1 with regard to succession plans for both executive and non-executive directors.
- 5.2.2 with regard to the Chairman of the Company, having assessed every three years whether the incumbent should continue in post, taking into account the needs of continuity against freshness of approach.
- 5.2.3 as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office, particularly when they have concluded their second three year term.
- 5.2.4 for the continuation (or not) in service of any director who has reached the age of 70.

- 5.2.5 concerning the re-election by shareholders of any director under the “retirement by rotation” provisions in the Articles of Association of the Company.
- 5.2.6 concerning any matters relating to the continuation in office as a director of any director at any time.
- 5.2.7 concerning 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:
 - 5.2.7.1 all the non-executive directors regarding the position of Chief Executive;
 - 5.2.7.2 all the directors regarding the position of Chairman.
- 5.2.8 with regard to the membership and chairmanship of the Audit Committee and the Remuneration Committee

6. **AUTHORITY**

- 6.1 The Committee is authorised by the Board to investigate any activity or state of affairs within its terms of reference.
- 6.2 The Committee is authorised to seek any information it requires from any employees or officers. In seeking any advice or assistance from any of the Company’s executives, to ensure that such role is clearly separated from the executive’s role within the business.
- 6.3 The Committee is authorised to obtain, at the Company’s expense, expert advice from the Company’s auditors, professional advisers or otherwise, and to take independent professional advice and to require the attendance of outsiders with relevant experience and expertise if it considers it necessary.
- 6.4 The Committee is authorised to select, set the terms of reference and appoint appointment consultants, at the Company’s expense.

These terms of reference were adopted by resolution of the Board passed on 3rd May 2006.