

THE TAKEOVER PANEL

NOMINATION COMMITTEE

Terms of Reference

1. Establishment

- 1.1 The Panel on Takeovers and Mergers (the “Panel”) hereby establishes a committee of the Panel, to be known as the Nomination Committee (the “Committee”).
- 1.2 The Panel hereby delegates certain functions (as set out in paragraph 2. below) to the Committee.

2. Purpose and functions of the Committee

- 2.1 The purpose and functions of the Committee are:
 - (a) to monitor and, at least every three years, formally review the size, composition and balance of the Panel;
 - (b) to oversee the initial selection and appointment process and the renewal of appointments process in relation to members of the Panel (other than the members of the Panel appointed by the bodies listed in paragraph 4(a)(iv) of the Introduction to the City Code on Takeovers and Mergers (the “Code”)) and their designated alternates (where applicable), and to make recommendations to the Panel in connection with those processes;
 - (c) in particular, to make recommendations to the Panel in relation to the initial appointment (and any renewal of appointment) of the following persons:
 - (i) the Chairman of the Panel;
 - (ii) the Deputy Chairmen of the Panel;

(iii) the members of the Panel referred to in paragraph 4(a)(iii) of the Introduction to the Code and their designated alternates (where applicable); and

(iv) the Director General of the Panel,

and also as to which of the members of the Panel referred to in paragraph 4(a)(iii) of the Introduction to the Code should be designated by the Panel to sit on the Code Committee and which on the Hearings Committee;

(d) to work with the Remuneration Committee of the Panel, in particular in relation to the terms of standard letters of appointment incorporating terms of service and confidentiality undertakings, and to consider, as and when necessary, whether any amendments are necessary to the standard letters of appointment;

(e) to make recommendations to the Panel with respect to the initial appointment and renewal of appointments of the Chairmen and members of the Finance, Audit and Risk Committee and the Remuneration Committee; and

(f) to consider such other matters which are related to those set out in this paragraph 2.1 as may from time to time be referred to the Committee by the Panel.

3. Composition of the Committee

3.1 Membership of the Committee shall comprise persons drawn from the membership of the Panel and also a person nominated by the Bank of England. The Committee shall include:

(a) the Chairman of the Panel;

(b) at least one Deputy Chairman of the Panel;

(c) at least one member of the Panel referred to in paragraph 4(a)(iii) of the Code and designated by it to serve on its Hearings Committee;

- (d) at least one member of the Panel referred to in paragraph 4(a)(iii) of the Code and designated by it to serve on its Code Committee;
 - (e) at least one member of the Panel who has been appointed by one of the bodies listed in paragraph 4(a)(iv) of the Introduction to the Code; and
 - (f) the Bank of England nominee.
- 3.2 Members of the Committee (other than the Bank of England nominee, who shall be appointed by the Bank of England) shall be appointed by the Panel.
- 3.3 The number of members of the Committee shall be determined by the Panel from time to time, provided that at no time shall there be less than six members of the Committee.
- 3.4 The Chairman of the Panel shall chair the Committee, save where he is unavailable, in which case a Deputy Chairman of the Panel who is a member of the Committee shall chair the Committee.
- 3.5 Appointments to the Committee shall be for a period of up to three years extendable by no more than an additional two periods. In exceptional circumstances the Panel may grant further extensions at the request of the Committee.
- 3.6 The validity of any acts or proceedings of the Committee shall not be affected by any vacancy among the membership of the Committee or by any defect in the appointment of a Committee member (or designated alternate).
- 3.7 The Chief Operating Officer of the Panel shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Meetings

- 4.1 All business of the Committee shall be transacted at duly convened meetings of the Committee or by way of written resolution. Meetings may be held by telephone or audio-visual communication.
- 4.2 The Committee shall meet at least once a year and otherwise as required.
- 4.3 The Chairman of the Committee shall determine, from time to time, the applicable procedures by which the business of the Committee shall be conducted.
- 4.4 Any member of the Committee may request that the Chairman of the Committee call a meeting of the Committee.
- 4.5 The quorum for transaction of business at a meeting of the Committee shall be three, including the Chairman of the Panel or the Deputy Chairman of the Panel who is a member of the Committee.
- 4.6 In the event the Committee is required to consider the appointment or renewal of appointment of a member of the Panel who is/has been designated to serve on the Code Committee, the quorum for business being transacted at that meeting shall include one member of the Code Committee.
- 4.7 All decisions and resolutions of the Committee shall be made by a majority vote of those members entitled to vote and present at a meeting of the Committee. Where a minority holds a strong objection to the initial appointment, or renewal of appointment, of a member of the Panel or any other decision or resolution carried by a majority vote, the chairman may, at his or her discretion, refer the matter to the Panel without any recommendation from the Committee.
- 4.8 No member of the Committee shall be either present during or involved in any determination relating to his or her appointment or renewal of appointment.
- 4.9 A resolution or decision in writing signed or approved by letter or electronic communication by or on behalf of a majority of the members of the

Committee shall be valid and effectual as if it had been passed at a quorate meeting of the Committee duly convened and held. Any such resolution may be contained in one document or in several documents in the same terms each signed or agreed via electronic communication by one or more of the members.

- 4.10 Appropriate minutes of all meetings of the Committee, recommendations made and resolutions passed shall be kept.
- 4.11 Copies of the minutes of the meetings shall be circulated by the secretary to all members of the Committee.

5. Authority

- 5.1 The Committee and the chairman of the Committee are hereby authorised by the Panel to do anything it or (s)he considers necessary or expedient for the purposes of, or in connection with its functions.
- 5.2 The Committee or the chairman of the Committee are hereby authorised by the Panel to establish procedures for the performance of its functions and to vary or amend such procedures from time to time, as it or (s)he sees fit.
- 5.3 The Committee is hereby authorised by the Panel to act as it considers appropriate in making recommendations to the Panel, subject to the following guidelines:
 - (a) the Chairman of the Panel should usually be a senior lawyer who has either held, or who would qualify for holding, high judicial office;
 - (b) the Deputy Chairmen of the Panel should usually have extensive experience of the Panel and the application of the Code;
 - (c) at least three of the members of the Panel appointed by the Panel and designated by it to serve on its Hearings Committee should usually be drawn from the boards of major listed companies and should have management experience at high level;

- (d) at least one of the members of the Panel appointed by the Panel and designated by it to serve on its Hearings Committee should have experience of representing employee interests;
- (e) the members of the Panel appointed by the Panel and designated by it to serve on its Code Committee should represent a spread of shareholder, corporate, practitioner and other interests within the Panel's regulated community and may be drawn from the bodies listed in paragraph 4(a)(iv) of the Introduction to the Code; and
- (f) in reaching its recommendations the Committee will consider candidates on merit and against objective criteria and with due regard to the benefits of diversity on the Panel and will require the disclosure by candidates of any interests or issues which may give rise to a conflict of interest.

5.4 The Committee is hereby authorised by the Panel to obtain external legal or other independent professional advice and to secure the attendance at its meetings of third parties, including members of the Panel Executive, with the relevant experience and expertise if it considers this to be necessary for the fulfilment of its duties, at the Panel's expense.

6. Other matters

6.1 The Committee shall arrange for periodic reviews of its terms of reference and constitution, at least every three years, and recommend any changes it considers necessary to the Panel for approval.

Adopted by the Panel on 14 January 2015