

## **NORTHERN INVESTORS COMPANY PLC ('NIC')**

### **Terms of Reference - Nomination Committee**

#### **1 Membership**

- 1.1 Members of the Committee shall be appointed by the NIC board and shall be made up of at least three members, a majority of whom shall be independent non-executive directors of NIC.
- 1.2 As at 4 February 2010 the membership of the Committee comprises Mr Haigh (Chairman), Mr Barnsley, Mr Denny, Mr Neale, Mr Nicholls and Mrs Stewart.
- 1.3 Only members of the Committee have the right to attend Committee meetings. The committee may ask other members of the NIC board, any relevant employee of NIC's investment manager, and external advisers 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 renewed.
- 1.5 The board shall appoint the Committee Chairman who should be either the Chairman of the board or an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

#### **2 Secretary**

- 2.1 The company secretary or his or her nominee shall act as the secretary of the Committee.

#### **3 Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two. 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.

#### **4 Frequency of Meetings**

- 4.1 This Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

#### **5 Notice of Meetings and resolutions in writing**

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3 Decisions of the Committee may be made by way of resolution in writing of its members circulated to all members of the Committee and signed by a majority of the members of the Committee.

## **6 Minutes of Meetings**

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the NIC board and, once agreed and unless required to be kept confidential vis-à-vis any member of the NIC board as agreed between the Committee Chairman and the Chairman of the NIC Board (or if he is the Committee Chairman another Director who is not a member of the Committee), to all other members of the NIC board.

## **7 Annual General Meeting**

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

## **8 Duties**

- 8.1 The Committee shall:
- (a) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the NIC board compared to its current position and make recommendations to the NIC board with regard to any changes;
  - (b) give full consideration to succession planning for directors 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 NIC board in the future;
  - (c) be responsible for identifying and nominating for the approval of the NIC board, candidates to fill board vacancies as and when they arise;
  - (d) before appointment is made by the NIC board, 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; in identifying suitable candidates the Committee shall:
    - (i) consider candidates from a wide range of backgrounds; and
    - (ii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
  - (e) keep under review NIC's leadership needs, with a view to ensuring its continued ability to compete effectively in the marketplace;
  - (f) keep up to date and fully informed about strategic issues and commercial changes affecting NIC and the market in which it operates;
  - (g) review annually the time required from directors; performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties; and
  - (h) ensure that on appointment to the NIC board, 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.
- 8.2 The Committee shall also make recommendations to the NIC board concerning:
- (a) formulating plans for succession for directors and in particular for the key role of Chairman;
  - (b) suitable candidates for the role of senior independent director;

- (c) membership of the Audit and Management Engagement Committees, in consultation with the Chairmen of those committees;
- (d) the re-appointment of any 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;
- (e) the level of directors' fees payable to directors;
- (f) the re-election by shareholders of any director under the 'retirement by rotation' provisions in the company's articles of association having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required; and
- (g) any matters relating to the continuation in office of any director at any time.

## **9 Reporting Responsibilities**

- 9.1 The Committee is accountable to the NIC board. The Committee Chairman shall report formally to the NIC board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the NIC board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall make a statement in NIC's annual report about its activities.

## **10 Other**

- 10.1 The Committee from time to time shall 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.
- 10.2 The Committee will review other matters as directed by the NIC board.

## **11 Authority**

- 11.1 The Committee is authorised to seek any information it requires from any officer or employee of NIC's investment manager in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at NIC's expense, outside legal or other professional advice on any matters within its terms of reference.

*Note:* The nomination committee was established by a resolution of the NIC board in March 1993. These terms of reference were approved by the NIC board on 4 February 2010.